

Half-year Report

ALTYN PLC

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LONDON--(BUSINESS WIRE)--

Altyn Plc (“Altyn” or the “Company”), the gold mining and development company, announces its unaudited results for the six months to 30 June 2020.

There has been a significant improvement in the current period with the impetus given by the introduction of the new equipment, in Q2 2020, increasing production and accelerating future mine development. The positive benefits of the introduction of the new equipment is continuing in to the second half of the year. This in addition to a favourable exchange rate, cost savings and higher gold price has resulted in a profit in the current period.

Highlights:

Mine development

- Ore was mined in the period from several ore bodies at different depths, including ore bodies 1, 2, 5, 6, 8 and 11.
- A number of ore bodies have been prepared for production in H2 2020, ore bodies 1, 10, 11 and 14.
- Extensive capital development completed in the period lowering transport decline 1 to +178masl and transport decline 2 to +163masl.
- A significant level of maintenance was carried out on grinding mills 1 and 2, and a fine crusher added to the production line, in addition maintenance was carried out on the sorption tanks and other parts of the processing plant.
- Exploration continued at both Sekisovskoye and Teren-Sai, involving extensive drilling and core sampling to delineate the ore bodies and provide further detailed information in relation to the geology of the area.

Production

- Ore extracted in the period was 235,324t (H1 2019: 99,000t), the current monthly run rate is circa 45,000t-50,000t.
- Gold recovery averaged 79.8% during the 6 month period (H1 2019: 81.53%).
- H1 2020 gold production from Sekisovskoye was 6,990oz, compared with H1 2019 of 5,561 oz. The level of production in the period was affected by the scheduled process plant maintenance which was largely completed in H1 2020.
- The actual milled ore was 186,966t (H1 2019: 114,000t), in the current period.

Financial

- The turnover has increased to US\$11.5m (H1 2019: US\$7.2m). The gold price achieved averaged US\$1,693oz during the period (H1 2019: US\$1,308oz).
- The Company made an operating profit of US\$3.9m (H1 2019: profit of US\$1.3m), with a net profit before taxation of US\$1.0m (H1 2019: loss of US\$0.6m).
- The total cash cost of production was US\$926oz (H1 2019: US\$1,015oz).
- EBITDA achieved was positive at US\$5m (H1 2019: US\$1.5m).
- During the period cash funding was raised from the Company's existing facility with Bank Center Credit of US\$7m and a further placing of the bonds on the Astana Stock Exchange of US\$6.9m (net of expenses).
- Cash flow from operating activities was positive at US\$1.3m, (H1 2019: US\$0.4m)
- Cash balances at 30 June 2020 were US\$7.9m.
- Freedom finance JSC have given notice that they will take up the share options issued to them resulting in an additional 154,028.981 shares being issued at a consideration of US\$1.5m.

Aidar Assaubayev, CEO of Altyn Plc commented:

“With the required capital in place we are pleased that the Company is progressing its plans of increasing production and realising the full potential of the gold targets. With the potential of Teren-Sai and the increased production from the existing mine, the future looks positive for the Company and its shareholders

In relation to COVID -19, the Company has complied with all government directives and has been sensitive to the needs and support required by its employees, currently there has been no negative impacts on the Group's trading but the Board will keep this risk area under review ”.

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Information on the Company

Altyn Plc (LSE:ALTN) is an exploration and development company, which is listed on the main market segment of the London Stock Exchange. The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

To read more about Altyn Plc please visit our website www.altyn.uk

H1 2020 Review

Mine development

Sekisovskoye

The key asset of the Company is the Sekisovskoye mining site and the sub-soil use contract has been extended until 2030.

During the period the Company mined ore bodies 5, 6 and 8 at +200 metres above sea level (masl), ore body 11 at +187masl, ore body 2 at +320masl and ore body 1 at +370masl. In addition to mining the ore, the Company prepared a number of the ore bodies for production. These ranged from ore bodies 1 and 10 at +303masl, to ore body 11 at +174masl.

In the first half of 2020, the company also continued its capital investment in developing and expanding the mine.

The key developments in the period were as follows:

- increase the transport decline 1: from level +183masl to level +163masl,
- increase the transport decline 2: from level +200masl to level +178masl,
- develop the ventilation raise from level +180masl to level + 200masl,
- create an underground chamber for the Korfmann ventilation unit at the level +330masl.

In addition to the above there were also a number of other smaller development projects completed in order to raise production in H2 2020.

In relation to the Company's exploration program, the following ore bodies were the subject of extensive drilling and investigation ore bodies 3, 5 and 8 from level +210masl to 150masl, and ore body 10 from +300masl to +250masl. This entailed the drilling and sampling of 6,630m. As a result of the exploratory drilling, ore bodies have been better defined and local mining projects developed for future production.

The maintenance at the mine which is an ongoing process is outlined below, the management try to spread this over the course of the year. Inevitably as in the current period there is sometimes disruption to production schedules, however the major refurbishments have now been finalised in H1 2020.

Teren-Sai

In relation to Teren-Sai the Company has concentrated its efforts on two locations within the extensive licence area, known as Area No.2 and Area No.3.

In Area No.2 the Company has continued exploration works and conducted 2,065m of core drilling, and also conducted pneumatic drilling of the site. The Company has now clarified the morphology of the ore body and prepared preliminary plans to develop the site for mining. This target will initially be mined as an open pit operation, progressing to underground operations.

In Area No.3 the prospecting and exploration core drilling amounted to 3,200m. This has resulted in a much greater understanding of the geology and structure of the ore bodies. Further

drilling and exploration is planned for this area in H2 2020, there are a number of promising targets that are emerging.

The current plan as outlined in the 2019 Annual Report is to operate both open pit and underground mining operations at Teren-Sai Area No. 2. The Company is in the process of reviewing and updating its operational plans based on the drilling and exploration information that it has obtained. The Company currently plans to prepare the site for production in 2020/2021 and commence production in 2022.

H1 2020 Operational Overview – Sekisovskoye

Underground mine		H1 2020	H1 2019
Ore extracted	tons	235,724	98,725
Gold grade	g/t	1.49	2.09
Silver grade	g/t	1.10	1.77

Mineral processing		H1 2020	H1 2019
Milling	tons	186,966	113,669
Gold grade	g/t	1.53	1.89
Silver grade	g/t	1.05	1.67
Gold recovery	%	79.79%	81.53%
Silver recovery	%	72.88%	70.01%
Gold produced	ounces	6,990	5,561
Silver produced	ounces	4,555	4,111

During the period the ore extracted was at an average rate of 39,000t a month, this has been increasing steadily as the new equipment has come on stream, the current monthly run rate is circa 45,000t-50,000t. In the September the Company is expecting to receive an additional excavator – Volvo EC300DL which is expected to further increase ore extraction.

During the period the Company made a significant capital investment in the underground equipment from the funds raised from the bank and from the listing of the US10m bonds on the Astana Stock Exchange. The equipment purchased included the following: 3 UG trucks CAT AD-30, 3 LHD CAT R 1300, 3 Shacman trucks, an LHD ZL-50, Atlas Copco Diamec, Jumbo Drill Boomer T1D and production Drill Boomer T1D LHD. In addition to the above the Company purchased a significant amount of equipment in order to improve the ventilation and heating in the underground mine.

The crushing and milling is lower than that budgeted as there was extensive maintenance carried out in the period on both grinding mills and the sorption tanks. The Company has now also added a fine crusher which was installed and tested in the period. The majority of the maintenance on the mills has now been completed but it is expected there will be some further maintenance in H2 on the grinding mills as it is being completed in stages.

As outlined in the RNS in June 2020, the average grade was lower than the previous period but was in line with our internal budgets at 1.5g/t. There has been significant capital and horizontal development carried out by the Company at the mine. In addition, the new exploration drilling equipment only arrived at the end of the second quarter. It is expected that there should be a

marked reduction in the dilution and improvement in the grades in the second half of the year in line with our annual budget. The lower grade ore also affected the recovery rate which was lower at 79.79%, again this is expected to increase to be between 82% - 83% in line with the budget.

H1 2020 Financial Review

The Company has reported a gross profit of US\$3.9m for H1 2020, against US\$1.3m for H1 2019, with turnover of US\$11.5m (H1 2019 US\$7.2m). The Company has seen a significant increase in its margin, this is a result of the combination of three principal factors, the increase in gold price which is currently in the region of US\$1,900/oz, the increase in the \$ rate against the Kazakh Tenge and finally cost savings the Company has made principally in relation to its payroll costs.

Sekisovskoye produced 6,990oz of gold in H1 2020 (H1 2019: 5,561oz). Gold sold during the period amounted to 6,790oz (H1 2019: 5,369oz) at an average price of US\$1,693/oz (H1 2019: US\$1,338/oz). The average price of sales achieved includes revenues generated from silver sales in the period, which are treated as incidental to gold production.

The operating cash cost of production (cost of sales excluding depreciation and provisions) for the period was US\$794/oz (H1 2019 US\$801/oz). The total cash cost was US\$926/oz as compared to US\$1,073/oz in H1 2019.

During the period the Company increased its borrowing from Bank Center Credit based in Kazakhstan to fund its acquisition of equipment, the borrowing as at 30 June 2020 amounts to US\$16.2m and is repayable in instalments till 2026.

In addition the Company raised funds of US\$6.9m (less expenses), being the balance of the funds in relation to the bond placement initiated in 2019 on the Astana Stock exchange. The total amount repayable now amounts to US\$10m due in 2022.

As of 30 June 2020, the Company had cash balances of US\$7.9m. The Company currently has sufficient cash resources to achieve its budgeted medium term plans.

The Company has received notification that Freedom Finance JSC, will take up its entitlement to its share options resulting in an additional 154,028,981 shares being issued for a consideration of US\$1.5m. Based on the exchange rates agreed the shares will be issued at an average price of .75p a share. The Company secretary has been instructed to prepare the necessary forms and shareholders will be updated as the issue progresses.

Aidar Assaubayev

Chief Executive Officer

30 September 2020

Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
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	(unaudited) US\$'000	(unaudited) US\$'000	(audited) US\$'000
Revenue			14,908
Cost of sales	(7,571)	(5,914)	(12,390)
Gross profit	3,924	1,270	2,518
Administrative expenses			(2,600)
	(918)	(1,459)	
Impairments	-	81	107
Operating profit/(loss)	3,006	(108)	25
Foreign exchange	(890)	12	116
Finance Expense	(867)	(507)	(1,183)
Profit/(loss) before taxation			(1,042)
	1,249	(603)	(2
Taxation	-	-	(214)
Profit/(loss) attributable to equity shareholders	1,249	(603)	(1,256)
Profit/(loss) per ordinary share	Note		
Basic (US cent)	2	0.049c	(0.02c)
Profit/(loss) per ordinary share			
Diluted (US cent)	2	0.045c	-

	Six months ended 30 June 2020 (unaudited) US\$'000	Six months ended 30 June 2019 (unaudited) US\$'000	Year ended 31 December 2018 (audited) US\$'000
Profit/(loss) for the period/year	1,249	(603)	(1,256)
Currency translation differences arising on translations of foreign operations items which will or may be reclassified to profit or loss	(1,649)	411	129

Currency translation differences arising on translations of foreign operations relating to taxation	-	-	(461)
Total comprehensive loss for the period/year attributable to equity shareholders	(400)	(192)	(1,588)

	Notes	Six months ended 30 June 2020 (unaudited) US\$'000	Six months ended 30 June 2019 (unaudited) US\$'000	Year ended 31 December 2020 (audited) US\$'000
Non-current assets				
Intangible asset	3	12,527	12,481	12,943
Property, plant and equipment	4	32,853	29,037	30,316
Other receivables		5,478	1,315	6,048
Deferred tax asset		6,971	8,078	7,346
Restricted cash		-	-	-
		<u>57,829</u>	<u>50,911</u>	<u>56,663</u>
Current assets				
Inventories		6,014	2,017	3,631
Trade and other receivables		3,817	3,829	3,615
Cash and cash equivalents		7,874	50	1,934
		<u>17,705</u>	<u>5,896</u>	<u>9,180</u>
Total assets		<u>75,534</u>	<u>56,807</u>	<u>65,843</u>
Current liabilities				
Trade and other payables		(6,924)	(8,645)	(7,553)
Other financial liabilities		-	-	-
Provisions		(130)	(152)	(130)
Borrowings		(6,178)	(2,947)	(2,550)
		<u>(13,232)</u>	<u>(11,744)</u>	<u>(10,233)</u>
Net current assets/(liabilities)		<u>4,473</u>	<u>(5,848)</u>	<u>(1,053)</u>
Non-current liabilities				
Other financial liabilities & payables		(751)	(1,521)	(2,297)
Provisions		(5,142)	(4,745)	(5,007)
Borrowings		(23,455)	(4,129)	(15,027)
		<u>(29,348)</u>	<u>(10,395)</u>	<u>(22,331)</u>
Total liabilities		<u>(42,580)</u>	<u>(22,140)</u>	<u>(32,564)</u>
Net assets		<u>32,954</u>	<u>34,668</u>	<u>33,279</u>

Equity

Called-up share capital	7	4,068	4,054	4,055
Share premium		151,538	151,470	151,476
Merger reserve		(282)	(282)	(282)
Other reserve		333	333	333
Currency translation reserve		(49,751)	(47,359)	(48,102)
Accumulated loss		(72,952)	(73,548)	(74,201)
Total equity		32,954	34,668	33,279

The financial information was approved and authorised for issue by the Board of Directors on 30 September 2020 and was signed on its behalf by:

Aidar Assaubayev – **Chief Executive Officer**

	Share capital	Share premium	Merger reserve	Currency translation reserve	Other reserves	Accumulated losses	Total
	US\$'000	US\$'000	US'000	US\$'000	US\$'000	US\$'000	US\$'000
Unaudited							
At 1 January 2020	4,055	151,476	(282)	(48,102)	333	(74,201)	33,279
Profit for the period	-	-	-	-	-	1,249	1,249
Exchange differences on translating foreign operations	-	-	-	(1,649)	-	-	(1,649)
Total comprehensive loss for the period	-	-	-	(1,649)	-	1,249	(400)
New share capital subscribed	13	62	-	-	-	-	75
At 30 June 2020	4,068	151,538	(282)	(49,751)	0	333	32,954

	US\$'000	US\$'000	US'000	US\$'000	US\$'000	US\$'000	US\$'000
Unaudited							
At 1 January 2019	4,054	151,470	(282)	(47,770)	333	(72,945)	34,860
Loss for the period	-	-	-	-	-	(603)	(603)
Exchange differences on translating foreign operations	-	-	-	411	-	-	411
Total comprehensive loss for the period	-	-	-	411	-	(603)	(192)
At 30 June 2019	4,054	151,470	(282)	(47,289)	333	(73,548)	34,668

Audited	US\$'000	US\$'000	US'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2019	4,054	151,470	(282)	(47,770)	333	(72,945)	34,860
Loss for the year	-	-	-	-	-	(1,256)	(1,256)
Other comprehensive loss	-	-	-	(332)	-	-	(332)
Total comprehensive loss for the year	-	-	-	(332)	-	(1,256)	(1,588)
New share capital subscribed	1	6	-	-	-	-	7
At 31 December 2019	4,055	151,476	(282)	(48,102)	333	(74,201)	33,279

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
	Note	(unaudited) US\$'000	unaudited US\$'000
			(audited) US\$'000
Net cash inflow/(outflow) from operating activities	5	1,280	352
Investing activities			
Purchase of property, plant and equipment		(6,371)	(2,291)
Disposal of property, plant and equipment		-	-
Acquisition of intangible assets		(265)	-
Net cash used in investing activities		(6,636)	(2,291)
Financing activities			
Loans received		13,956	2,023
Loans and Interest paid		(2,660)	(139)

Net cash flow from financing activities	11,296	1,884	12,373	12,373
Increase/(decrease) in cash and cash equivalents	5,940	(55)		1,829
Cash and cash equivalents at the beginning of the period/year				
	1,934	105		105
Cash and cash equivalents at end of the period/year	7,874	50		1,934

1. Basis of preparation

General

Altyn Plc is registered and domiciled in England and Wales, whose shares are publicly traded on the London Stock Exchange.

The interim financial results for the period ended 30 June 2020 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 434(3) of the Companies Act 2006.

This interim financial information of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2020 have been prepared, in accordance with IAS34 (interim financial statements) and on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2019. It has not been audited, does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2019. The 2019 annual report and accounts, as filed with the Registrar of Companies, received an unqualified opinion from the auditors.

The financial information is presented in US Dollars and has been prepared under the historical cost convention.

The same accounting policies, presentation and method of computation are followed in this consolidated financial information as were applied in the Group's latest annual financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

Going concern

The current cash position is sufficient to cover ongoing operating and administrative expenditure for the next 12 months from the date these accounts were released.

The Directors consider that the cash generated from its operations from the Group's producing assets to be sufficient to cover the expenses of running the Group's business for the foreseeable future. As reported in the Annual Report 2019 the Board has considered any disruption that may be caused by the impact of COVID – 19 on the Group's operations and any supply chain disruption. Having considered and updated various stress tests and possible scenarios, the Board considers that the Company has sufficient funds to continue to trade. The cash forecasts have included the consideration of COVID – 19, the maturing loan liabilities, the principal ones being the maturing bond liabilities in 2021, and other loan commitments of the Company.

At present there has been little impact on the Company's production from the effects of the COVID - 19 pandemic.

The Company has therefore adopted the going concern basis in the preparation of these financial statements.

Directors Responsibility Statement and Report on Principal Risks and Uncertainties

Responsibility statement

The Board confirms to the best of their knowledge, that the condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

The interim management report includes a fair review of the information required by:

DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

DTR 4.2.8R of the Disclosures and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party transactions described in the last annual report that could do so.

The Company's management has analysed the risks and uncertainties and has in place control systems that monitor daily the performance of the business via key performance indicators. Certain factors are beyond the control of the Company such as the fluctuations in the price of gold and possible political upheaval. However, the Company is aware of these factors and tries to mitigate these as far as possible. In relation to the gold price the Company is pushing to achieve a lower cost base in order to minimise possible downward pressure of gold prices on profitability. In addition, it maintains close relationships with the Kazakhstan authorities in order to minimise bureaucratic delays and problems.

Risks and uncertainties identified by the Company are set out on page 8 and 9 of the 2019 Annual Report and Accounts and are reviewed on an ongoing basis. There have been no significant changes in the first half of 2020 to the principal risks and uncertainties as set out in the 2019 Annual Report and Accounts and these are as follows:

- Fiscal changes in Kazakhstan
- No access to capital
- Commodity price risk

- Currency risk
- Changes to mining code in Kazakhstan
- Reliance on operating in one country
- Reliant on one operating mine
- Technical difficulties associated with developing the underground mine at Sekisovskoye and Teren-Sai
- Failure to achieve production estimates
- COVID -19 uncertainties
- Health, safety and environment

2. Profit/(loss) per ordinary share

Basic profit/(loss) per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares and retained profit/(loss) for the financial period for calculating the basic loss per share for the period are as follows:

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)	Year ended 31 December 2019 (audited)
The basic weighted average number of ordinary shares in issue during the period	2,569,703,561	2,567,875,463	2,567,772,041
The profit/(loss) for the period attributable to equity shareholders (US\$'000s)	1,249	(603)	(1,256)

The potential number of shares which could be issued following the conversion of the bonds currently outstanding amounts to approximately 227m shares being issued on conversion, a total of 2,797,556,561 shares which is used in the calculation of diluted earnings per share.

3. Intangible assets

Teren-Sai Exploration and evaluation costs US\$'000
geological data

Cost			
1 January 2019	9,889	5,919	15,808
Additions	-	-	-
Amortisation capitalised	-	501	501
Currency translation adjustment	112	62	174
30 June 2019	10,001	6,482	16,483
Additions	-	552	552
Amortisation capitalised	-	491	491
Currency translation adjustment	(70)	(37)	(107)

December 2019			
	9,931	7,488	17,419
Additions	-	265	265
Amortisation capitalised	-	369	369
Currency translation adjustment	(523)	(394)	(917)
30 June 2020	9,408	7,728	17,136

Accumulated amortisation

1 January 2019	3,470	-	3,470
Charge for the period	501	-	501
Currency translation adjustment	31	-	31
30 June 2019	4,002	-	4,002
Charge for the period	491	-	491
Currency translation adjustment	(17)		(17)
31 December 2019	4,476	-	4,476
Charge for the period	369	-	369
Currency translation adjustment	(236)	-	(236)
30 June 2020	4,609	-	4,609

Net books values

30 June 2019	5,999	6,482	12,481
31 December 2019	5,455	7,488	12,943
30 June 2020	4,799	7,728	12,527

The intangible assets relate to the historic geological information pertaining to the Teren-Sai ore fields. The ore fields are located in close proximity to the current open pit and underground mining operations of Sekisovskoye. In May 2016 the Company was awarded an exploration and evaluation contract, which is valid for six years, with a right to extend for a further 4 years. Ongoing costs in relation to exploration and evaluation are capitalised.

4. Property, plant and equipment

	Mining properties and leases US\$000	Freehold land and buildings US\$000 US\$000	Plant, Equipment and fixtures and fittings US\$000 US\$000	Assets under construction US\$000	Total US\$000
Cost					
1 January 2019	11,730	24,481	14,748	978	51,937
Additions	1,451	-	652	189	2,292
Disposals	-	(4)	(27)	-	(31)

Transfers	-	-	-	(221)	(221)
Currency translation adjustment	136	236	135	11	518
30 June 2019	13,317	24,713	15,508	957	54,495
Additions	689	71	2,056	112	2,928
Disposals	-	-	(48)	-	(48)
Transfers	-	134	-	6	140
Currency translation adjustment	(57)	(132)	(70)	(8)	(267)
31 December 2019	13,949	24,786	17,446	1,067	57,248
Additions	1,269	-	4,806	296	6,371
Disposals	-	-	(180)	-	(180)
Transfers	(924)	924	-	(131)	(131)
Currency translation adjustment	(890)	(1,304)	(889)	(53)	(3,136)
30 June 2020	13,404	24,406	21,183	1,179	60,172

Accumulated depreciation

1 January 2019	2,220	6,291	13,305	-	23,458
Charge for the period	122	1,050	440	-	1,612
Disposals	-	(3)	(23)	-	(26)
Currency translation adjustment	21	184	121	-	326
30 June 2019	2,363	9,522	13,573	-	25,458
Charge for the period	87	1,083	571	-	1,741
Disposals	-	-	(180)	-	(180)
Currency translation adjustment	(9)	(149)	(62)	-	220
Transfer	-	107	(1 (107))	-	-
31 December 2019	2,441	10,563	13,928	-	26,932

Charge for the period	219	931	797	-	1,947
Disposals	-	-	(180)	-	(180)
Currency translation adjustment	(128)	(556)	(696)	-	(1,380)
Transfer	-	-	-	-	-
30 June 2020	2,532	10,938	13,849	--	27,319

Net Book Values	9,510	16,190	1,713	978	28,391
1 January 2019	10,872	13,468	7,334	1,179	32,853
30 June 2019	10,954	15,191	1,935	957	29,037
31 December 2019	11,508	14,223	3,518	1,067	30,316
30 June 2020	10,872	13,468	7,334	1,179	32,853

5. Notes to the cash flow statement

	Six months ended 30 June 2020 (unaudited) US\$000's	Six months ended 30 June 2019 (unaudited) US\$000's	Year ended 31 December 2019 (audited) US \$000's
Profit/(loss) before taxation	1,249	(603)	(1,042)
Adjusted for			
Finance expense	867	507	1,183
Depreciation of tangible fixed assets	1,947	1,612	3,353
Increase in inventories	(2,424)	(720)	(2,115)
Other financial liabilities	-	(122)	(122)
Increase in trade receivables	(102)	(733)	(1,495)
(Increase)/decrease in trade and other payables	(1,147)	418	(2,533)
Loss/(gain) on disposal of property, plant and equipment	-	5	(15)
Impairment and provisions	-	-	70
Foreign currency translation	890	(12)	(116)
Cash inflow/(outflow) from operations	1,280	352	(2,832)
Income taxes	-	-	-
	1,280	352	(2,832)

6. Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 - “Related Party Disclosures”. The total amount remaining unpaid with respect to remuneration of key management personnel amounted to US\$59,000 (31 December 2019 US\$149,000).

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year to December 2019
	US\$000	US\$000	US\$000
Short term employee benefits	35	55	122
	35	55	122
Social security costs	2	3	7
	37	58	129

During the period, the following transactions were connected with Company’s in which the Assaubayev family have a controlling interest:

- An amount is owing to Asia Mining Group of US\$67,000, (31 December 2019: US\$165,000) and is included within trade payables.
- Loans at an average in interest rate of 7% were made to the subsidiaries by Amrita Investments Limited. The total amount currently outstanding including accrued interest amounts to US\$Nil (31 December 2019 US\$1,047,000).
- An amount of US\$45,000 is owing to a member of the Assaubayev family on an interest free basis on demand basis, (31 December 2019 US\$673,000).
- An interest free loan of US\$81,000 is repayable on demand is due to Chartmile Inc. (31 December 2019: US\$81,000).

6. Related party transactions (Cntd.)

- The Company has in issue a convertible bond issued to African Resources Limited which carries a coupon rate of 10% per annum payable semi-annually in arrears in February and July each year. Unless the bonds are re-purchased and cancelled redeemed or converted prior to the scheduled maturity date, they will be repaid in February 2021 at their principal amount. At 30 June 2020 an amount of US\$2.2m, including accrued interest was payable on the remaining bonds.
- In February 2020 the Company was informed that holders an aggregate nominal value of US\$ 1.5 million of Altyn plc’s 10% convertible bonds due 2021, had gone into liquidation. The liquidators were seeking to accelerate the bonds held by the entity in liquidation and demanding immediate repayment. As the monies raised by the Company had already been earmarked for investment projects, assistance was provided by Amrita Investments Limited, a company beneficially owned by the Assaubayev family. After a period of negotiations, the parties entered into a series of transactions pursuant to which Amrita agreed to acquire the aforesaid bonds and the liquidators’ claims were settled.

7. Share capital

In June 2020 the Company issued 10,429,230 shares at a total value of US\$75,000 in order to settle outstanding remuneration due to a former Director of the Company. The shares rank pari-passu with the existing shares in issue.

8. Reserves

A description and purpose of reserves is given below:

Reserve	Description and purpose
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment	Amount accrued in relation to the share based payment charge relating to the share options issued.
Merger Reserve	Reserve created on application of merger accounting under a previous GAAP.
Currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Accumulated losses	Cumulative net gains and losses recognised in the consolidated statement of financial position.

9. Events after the balance sheet date

There were no significant post balance sheet events to report.

This report will be available on our website at www.altyn.uk

Directors	Kanat Assaubayev Aidar Assaubayev Sanzhar Assaubayev Ashar Qureshi Vladimir Shkolnik	Chairman Chief executive officer Executive director Non-executive director Non-executive director
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