ALTYN

Altyn plc
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2019

WELCOME TO ALTYN PLC

Altyn Plc (LSE: ALTN) is an exploration and development company, which listed on the standard segment of the London Stock Exchange in December 2014. To read more about Altyn Plc please visit our website www.altyn.uk.

At a glance

Altyn's main asset is its 100% interest in the Sekisovskoye gold mine and its exploration site at Teren-Sai in North East Kazakhstan. In the most recent Competent Person Report ("CPR") in 2019 the Sekisovskoye site has Proved reserves of 3.47Moz and Probable reserves of 0.33Moz. In Teren-Sai the Proved reserves amount is 0.8Moz and Probable reserves of 0.65Moz based in one area that contains 4 breccia bodies known as Area No2. The Teren-Sai Project is made up of 15 targets based on historical exploration. Of these 15 targets, Altyn has identified 4 areas for exploration, namely Areas No.1 to No.4, consisting of various identified targets. Altyn is currently focussed on exploration and development of one of these 15 targets, namely Area No.2 as noted above.

The Company received new mining equipment in 2020 and is moving ahead with the planned development of the underground mine at Sekisovskoye to ramp up production significantly in the following year.

The mining licence for Sekisovskoye is valid until 18 July 2020. The Company has now obtained from the authorities the right to extend the licence on the same terms as the original licence, to 18 July 2030. The licence renewal is expected to be confirmed in H2 2020.

The Company was awarded the subsoil exploration contract for the Teren-Sai ore field for a 6-year term in 2017 with the right to extend for another 4 years if there is a commercial discovery of resources. The site encompasses an area of approximately 198km^2, and geological data purchased by the Company indicates that there are fifteen mineralised target zones, each with the potential to contain significant gold resources. It is currently targeting its efforts on one of the sites. The results of the CPR are as noted above and in the mineral resources statement contained within the Annual Report.

The latest Competent Persons Report (CPR) in relation to the Sekisovskoye mine site which details the reserves and resources is dated in 2019. The significant highlights are summarised in the mineral resources statement on pages 14 to 18.

Our focus

Operations and development of the mine at Sekisovskoye and the exploration site at Teren-Sai have been limited during the year due to insufficient funding to purchase the necessary equipment to expand operations during 2019. With the funding now in place the Company is moving ahead with its development plans. The key highlights are documented below:

Underground development & exploration

- ▲ CPRs completed at both Sekisovskoye and Teren-Sai (Area No 2) – see mineral resources statement.
- ▲ Continuation of exploration drilling (5,730m), verification drilling (6,132m) and trenching (1,270m^3) at area No1 at Teren-Sai.
- ▲ Sampling pits and tunnelling conducted to delineate the ore body at area No2 Teren-Sai.
- ▲ Development of ventilation systems between +320 masl and +355masl.
- ▲ Exploration drilling to further define the ore body #3, #8 and #10 to update the thickness and characteristics.
- ▲ Maintenance and safety procedures conducted at the lower horizons to remain compliant with current regulations.

Financial highlights

- ▲ Turnover decreased in the year to US$14.9m (2018: US$19.4m).
- ▲ 10,500oz of gold sold (2018: 14,990oz), a decrease of 4,490oz.
- ▲ Average gold price achieved (including silver), US$1,390oz, (2018: US$1,292oz).
- ▲ The Company made a loss before tax of US$1.04m (2018: loss US$4.0m).
- ▲ Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation and excluding impairment) of US$3.3m (2018: US$0.9m).
- ▲ The Company has obtained a credit facility from a Kazakh based bank for US$17m at interest rates of 6% to 7%.
- ▲ The Company has listed US$10m of bonds on the AIX at present there has been an uptake of US$2.6m.

Operational highlights

- ▲ Gold poured 10,537oz, (2018: 15,282oz) a 31% decrease year-on-year, the decrease in processing was a result of stoppages due to equipment repairs and maintenance.
- ▲ Underground gold grade 1.92g/t, (2018: 1.95g/t).
- ▲ Operating cash cost US$854/oz, (2018: US$865/oz).
- ▲ Gold recovery rate 82.31% (2018: 83.23%).

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

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Areas of exploration

1 Sekisovskoye

The Sekisovskoye deposit is the Company's flagship asset and is located close to the village of Sekisovka, approximately 40km from the North East Kazakhstan regional capital, Ust Kamenogorsk. The current licence expires in July 2020, the Company has obtained permission to extend the licence to 2030, and is currently awaiting the formal grant of the licence.

The mineral rights at Sekisovskoye are held by a 100% owned subsidiary of the Company, DTOO GRP Baurgold, and the processing plant is owned by the 100% owned subsidiary of the Company TOO GMK Altyn MM.

The Sekisovskoye deposit was discovered in 1833 with surface mining taking place during the periods 1833 to 1847, 1932 to 1935, and 1943 to 1946. From 1975 to 1986, a range of exploration work was carried out. Between 1978 and 1982 "AltaiZoloto" of the Ministry of Non-Ferrous Industry, KazSSR, mined the oxidised area of the ore body. In 2003, under Hambledon Mining's ownership (subsequently renamed to Altyn Plc), further exploration work was undertaken and gold production from the mine and processing plant commenced in 2008.

In 2019, the Company released the findings of the mining consultant, Ernst and Young's Competent Persons Report on the mine, which demonstrated substantial JORC reserves and resources, see pages 14 to 18 for further details. With new plant to be acquired in 2020 the plan is to ramp up production initially to a run rate of 40,000-45,000t a month, with the longer term aim of doubling this. This will significantly increase the number of ounces of gold produced, with the aim of achieving 100oz. a year in the future, to be achieved by increasing output and accessing higher grade reserves through the continued development of the underground mine.

2 Teren-Sai Ore Fields

In May 2016, the Company was awarded the subsoil exploration contract to conduct further testing at the Teren-Sai ore field for a 6 year term with the right to extend for another 4 years in case of commercial discovery of resources.

The Teren-Sai Project is made up of 15 targets based on historical exploration. Of these 15 targets, Altyn has identified 4 areas for exploration, namely Areas No.1 to No.4, consisting of various identified targets. Altyn is currently focussed on exploration and development of one of these 15 targets, namely Area No.2. Area No.2 consists of four breccia bodies, however Altyn is only targeting one of these breccias for development at this stage.

The geological data that the Company acquired indicates that there are at least fifteen mineralised zones at Teren-Sai and this leads the Company to believe that this project has the potential to contain significant gold resources. A CPR was conducted in 2019 in one of the areas see the report on pages 14 to 18. The Company is continuing to validate the geological data by twinning previous drill holes and undertaking additional metallurgical testing on the other sites.

Strategic report

Governance

Financial statements

CHAIRMAN'S STATEMENT

"The purchase of new equipment and knowledge gained with the recently completed CPRs will provide an excellent platform to take the Company forward."

Dear shareholders,
Before commenting on the operations of the Company during 2019, I would like to first cover the effects of current coronavirus risk on the Company and its employees. At the country level the Kazakhstani government is taking the outbreak very seriously with restricted working and transport movements principally in the two main cities of Kazakhstan. At the local level the government approach has been less restrictive by permitting workers to continue attending the mine from the local city Ust-Kamenogorsk as well as allowing the free movement of gold to the refiner. In this context, the Company briefed all workers in relation to safety requirements and supplied them with the necessary safety equipment. The Company is also providing support to its staff both financially and logistically as required, while allowing remote working for head office staff. The fast changing nature of this pandemic, combined with governments' resulting responses to it, will be kept under close review and operations adapted accordingly.

At present there is expected to be minimal impact on the operations of the Company, the Company has sufficient stock of parts and spares to cope with any breakdowns to equipment and to keep production going. In relation to its supply chain for consumables, the Company has sourced alternative suppliers in Kazakhstan for those items that are currently supplied from abroad in the event there are delays or disruption to supply. Further details in relation to the actions the Company may take if the government does place restrictions on the mine site are covered in the Directors' report on page 24.

Coming onto the operations of the Company in 2019, delayed raising of capital financing resulted in the Company performing below budget in 2019. The funding requirement was only met towards the end of 2019 via a US$17m facility from JSC Bank Center Credit and a US10m bond issuance on the Astana International Exchange, of which US$2.6m was taken up as at the year end. The remaining $7.4m bond issuance is expected to resume post state quarantine.

These funds allowed the Company to purchase new machinery resulting in markedly upward revision in mining and production plans for 2020, the results of which are already visible with 29,000t monthly production recently achieved. Production is expected to further grow this year as more equipment is delivered. This, in addition to the increased knowledge gained through the recently completed CPRs, will provide an excellent platform to take the Company forward. The management is particularly encouraged by the results of Teren-Sai's site No2 which represents only 4 of 15 targets in total.

On behalf of the Board I would like to thank Neil Herbert who resigned in the year, for his hard work and input during his time with the Company. I would also like to thank all the staff and management for their hard work and perseverance at this difficult and uncertain time.

Kanat Assaubayev
Chairman
30 April 2020

CHIEF EXECUTIVE OFFICER'S REVIEW

"The first batch of new equipment deliveries is already having a positive impact on production, and we expect to receive a second batch in Q2 2020."

Overview

The production results reflect delays in obtaining funding for additional mining equipment which was only secured late in the second half of the year. Additionally technical interruptions and extended repairs particularly for the milling machines have severely restricted throughput to the processing plant, resulting in a lower output and the ability for the Company to operate as planned for in 2019.

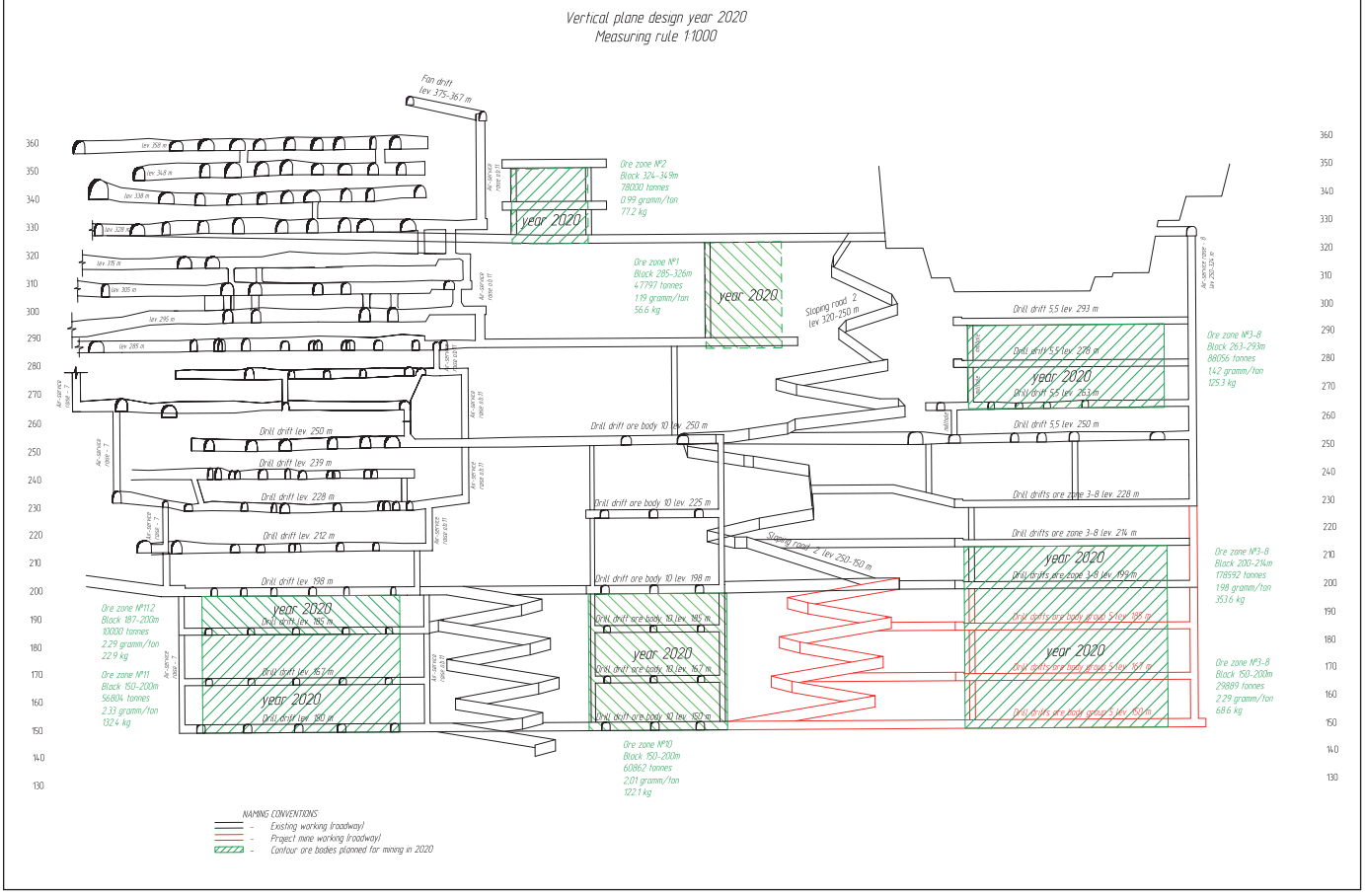
However, the financing raised in particular the bank loan offers an appealing interest rate and a capital repayment holiday (until September 2020) which should allow the Company to boost its mining equipment fleet without straining its cash flows and steadily increase production. Indeed the first batch of new equipment deliveries is already having a positive impact on production, and we expect to receive a second batch in Q2 2020.

Commentary on results – 2019

The following was achieved with regards to the underground mine in the year:

- As was indicated in the mining plan in the 2018 Annual Report the ore has been extracted from ore bodies 11 and 3-8 between -250masl and -150masl. The gold grade remained comparable to last year at an average over the year of 1.92g/t (2018: 1.95g/t). The expectation was that the grade would increase but the dilution of the ore extracted was at similar levels to the prior year due to the lack of equipment.
- The ore mined at Sekisovskoye during 2019 was 255,000t (2018: 278,000t), recent production results with the delivery of the new machinery have increased this to 29,000t a month with the expectation that this will increase further in H2 2020 once the second batch of equipment arrives.
- The milling and subsequent production was disappointing with milling at 231,000t (2018 348,000t) and gold poured only achieving 10,537 oz (2018: 15,282oz). Unfortunately breakdowns of the milling machines and delays in receiving spare parts and subsequent repairs led to below budget results.
- Development of the Sekisovskoye mine was limited to maintenance work and improvement in access and ventilation. A number of ore bodies that were prepared for processing in 2019 will now be rolled forward into 2020.
- The average gold grade was 1.76g/t (2018: 1.68 g/t) given low grade ore utilisation. The trend should reverse going forward as the majority of

Underground development



CHIEF EXECUTIVE OFFICER'S REVIEW continued

the throughput will come from underground ore mining.

The Company continued its exploration program with a total of 1,490 diamond drill holes down to 400masl for Sekisovskoye. In relation to Teren-Sai, while the Company has a total of 15 targets it has mainly concentrated on 3 targets in area No2 of the Teren-Sai project. Building upon historic drill holes the Company carried an exploration program involving trenching in order to delineate the size and extent of the targets in greater detail. Additionally numerous sampling pits were excavated with the material excavated being sent to Sekisovskoye processing plant for testing and analysis.

Teren-Sai will initially operate an open pit mine to exploit approximately 360,000oz reserves. Initial costs in relation to the Teren-Sai project are included in the capex budget below.

In order to incorporate recent exploration results and update the 2014 Competent Persons Report the Company instructed Ernst and Young to complete two CPRs on Sekisovskoye and Teren-Sai (area No2). The results were very encouraging and are detailed in the mineral resources statement in the Annual Report on pages 14 to 18.

Purchase of plant and equipment

The company has used the funds received in 2019 to mainly purchase the equipment, as detailed below (in addition to buying other smaller machinery items and parts as necessary). Out of the US$17m raised from JSC Bank Center Credit the majority is earmarked specifically for the purchase plant and machinery.

The following summarises the major items of equipment which have been delivered during 2020 to the Sekisovskoye mine site:

- Front-end loader ZL 50G
- Dump truck 25t Chacman
- Material handling trucks CAT R1300 – 3 units
- Underground haulers CAT AD30 – 3 units

In addition to the above the following equipment is on order with an expected delivery in H2 2020:

- Face drilling rig Atlas Copco T1D
- Ring drilling rig Atlas Copco T1D
- Exploration drilling rig Atlas Copco Diamec U4

Further machinery and plant will be ordered in 2020 as required under the capital expenditure plan.

Capital requirements

The capex requirements for the next three years are detailed in the table below. The budgeted plans foresee the Company expanding ore extraction and production to 850,000t to per annum for Sekisovskoye.

Mining results ore extraction

		2019	2018
Ore mined	T	**255,134**	278,883
Gold grade	g/t	**1.92**	1.95
Silver grade	g/t	**1.37**	2.92
Contained gold	oz	**15,760**	17,482
Contained silver	oz	**11,239**	26,110

Mining results processing

		2019	2018
Crushing	T	**239,046**	340,091
Mining	T	**230,966**	349,169
Gold grade	g/t	**1.76**	1.68
Silver grade	g/t	**1.37**	2.50
Gold recovery	%	**82.31**	63.23
Silver recovery	%	**69.88**	74.37
Contained gold	oz	**12,981**	18,367
Contained silver	oz	**9,819**	27,986
Gold Poured	oz	**10,537**	15,282
Silver poured	oz	**6,760**	20,794

Projected capital expenditure

	Total US$m	2020 US$m	2021 US$m	2022 US$m
Prospect drilling	**2.5**	0.8	0.9	0.8
Underground development	**14.2**	5.9	4.8	3.5
Infrastructure	**1.8**	1.6	–	0.2
Ore handling facilities	**7.3**	4.1	–	3.2
Process plant incremental expansion	**7.5**	4.5	2.4	0.6
Teren-Sai exploration program	**3.3**	1.4	1.5	0.4
Total	**36.6**	18.3	9.6	8.7

Future development plans are dependent on raising further funding.

Longer term plan

Sekisovskoye

The plan consists in operating the Sekisovskoye Mine at 850kt annual capacity for three years then ramping up production to 2Mtpa over a six year period. This will be achieved by increasing the capacity of the existing processing plant to 1Mtpa from 0.85Mtpa for US$8.4m and constructing a new 1Mtpa metallurgical plant and tailings dumps for US$45.7m. The 2Mtpa production level is planned to be achieved with the development of vertical skip, cage and ventilation shafts down to the -430masl level. As such while the mine is being currently accessed via two declines, a capital expenditure ("Capex") of US$204m is planned for the Life of mine underground expansion in order to develop a new vertical skip, cage and ventilation shafts as well as the associated infrastructure. A further US$83.1m is planned for new underground mining and haulage equipment fleet.

Teren-Sai

Mining operations at Teren-Sai Project are planned to include both surface and underground mining methods. The open pit mining method will make use of a suite of trucks and excavators, while underground operations will make use of the sub-level stoping mining method, similar to the underground operations at the adjacent Sekisovskoye Mine. It is expected that open pit mining cover +490masl to +350masl depth range while the underground mining will be conducted from +350masl to +25masl.

Processing

The planned Teren-Sai process plant will be a conventional carbon-in-leach ("CIL") gold recovery plant, similar to the neighbouring Sekisovskoye mine process plant.

FINANCIAL PERFORMANCE

Annual gold sales (oz)

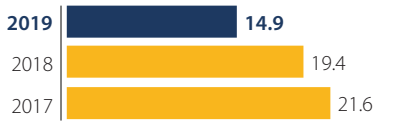
10,500oz

Annual gold poured (oz)

10,537oz

Revenue (US$m)

US$14.9m

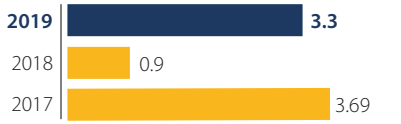


Operating cash production cost (US$oz)

US$854oz

Adjusted EBITDA (US$m)

US$3.3m



Net assets (US$m)

US$33.3m

The gold poured decreased from 15,282oz to 10,537oz in the year ended 2019 from the prior year, reflecting the lack of equipment and closures of the sections of the processing plant as parts were being sourced. This resulted in a lower level of ore milled at 231,000t as opposed to 348,000t in the prior year, and an overall lower level of production in the year. The actual ore mined was only down by 8% from 278,000t to 255,000t, resulting in contained gold of 15,759oz as opposed to 17,463oz in 2018, at a similar grade of 1.92g/t as opposed to 1.95g/t in 2018.

During 2019, the Company sold 10,500oz of gold (2018 14,990oz). The average price achieved per oz in 2019 was US$1,390 with the gold price trending up, in 2018 the Company achieved an average price of US$1,292. The average prices are budgeted to stay at similar levels in 2020, at approximately US$1,450oz and there are no changes anticipated to the sales offtake agreement currently in place with the Kazakh national refinery. As in the prior year sales are translated at the spot US$ rate at the point the gold is sold, however currently with the Tenge devaluing against the US$ by approximately 20% in Q1 2020, this is positive for the Company, as a significant proportion of expenses are denominated in Kazakh Tenge.

The Company has factored in the effects as far as possible for disruptions caused by the coronavirus pandemic, but on our analysis, at this stage there would appear to be no material issues to consider.

The overall grade achieved is lower than long term production plan assumptions. The dilution resulted from mixing low grade stockpiles with underground ore. The grade and production are expected to improve with the deliveries of new equipment expected in Q2 2020.

As the Company is continuing to use the low grade ore, part of the provision made against the stockpile in prior periods, has been reversed amounting to US$138,000 (2018: US$383,000). The EBITDA achieved by the Company has been adjusted for this and other impairments.

The total cash cost of production, which includes administrative costs but excludes depreciation and provisions, amounted to US$1,104/oz, (2018: S$1,235oz). The operating cash cost excluding administrative costs amounted to US$854/oz (2018: US$865/oz). The cash cost of production has been kept under control as result of efficiency gains particularly labour costs.

The Group has reported a net loss of $1.0m before tax (2018: US$4.0m), with a gross profit of US$2.5m (2018: US$2.5m). The operating profit is US$25,000 (2018: loss US$2.5m). In the prior year the company suffered one-off cost resulting from VAT write-offs and other government payments amounting to US$2.2m in 2018, these savings together with reduced staff costs of approximately US$1.44m have helped to push the administrative costs down from US$5.5m to US$2.6m.

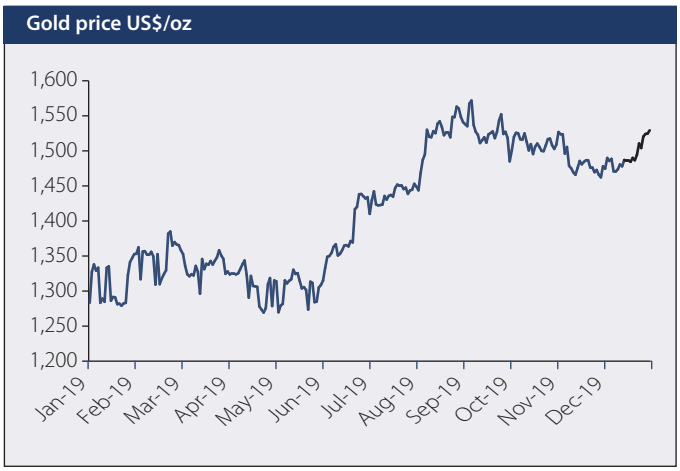
The EBITDA is US$3.3m, after adjusting the operating profit of US$25,000 (2018: loss US$2.5m) for depreciation of US$3.4m (2018: US$3.9m), and an impairment gain of US$107,000 (2018: US$0.6m).

Cash at year-end was US$1.9m (2018: US$105,000) the increase being primarily as a result of debt raising in the year. Resources are sufficient to meet the current working capital requirements and purchase of capital equipment in the current budget.

The main financing commitments were payment of interest on the 10% US$2m convertible loan and repayment of principal and interest on the bank borrowings. In total these are expected to amount to approximately US$3.0m in 2020.

The consolidated net assets of the Group are US$33.3m (2018: US$34.9m).

MARKET REVIEW AND SHARE PRICE PERFORMANCE



Commentary

While directors understand that the Company's share performance faced headwinds due to delayed funding, the current valuation is considered to be underestimating the fundamental value of the business. The Directors however believe that the share price is at an inflection point and should progressively start reflecting improvement in fundamentals. The Company has secured adequate financing to expand production, with the first batch of equipment deliveries already translating into increased production. More equipment is expected later in the year which should expand production further. The gold price steadily increased in 2019 reaching US$1,500oz towards the end of the year. This positive momentum is being currently maintained during the COVID-19 crisis.

The current uncertain economic environment, and actions to be taken by governments and by global central banks are expected to offer a continued positive environment for gold. However the Company is taking a conservative approach by budgeting a gold price of US$1,450oz. Overall, the Directors are expecting a supportive outlook for the Company's revenues, while its cost base growth should decelerate due to weaker KZT given globally declining energy prices. Finally, the repayment schedule on the recently obtained financing (annual amortization until 2026 for the bank loan and bullet repayment in 2021-2022 for the bonds) favourably matches the cash flow generation of the company which is expected to improve significantly.

OUR STRATEGY AND BUSINESS MODEL

Our strategy is to grow and develop our underground mine at Sekisovskoye with a short and medium term annual ore extraction target of 850,000t and 1mt respectively.

In parallel, the highly prospective Teren-Sai Ore Fields, adjacent to the Sekisovskoye mine, has the potential to significantly expand the business beyond our core asset.

Additionally since our progression to the Main Board of the London Stock Exchange in December 2014 we maintain our commitment to shareholder value creation and best governance practice.

Our business model is two-pronged consisting in continued development of the flagship high grade underground Sekisovskoye mine, while seeking further growth opportunities at the adjacent Teren-Sai Ore Fields. Out of 15 targets in this area, the Company is focusing initially on 3 in Area No2. In combination our strategy aims a longer term target of 100,000oz annual gold production. In addition the Company is selectively looking to complement existing operations with selective acquisitions.

The business strategy rests on four pillars:

Mining – The Company has a proven track record with its development of the mine at Sekisovskoye, we intend to continue development of the underground Sekisovskoye mine in the most cost effective and efficient manner as well as start operations at Teren-Sai.

Development – we are in the process of further developing the underground Sekisovskoye mine in order to access significant ore reserves at increased depth. Additional reserves should extend the life of mine, which in addition to the development of open pit operations and subsequent underground operations at Teren-Sai should allow an increase in production towards 100,000oz annual gold production target.

Exploration – The Company has been conducting extensive exploration at the Teren-Sai site. With the recently completed CPR the Company is moving to the development stage.

Growth – We are committed to adding value to our shareholders by setting solid foundations for future production growth. As such we frequently evaluate investment opportunities in Kazakhstan and Central Asia in case of potentially synergetic additions to our core assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has reviewed the principal risks associated with the development of the Company, there has been no material changes in the level or likelihood of the risks. The Company has considered the current situation in relation to COVID-19 and the effect of environmental factors, details of which are noted below:

Risk	Mitigation
Technical difficulties developing the underground mine at Sekisovskoye and exploration site at Teren-Sai	Encountering technical difficulties in further developing the underground mine at Sekisovskoye and developing the site at Teren-Sai to bring the prospective exploration site into production, would be negative for the future of the Company. To mitigate this, the Company has sought external consultants to provide an update on the technical work which has been undertaken to date. The Company is in discussions with international consultants to ensure that the most appropriate development methods are utilised.
Failure to achieve production estimates	Failure to achieve production estimates could arise due to various circumstances, not the least mining issues, processing plant issues and breakdowns, political and other disruptions, such as the current COVID-19 uncertainties see details elaborated on separately. Given that Company revenues are dependent on producing gold and silver from the Sekisovskoye mine, failure to achieve production targets would adversely affect the Company's profitability and ability to generate cash. The Company mitigates this risk by careful operational planning and detailed technical appraisal work, as well as regular maintenance work 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.
Fiscal changes in Kazakhstan	Given that Altyn operates solely in Kazakhstan, the Company is naturally at risk of adverse changes to the fiscal regime in the country. Kazakhstan is a relatively young country and there have been fiscal changes in recent years, in some cases related to the mining industry. However, the country is outward looking and committed to attracting direct foreign investment. Kazakhstan has hosted international exhibitions and sporting events, and is positively encouraging investment, including relaxing visa requirements. We therefore believe that the Kazakh government is aligned with potential foreign investors and would be very cautious in implementing any fiscal changes which could deter investment. Recent tax audits of the subsidiary companies have not revealed any material discrepancies, the Company has consulted with the tax authorities and provided all necessary information as and when required, and will seek expert tax advice as and when necessary.
No access to capital	Funding Sekisovskoye – in order to continue with the underground development at Sekisovskoye, the Company must incur additional capital expenditure. It currently has sufficient funds available to complete the work program until 2022. The Company is therefore dependent on cash from external sources to develop the mine after this point and therefore its future is at risk if funds from these external sources are unavailable. While the required level of funding has not been secured, the Assaubayev family, which owns 69.8% of the Altyn shares through its vehicle, African Resources, has invested in and provided loans to the Company in the past and is keen to see the Company succeed. However, without further external funding to complete the underground mine, production would proceed at a much slower pace. The Company will engage with brokers and other consultants as the need arises to raise further funding.

Risk	Mitigation
Commodity price risk	The Company generates its revenue from the sale of gold and silver that it has produced. While the Company has no control over commodity prices, it is in a fortunate position to have a very robust mine and development project in Sekisovskoye that can withstand prolonged weak precious metals prices. The Company is significantly increasing production, once further equipment is obtained. The lower resulting cash cost of production will provide a significant buffer from failing commodity prices.
Currency risk	The US Dollar has remained stable during 2019 against the Kazakh Tenge. As at 31 December 2019, 1 US Dollar equated to approximately 382KZT, after the year end the Tenge devalued as a result of the coronavirus pandemic and in March 2020 stood at 449KZT, and is expected to remain in this range in the foreseeable future. As the revenue is generated in US Dollars any strengthening of the US Dollar against the Kazkah Tenge will favour the Company. In addition as the Company has a relatively low cost of production, local price inflation is not expected to have a significant impact.
Reliance on operating in one country	Currently all of the Company's mining assets are in Kazakhstan. The Company believes that Kazakhstan has significant future mineral potential, hence the choice of jurisdiction. The Company ensures it is well informed of any in-country changes which may adversely affect the business. While the Company knows and understands Kazakhstan well and hence has a strong position in-country, it has stated that it would look at other opportunities in the future within the Central Asia region and this may mitigate risk.
Altyn's reliance on one operation	Currently, the Company only generates revenue from one mine – Sekisovskoye. The Group is actively exploring its adjacent property, Teren-Sai, with a view to developing this asset to achieve production in the future, and in this respect recently completed a CPR on one area known as area No2 with in the exploration site containing 4 breccias.
COVID-19 uncertainties	During the finalisation of these accounts, Coronavirus (COVID-19) outbreak has evolved into an unprecedented public health emergency in the UK and around the world, causing disruption to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. The situation remains dynamic as governments around the globe take unprecedented measures to slow the spread and mitigate the human tragedy. As the circumstances evolve rapidly, management do not consider it practicable to provide a quantitative measure of the potential impacts on the Company. The Company has assessed the situation and taken steps as necessary in order to mitigate as far as reasonably possible the impact on the Company. The unprecedented social distancing measures have resulted in the activation of business continuity plans resulting in some workers working remotely whilst others are working on site whilst maintaining the necessary protection to themselves and others as advised by the authorities. The Company will keep the situation under review.
Health. safety and environmental issues	The Company is aware of its obligations to all stakeholders in relation to maintaining a safe work environment. It liaises on a regular basis with the authorities and monitors and reports on a regular basis key environmental indicators such as air and water quality. There were no reporting incidences of accidents in the year at the mine. The Company is also aware of its longer term obligations in relation to reducing its carbon footprint and aims to ensure that this is considered in its decision making processes and the impact and costs to the wider environment.

DIRECTORS' SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006.

The Board of Directors of Altyn Plc both individually and collectively act in the way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and considerations set out in s172 (1) (a-f) of the Act). In decisions taken to the year ended 31 December 2019, we would reference our approach to our business plan, social and corporate responsibility and the supporting control environment which deliver good outcomes for the company and wider stakeholders. In achieving this, the following areas are highlighted:

a) Our Company's plans were designed to have a long-term beneficial impact on the company and to contribute to the success in delivering the business of exploration and developing and operating a mine to produce gold and other precious metals as outlined in our strategy and business model on page 7, and in relation to our longer term plan in the Chief Executive's report on pages 3 and 4. We continue to operate our business within a structured control environment and comply with all necessary regulated requirements necessary to maintain the operating licences.

   The Board made the following key decisions. The Directors engaged with a Kazakh based bank and the Astana International Exchange (AIX), in order to raise funds. The funds were raised in order to expand production by purchasing equipment in line with the plans as developed by the Board. The Directors also arranged a Competent Persons Report (CPR), which was a key document on order to raise the necessary funds as detailed above, and develop the long term business strategy for the Company.

b) Our employees are fundamental to the delivery of our business. Altyn wants to build teams that are loyal and committed to the long term success of the Company and create a pleasant work environment where all employees can thrive. We have put steps in place for workforce engagement, training and development, employee networks, and regular communication updates with senior management. Altyn has had to reconfigure its way of working and engage sub-contractors to perform certain works at the mine but has dealt with staff on a fair basis.

   The Board had to make the decision to reduce staff numbers in order to meet short term objectives to preserve cash, see further details in the Corporate Social Responsibility Report (CSR) on pages 11 to 13. The Directors are also mindful of the longer term objectives of the Company, and to balance the needs of all stakeholders. It will share with employees in the good times and support staff in difficult times, such as the recent coronavirus situation, where a range of support measures have been introduced.

c) At Altyn, we think about the implications of our decisions on everyone in our Group, our industry and our community, because we are committed to building a sustainable business with a legacy we can all be proud of. Our success depends on our relationships with a network of experts beyond our business. All of our activities are informed by appropriate engagement with stakeholders to gain an understanding of our operating environment and the market in which we operate. At present the Company has a single customer for its gold output as regulated by the Kazakh authorities and it complies with all requirements for timings and deliveries as appropriate. We value our suppliers and maintain regular communication with them.

   The Board has regular meetings with key equipment suppliers, principal consumable suppliers and its subcontractors to agree contract terms and to discuss any issues that may have arisen. It has also established a good line of communication with its principal finance providers at the bank and AIX, to ensure that operations run smoothly and they are kept abreast of Company developments.

d) Our plans take into account the impact of the Company's operations on the community, the environment and wider societal responsibilities, some of which are mandated by government legislation but others are taken up by the Company voluntarily. Further details on this and the Company's impact on the environment are as detailed in the Corporate Social Responsibility. Altyn aims to ensure that it plays a responsible part in society as a whole. We also evolve and adapt as regulation changes and public interest in emerging issues grow. The plans the Company has developed helps it to stay focussed and make an impact. It is keenly aware of the mine's environmental impact and the dangers of not staying focused given the previous history with the Company, in relation to the failure of the tailings dam a number of years ago that had a material impact on the Company and the environment. It ensures we are pragmatic and consistent, and using local resources and people as necessary. There are regular checks made on the environmental parameters by independent third parties and government departments. No issues were highlighted in the year. See further details in the Corporate Social Responsibility Report.

e) The Board of Directors' intention is to behave responsibly and ensure that the business operates in a responsible manner within the high standards of business conduct and good governance. Our Company ensures that we meet standards expected by our Regulators in order to ensure that our license to operate is maintained. During the year the Board engaged with the Kazakh authorities in relation to putting in place the necessary steps to extend the mine licence at Sekisovskoye. The Company has regular contact with the environmental authorities to ensure the Company complies in all aspects with the government standards required for the operation of the mine in Kazakhstan.

   There is a policy in place for whistle blowing and this ensures that employees feel empowered to raise concerns in confidence and without fear of unfair treatment. The Audit Committee as a whole ensures that the processes in place are adequate.

f) We aim to act fairly between members and act for all shareholders. The Company does have a controlling shareholder, however their conduct is controlled by a relationship agreement which aims to ensure that they act in a fair, transparent and responsible manner. All shareholders are welcome at the Annual General Meeting to express their views. The Company's website is currently being enhanced in order to obtain more regular feedback from all shareholders.

CORPORATE SOCIAL RESPONSIBILITY

Human resources

During the year the Company reduced staff numbers by 124 (2018: reduced by 208) , principally at its Sekisovskoye mine site. The reduction from 2017 has been from 629 to the current total of 297. The principal driver has been the use of sub-contractors who would be responsible for all development work. In the current year, the secondary reason being the lower level of production leading to fewer number of staff required.

The Company complied with all statutory requirements obligations that were required, and dealt with all redundancies in a fair and socially responsible manner.

Human rights

Whilst the Company does not have a specific human rights policy, it does have policies such as Equal Opportunities and an Anti-bribery policy that adhere to internationally proclaimed human rights principles.

Employment policies and diversity

The Company has an equality and diversity policy and communicated it to its employees in a formal manner after consultation with the local authorities. It is fully supported by senior management and employee representatives. The policy is monitored and reviewed annually to ensure that equality and diversity is continually promoted in the workplace.

The Company is conscious there are no female Directors in the very top positions and are currently reviewing this.

The aim is to ensure that all employees and job applicants are given equal opportunity and that our organisation is representative of all sections of society. Each employee will be respected and valued and able to give their best as a result. This policy reinforces our commitment to providing equality and fairness to all in our employment and not provide less favourable facilities or treatment on the grounds of age, disability, gender, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, and sexual orientation.

The Company provides the following to staff:

- A medical station available to all employees.
- Free provision of canteen facilities.
- Bonuses/awards to staff as merited.

The Company is opposed to all forms of unlawful and unfair discrimination. All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. The Company will enforce current work practice and work within the spirit of the law. When selecting candidates for employment, promotion, training, or any other benefit, it will be on the basis of their aptitude and ability.

The policy will aim to create an environment in which individual differences and the contributions of all team members are recognised and valued. To create a working environment that promotes dignity and respect for every employee. To not tolerate any form of intimidation, bullying, or harassment, and to discipline those that breach this policy. To make training, development, and progression opportunities available to all staff. To promote equality in the workplace. To encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures. To encourage employees to treat everyone with dignity and respect. To regularly review all our employment practices and procedures so that fairness is maintained at all times.

Employee involvement

Members of the management team regularly visit subsidiaries and discuss matters of current interest and concern with members of staff.

Gender diversity

	Male	Female	Total
2019	**207**	**90**	**297**
2018	301	120	421

The table above shows the staff employment by gender. The Company places a great deal of emphasis on gender equality and diversity. At present there are 12 women in senior management positions (2018: 38), male senior managers in 2019 were 23 (2018: 32, including Directors). The reductions are to some extent a reflection of the downsizing of the workforce.

Environment

During 2019 as in the prior year each of the Company's facilities as is required by the government authorities was environmentally monitored on a quarterly basis by accredited outsourced companies. This included the following checks which were all within environmental standards set:

- Checks were made on the water at surface and sub-surface levels to ensure that it was within safe limits, within both the production site and the tailings dump site – no incidences were noted during the year and as at the date of this report.
- Checks were regularly made on the air quality at the production site, to include testing of the air extraction systems at the crushing and grinding plant, laboratory and transfer conveyors. Appropriate repairs were carried out in the year if there was any deviation from the accepted norms – no incidences noted.

CORPORATE SOCIAL RESPONSIBILITY continued

- Soil samples were analysed at the tailings dumps to ensure that there was no adverse effects on the environment – no incidences noted.

Of primary importance to the Company is to ensure that the tailings dam and water discharges are within environmentally safe limits. The facility has a system in place that provides treatment and discharge of mine water into the surface reservoir – quarterly testing is done to ensure all required standards are met. This is reported to the authorities on a quarterly basis, again no incidences to report.

Last year the Company introduced systems to control the processing of waste in a controlled and environmentally complaint manner. All household waste produced is disposed of to specialised landfill sites. Tyres are temporarily stored prior to removal to a specialised site. Hazardous waste such as Mercury is carefully sent for recycling as are plastic waste from plastic packaging and other plastic waste from pipes cuttings and geomembrane to reduce the amount being sent to the landfill sites. Metal scraps and exhausted oils are recycled as far as possible on the production site.

It is in the Company's plans to further refine and develop its environmental management systems. Further development of the tailings dump and future ways of dealing with this waste in the most efficient and environmentally manner remain a key objective of the Company. This is an ongoing process and the Company is well aware of the impact on the environment of carbon dioxide emissions.

Health and safety

Altyn is pleased to report that during 2019, there were no accidents at the Sekisovskoye mine. The Company maintains its first aid rooms to the highest standards and ensures that rescue contracts are in place for employees in the event of an emergency.

Our community

The support of the local community is key to the success of the Company, and the various initiatives and projects have been undertaken to ensure that the success of the mine is of a benefit to all parties. This is regarded as an ongoing commitment by the Company to the local community and has been formalised in a memorandum of co-operation by the Company with the authorities of the rural district. The Company regularly contributes to local projects and participates in local events. Some of the activities that the Company participated in the year are as noted below:

- The Sekisovskoya region in winter has very large snow drifts, the Company regularly clears the road and access paths at Sekisovska village.
- Assisting in anti- flood measures and clean up operations.
- Participating and providing gifts for children of the local community and two orphanages in Ust -Kamenogorsk.
- Assisting and providing food for the elderly in the local community.

Our approach to the environment

The Company's policies outline our commitment to environmental responsibility. Safeguarding the environment and training our employees to minimise the environmental impact of our activities are important aspects of our business. We remain committed to achieving the highest environmental standards. The calculations are prepared by an external consultancy and are approved by the Minister of Environmental Protection in Kazakhstan, which has strict guidelines and statutory requirements in relation to the measurement of emissions.

Greenhouse gas reporting

Greenhouse gas emissions (GHG), are classified as either direct or indirect and which are divided further into Scope 1, Scope 2 and Scope 3 emissions. Direct GHG emissions are emissions from sources that are owned or controlled by the Company. Indirect GHG emissions are emissions that are a consequence of the activities of the Company but that occur at sources owned or controlled by other entities.

Scope 1 emissions

Direct emissions controlled by the Company arising from plant.

Scope 2 emissions

Indirect emissions attributable to the Company due to its consumption of purchased electricity.

Scope 3 emissions

Other indirect emissions associated with activities that support or supply towards the Company's operations.

The Company's emissions by scope

The Company's emissions by scope

Scope		Source	**Tonnes CO_2 2019**	Tonnes CO_2 2018
Scope 1		Plant	**777**	2,061
Scope 2		Electricity	**1,694**	2,078
Scope 3		Other equipment	**–**	7
Total			**2,471**	4,146
Intensity 1	Tonnes per CO2	Per US$ of revenue	**0.0001657**	0.000214086
Intensity 2	Tonnes Per CO2	Per oz of gold produced	**0.2345**	0.271129889

MINERAL RESOURCES STATEMENT

"In addition the JORC gold resources at Teren-Sai total 1.48Moz with a further 1.03Moz as an exploration target."

Overview

Ernst and Young Advisory Services (Pty) Ltd ("EY") were commissioned by the directors of Altyn PLC ("Altyn") to prepare Independent Competent Persons' Reports ("CPR") on the Sekisovskoye Gold Mine ("the Sekisovskoye Mine") and Teren- Sai gold project ("the Teren-Sai Project").

Both the Sekisovskoye Mine which is an operating mine targeting gold and silver, and Teren-Sai which is an exploration licence area are located in eastern Kazakhstan, adjacent to the Sekisovka village.

EY has compiled the reports in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("the JORC Code"). In the case of the Sekisovskoye mine it is an update of the CPR completed in 2014, entitled "Independent Competent Persons' Report on the Sekisovskoye Gold Project prepared for Goldbridges Global Resources Plc" as at 31 May 2014 by Venmyn Deloitte (Pty) Ltd ("Venmyn Deloitte") referred to as "the 2014 CPR". In the case of Teren-Sai this will be a maiden Mineral Resource and Ore Reserve estimate for the Project based on exploration completed by Altyn since granting of the subsoil use contract in 2016. The Teren-Sai Project was known as the Karasuyskoye Project until the project name changed in 2019.

The report describes reviews and documents the technical and economic parameters of the Sekisovskoye mine and Teren-Sai Project, in order to identify all factors of a technical and economic nature that would influence the future viability of the project.

Geological Setting

The sites are located in a complex geological setting that has been subject to much alteration and metamorphism. The projects are exploiting gold that is hosted in a number of pipe-like breccia bodies that have intruded into the Rudny Altai poly-metallic belt, which is part of the larger Central Asian Orogenic Belt.

Ten breccias have been mapped in and around the Sekisovskoye Mine. Of these, seven breccias fall within the Sekisovskoye Mine licence boundary. Mineralisation is hosted in the breccia bodies and includes free gold and gold sulphides. Gold is embedded in the cement of the explosive hydrothermal breccias and is smeared across the lithology. The breccias are cut by barren igneous dykes that are typically planar and dip steeply to the northeast.

The Teren-Sai Project is made up of 15 targets based on historical exploration. Of these 15 targets, Altyn has identified 4 areas for exploration, namely Areas No.1 to No.4, consisting of various identified targets. Altyn is currently focussed on exploration and development of one of these 15 targets, namely Area No.2. Area No.2 consists of four breccia bodies.

Exploration

Sekisovskoye

Recent exploration refers to all exploration carried out since the project was acquired by Altyn (then known as Hambledon). The Sekisovskoye Mine has undergone numerous exploration programmes including geophysics, trenching and diamond drilling. Recent exploration has consisted of several drilling campaigns and a total of 1,490 drill holes have been completed. These drill holes include both surface and underground drilling but exclude all drilling prior to acquisition of the Sekisovskoye Mine by Hambledon. Of these drill holes, a total of 982 holes have been drilled between 2011 and 2019 and these form the basis of the ore body modelling and underground resource estimation used in the CPR. Exploration and ore body modelling has focussed increasingly on delineation of the ore body at depth and on infill drilling to improve geological confidence in the underground Mineral Resources since closure of the open pit. More recent exploration campaigns have consisted of almost exclusively underground drilling.

Teren-Sai

Recent exploration refers to all exploration carried out since the project was acquired by Altyn in 2016. Recent exploration carried out by Altyn includes pitting, trenching and diamond drilling. Exploration has focussed on the two breccias within Area No.2 and includes a total of 41 drill holes completed by Altyn. A further 12 historical drill holes are included in the geological database. These historical holes were drilled in 1993. The 53 drill holes drilled in Area No.2 form the basis of the geological modelling and resource estimation used in this CPR. Drilling has been completed to a depth of approximately 465m below surface.

Mineral Resource Estimates

Mineral Resource classification is based on the level of geoscientific confidence and primarily, drilling density. Due to the nature of the deposit, which is generally narrow and extending in a pipe-like deposit at depth, drilling and the resultant number of samples is denser near surface and becomes less dense with depth.

Sekisovskoye

Measured and Indicated Resources are estimated from the current working depth of -185masl to a depth of -400masl. Inferred Mineral Resources have been estimated from -400masl to -800masl. An Exploration Result has been estimated from -800masl to -1,500masl.

Teren-Sai

Measured Resources from surface (approximately +490masl) to a depth of +260masl and Indicated Resources from +260masl to a depth of +25masl. No Inferred Mineral Resources have been estimated. An Exploration Result has been estimated from +25masl to -375masl. The open pit to underground boundary is at +350masl.

Mineral asset valuation

The assumption of no selective mining was informed by both the mining method and by guidance included in the Kazakhstan mining legislation, which does not allow for the selective mining of blocks above the cut-off grade approved by the Committee of Geology of Kazakhstan. Therefore, no pay limit was used for mining selectivity and the definition of Ore Reserves.

The key modifying factors used are as follows:

- long term prices for gold and silver of USD1,280/oz and USD17/oz, respectively; the current prices are above US$1,600/oz and the in the short-term the Company is using US$1,400 in modelling;
- a processing recovery of 83% for gold and 73% for silver, this is in line with the current production:
- an average underground mining cost of USD425/oz, this is based on a longer term projection based on an increased level of ore mined. The current cash cost is in the range of US$850/oz.

EY estimated the preferred value of Sekisovskoye Mine as the average value between the Income-based approach and the Market-based approach. Therefore, the preferred value for Sekisovskoye Mine is estimated between US$383m to US$415m and that of Teran- Sai as estimated as between US$92m and US$104m.

MINERAL RESOURCES STATEMENT continued

The following tables show the total mineral resources:

Sekisovskoye

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Measured	+250 to -400	29.03	1.50	3.76	3.51	6.20	5.79
Indicated	+250 to -400	3.48	1.50	3.03	0.34	5.08	0.57
Sub-total		32.51	1.50	3.68	3.85	6.08	6.35
Inferred	–400 to -800	37.15	1.50	2.37	2.83	3.99	4.77
Total mineral resources		**69.66**	**1.50**	**2.98**	**6.68**	**4.97**	**11.12**

The previous mineral resource estimate in 2014 by Venmyn Deloitte estimated Mineral Resources for the underground operations at the Sekisovskoye Mine. The estimation was based on the C1, C2 and P2 of the GKZ classification system, which were then re-classified in accordance with the JORC Code. The 2014 Ore Reserves were also estimated to a depth of -800masl. The Sekisovskoye 2014 Mineral Resources estimated by Venmyn Deloitte are shown in the table below.

Sekisovskoye

31 May 2014 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Indicated	0 to -400	15.7	3.0	5.32	2.67	6.99	3.52
Inferred	0 to -400	3.5	2	4.21	0.48	No Estimate	
Inferred	–400 to -800	14.7	2	4.21	1.99	No Estimate	
Sub-total – inferred		18.2	2	4.21	2.46	No Estimate	
Total mineral resources		**33.9**	**2.46**	**4.72**	**5.14**	**6.99**	**3.52**

The difference between the 2014 and the 2019 Mineral Resource estimates is primarily due to the lowering of the cut-off grades used. The increased tonnage is also based on additional drilling completed since 2014, which also resulted in the upgrading of a portion of the Indicated Mineral Resources into the Measured Resources category.

The change in cut-off grade led to an increase in Mineral Resource tonnages of 35.75 million tonnes ("Mt") and a lowering of the average gold grade from 4.72g/t to 2.97g/t increasing geoscientific confidence based on the results of additional drilling that was completed to a maximum depth of -400masl has allowed for Indicated Resources to be converted to Measured Resources. There has been no change to Mineral Resources below -400masl, which have remained Inferred Resources as no additional drilling or exploration has been completed below -400masl.

Teren-Sai

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Measured – open pit	+490 to +350	5.99	0.50	1.89	0.36	3.25	0.63
Measured – Underground	+350 to +25	3.80	1.50	3.75	0.46	6.13	0.75
Sub-total		9.79		2.61	0.82	4.37	1.37
Indicated – underground	+350 to +25	6.06	1.50	3.38	0.66	5.52	1.07
Total mineral resources		**15.84**		**2.91**	**1.48**	**4.81**	**2.45**

The Teren-Sai CPR has measured Resources from surface (approximately +490masl) to a depth of +260masl and Indicated Resources from +260masl to a depth of +25masl. No Inferred Mineral Resources have been estimated. An Exploration Result has been estimated from +25masl to -375masl. The open pit to underground boundary is at +350masl.

Exploration Target Estimate

Sekisovskoye

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Exploration	-800 to -1,500	22.79	1.5	2.37	1.74	no estimate	no estimate

Sekisovskoye

31 May 2014 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Exploration	-800 to -1,500	24.4	2.0	4.21	3.30	no estimate	no estimate

The Exploration Target for the Sekisovskoye Mine has been updated from 2014 to reflect a cut-off grade of 1.5g/t and an average grade of 2.37g/t based on the Inferred Mineral Resources. No further exploration has been completed or planned for this estimate and the cut-off grade has also remained unchanged.

Teren-Sai

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Exploration	+25 to -375	9.28	1.50	3.46	1.03	no estimate	no estimate

Ore Reserve Estimate

Sekisovskoye

The Ore Reserves have been estimated from surface (approximately +430masl) to a depth of -400masl. All the Mineral Resource blocks that are above the Mineral Resource cut-off grade were included in the Ore Reserve, as no selective mining has been assumed for the Ore Reserve estimation. The Ore Reserve calculation includes a 5% dilution factor, 2% mining loss and 100% extraction factor. Based on the estimated Ore Reserves:

Sekisovskoye

31 May 2019 Resource Classification	Tonnage (Mt)	Average gold grade (g/t)	Contained Gold (g/t)	Average Silver Grade (Moz)	Contained Silver (g/t)
Proved	29.87	3.61	3.47	5.88	5.65
Probable	3.58	2.91	0.33	4.81	0.55
Total	**33.45**	**3.53**	**3.80**	**5.77**	**6.20**

Sekisovskoye

31 May 2014 Resource Classification	Tonnage (Mt)	Average gold grade (g/t)	Contained Gold (g/t)	Average Silver Grade (Moz)	Contained Silver (g/t)
Probable	17.25	2.60	4.09	5.37	2.98

MINERAL RESOURCES STATEMENT continued

Teren-Sai

31 May 2019 Resource Classification	Tonnage (Mt)	Average gold grade (g/t)	Contained Gold (g/t)	Average Silver Grade (Moz)	Contained Silver (g/t)
Proved – open pit	6.29	1.71	0.35	2.94	0.59
Proved – underground	3.91	3.60	0.45	5.87	0.74
Sub-total	10.20	2.43	0.80	4.06	1.33
Probable	6.23	3.25	0.65	5.33	1.07
Total	**16.43**	**2.74**	**1.45**	**4.54**	**2.40**

For Teren-Sai the ore reserve calculation includes a dilution factor, mining loss and extraction factor. The average estimated losses and dilution are mining losses of 5% for the open pit and 2% for the underground and mining dilution of 10% for the open pit and 5% for the underground. An average mining extraction factor of 90% has been utilised for the Ore Reserve estimation.

Summary

At Sekisovskoye JORC gold mineral resources total 6.68Moz (2014 CPR – 5.14Moz). In addition, a further 1.74Moz (2014 CPR- 3.30Moz) have been identified as an Exploration Result below the – 800masl. While these will require further exploration drilling to be potentially upgraded to Mineral Resources, this result does highlight the potential for a larger Mineral Resource than is currently estimated. Assuming that this potential were to be realised, the current projects as developed would contain approximately 8.42Moz (2014 CPR – 8.4Moz) of gold.

In addition the JORC gold resources at Teren-Sai total 1.48Moz with a further 1.03Moz as an exploration target.

Strategic report approved by the Board on 30 April 2020 and signed on its behalf by:

Aidar Assaubayev
(Chief Executive Director)
Director

CORPORATE GOVERNANCE STATEMENT

I am pleased to introduce our Corporate Governance Statement, which explains how Altyns' governance framework supports the principles of integrity, strong ethical values and professionalism integral to our business. The Board recognises that we are accountable to shareholders for good corporate governance, and this report, together with the Reports of the Audit and Remuneration Committees, seeks to demonstrate our commitment to high standards of governance that are recognised and understood by all.

The Company is keenly aware of its obligations under the London Stock Exchange disclosure and transparency rules and is reviewing its corporate structure, given the size of the Company it has not adopted the 2018 UK Corporate Governance Code, however the Company believes that the policies in place ensures that there are high standards of accountability and corporate governance. The principal area of focus is that the Company is working towards a more diverse board and is currently looking at strengthening the Board through the appointment of further Independent Non-Executive Directors. As part of this process the Company will conduct an internal evaluation of the effectiveness of the Board. In addition to evaluating its corporate structure the Company will be reviewing its internal controls and its risk management procedures, to establish, if these need to be enhanced, as by the addition of an internal audit function.

Full details in relation to the composition of the Board is given on pages 22 - 23. In July 2019 Neil Herbert resigned as a Non-Executive Director, leaving currently a total of two Non-Executive Directors in the Board. The Company as stated is in the process of sourcing further Non-Executive Directors to strengthen the Board. We will continue to keep under review the composition of the Board and its committees to ensure that we have the right balance of skills, independence, experience and diversity.

In the opinion of the Directors these Annual Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. This is presented in more detail in the CEO review and review of financial performance on pages 3 to 5.

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are explained in the Statement of Directors' Responsibilities and the Auditor's Report.

The Board delegates specific responsibilities to the Audit, and Remuneration Committees. The Company currently does not have a Nomination Committee, and given its stage of development does not believe it is appropriate. However the need for a Nomination Committee will be considered as part of the internal review to be conducted. Full details of the responsibilities of the committees are detailed below.

Day-to-day management and the implementation of strategies agreed by the Board are delegated to the Executive Directors. The Group's reporting structure below Board level is designed so that decisions are made by the most appropriate people in a timely manner. Management teams report to members of the Executive Committee. The Executive Directors and other managers give regular briefings to the Board in relation to business issues and developments. Clear and measurable KPIs are in place to enable the Board to monitor progress. These policies and procedures enable the Board to make informed decisions on key issues including strategy and risk management.

The Chair leads the Board and is responsible for its overall effectiveness, ensuring adequate time is available for discussion of all agenda items, in particular strategic issues, promoting openness and debate, ensuring all Directors, particularly the Non-Executive Directors, are able to contribute, and facilitating a constructive relationship between the Executive and Non-Executive Directors. The current Chair is not independent as he together with the two Executive Directors are the controlling shareholders of the Company. Their conduct is controlled by a relationship agreement that will ensure that they act in a way for the benefit of shareholders as a whole. The Non-Executive Directors will also ensure that the principals of the agreement are adhered to.

The Chief Executive has responsibility for all operational matters which include the implementation of strategy and policies approved by the Board.

In terms of culture and engagement the Executive Directors liaise on a regular basis with the workforce and key suppliers and customer and reports back to the Board. The human resources department has been strengthened and has developed a framework to improve the way in which employee views are communicated to the Board, how employees engage with values and culture, and how we align strategy with our workforce development and reward policies. Details in relation to the Company's corporate social responsibility are given on pages 11 to 13, and engagement with other stakeholders in the Directors S172 Statement on page 10.

The Board has adopted procedures for the identification, authorisation (where appropriate) and monitoring of situations which may give rise to a conflict of interest. There is a relationship agreement with the major shareholder which defines their responsibility if a situation arises. The Board has reviewed the procedures and is satisfied that they are operating effectively.

The Company's Articles of Association contain powers of removal, appointment, election and re-election of Directors and provide that at least one-third of the Board must retire at each Annual General Meeting and each Director must retire by rotation every 3 years.

There is a no formal induction programme for new Directors, however they are given a full briefing and familiarised with all aspects of the Company's operations.

The Company maintains directors' and officers' liability insurance to cover legal proceedings against Directors and Officers acting in that capacity.

The Group has a comprehensive financial review process, including detailed annual budgets, business plans and regular forecasting. There are a range of performance indicators which are tracked by management on a daily, weekly and monthly basis, and addressed through a programme of operational meetings and action plans. All Directors receive regular and timely information to enable them to perform their duties, including information on the Group's operational and financial performance, customer service, health and safety performance and forward trends. At each regular Board meeting the financial results are reviewed, taking account of performance indicators and the detailed annual business plan and budget. The Board also considers forward trends and performance against other key indicators, including areas where performance departs from forecasts, and contingency plans. The Board reviews medium and long-term strategy on a regular basis. In this way, the Board assesses the prospects of the Group using all the information at its disposal, and considering historical performance, forecast

CORPORATE GOVERNANCE STATEMENT continued

performance for the current year and longer-term forecasts over the 3-year business planning cycle as appropriate. Details of the Company's strategy and business model are given on page 7 of the Annual Report.

The Board has responsibility for determining the nature and extent of the principal risks the Company is willing to take to achieve its strategic objectives, and for the Group's internal control framework. The Board has a well-established procedure to identify, monitor and manage risk, and has carried out reviews of the Group's risk management and internal control systems and the effectiveness of all material controls, including financial, operational and compliance controls. The principal risks facing the Group are detailed on pages 8 to 9.

The Board places great emphasis on communication and engagement with the Company's shareholders. It is an area of focus that the Board wishes to strengthen in the future. The principal forum at present to engage with the shareholders given the stage of development of the Company is at the Annual General Meeting details of which are on page 69.

In relation to engaging with our stakeholders, the Board recognises the importance of our wider stakeholders in delivering our strategy and business sustainability and are conscientious on the responsibilities and duties to the stakeholders under Section 172 of the Companies Act 2006.

We believe that effective corporate governance is critical to delivering our strategy and creating long-term value for our shareholders.

Board structure

The Board is comprised of the Executive Chairman, the CEO an Executive Director and two Non-Executive Directors. Their details appear on pages 22 to 23. The Board is responsible to shareholders for the proper management of the Company. The statement of Directors' responsibilities in respect of the accounts is set out on page 27.

The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Company. The Board has a formal schedule of matters reserved to it, and meets on a regular basis.

The Board is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

Audit Committee

The Audit Committee is currently comprised of, Ashar Qureshi and Vladimir Shkolnik.

Audit Committee's prime tasks are to review the scope of the external audit, to receive regular reports from the Company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the Company and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 10 on page 54 of the financial statements.

Remuneration Committee

The Remuneration Committee currently comprises of two Directors – Ashar Qureshi and Vladimir Shkolnik, which meets as required, it is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors. As explained as the Company is currently in the process of reviewing its Board structure after the resignation of a Non-Executive Director in the year there are currently only two Independent Non-Executive Directors appointed on the Remuneration Committee. The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the articles of association. None of the Committee members has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-Directorships, or any day-to-day involvement in running the business. The Committee has access to professional advice from inside and outside the Company at the Company's expense. There were no Remuneration Committee meetings held during the year, there were no changes in the remuneration of the Executive Directors from the prior year.

Details of the terms of reference of the Remuneration Committee are available on the Company website www.altyn.uk in the Corporate Governance section.

Company Secretary

To facilitate the smooth running of the Board, the Company Secretary, under the direction of the Chair, ensures good information flows within the Board and its committees and between senior management and non-executive Directors. The Secretary ensures that Board procedures are complied with, and advises the Board through the Chair on all governance matters.

Board and Board committee meetings

The number of meetings during 2019 and attendance at regular Board meetings and Board committees was as follows:

	Meeting	Number held	Number attended
Kanat Assaubayev	Board	9	9
Aidar Assaubayev	Board	9	9
Sanzhar Assaubayev	Board	9	9
Neil Herbert*	Board	9	1
	Audit Committee	2	1
Ashar Qureshi	Board	9	8
	Audit Committee	2	2
Vladimir Shkolnik	Board	9	7
	Audit Committee	2	1

*Neil Herbert resigned 9 July 2019

Kanat Assaubayev
Chair
30 April 2020

BOARD OF DIRECTORS

Altyn plc has a highly experienced Board of Directors with a commitment to driving profitability and long-term shareholder value.

Non-independent Chairman

Kanat Assaubayev

Appointment
Kanat Assaubayev was appointed to the Board as Chairman on 23 October 2013.

Experience
Kanat Assaubayev is one of Kazakhstan's leading entrepreneurs in the natural resources sector.
Mr Assaubayev was the first Kazakh to get a doctorate in metallurgy. His early career was in academia where he was the Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He subsequently began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.

Non-Independent Executive Director

Aidar Assaubayev

Appointment
Aidar Assaubayev was appointed to the Board as Chief Executive Officer on 25 February 2013.

Experience
Aidar Assaubayev was formerly Executive Vice Chairman of KazakhGold Limited, the gold mining corporation, and he was also formerly Vice-President and a director of JSC MMC Kazakhaltyn. Mr. Assaubayev graduated from the Kazakh National Technical University in Almaty and he also holds a degree in Economics from the Institute of Systemic Analysis in Moscow.

Non-Independent Executive Director

Sanzhar Assaubayev

Appointment
Sanzhar Assaubayev was appointed to the Board as Executive Director on 29 February 2016.

Experience
Sanzhar Assaubayev was formerly Director of International Affairs of JSC MMC Kazakhaltyn and an Executive Director of KazakhGold Group Limited, the gold mining corporation. He was educated at the Leysin American School in Switzerland, where he specialised in management, and the American University in the United Kingdom. Sanzhar Assaubayev is the son of Kanat Assaubayev.

Non-Independent Non-Executive Director

Ashar Qureshi

Appointment
Ashar Qureshi was appointed to the Board as Non-Executive Director on 7 December 2012.

Experience
Ashar Qureshi is a London based US qualified lawyer. He was formerly the Vice Chairman of Renaissance Group, where his position was a senior investment-banking role, and prior to that he worked with international firm Cleary Gottlieb Steen & Hamilton LLP. He is currently a partner at Fried, Frank, Harris. Shriver & Jacobson LLP. Mr. Qureshi holds a Juris Doctorate and is a graduate of Harvard Law School and Harvard College.

Independent Non-Executive Director

Vladimir Shkolnik

Appointment
Vladimir Shkolnik was appointed to the Board as Non-Executive Director on 21 November 2017.

Experience
Vladimir Shkolnik has held a number of high profile positions in the Kazakhstan government, and is currently advising the Kazakhstan government on industrial and energy matters. His previous positions included the office of Minister of Energy, Minister of Trade and Industry, and also Deputy Head of Presidential administration, reporting directly to the President. He is an academic with a doctorate in physics and has written a number of papers and books in the field of energy, natural resources and other scientific fields. He has been influential in setting up academic institutions, in the areas of mineral processing and also nuclear power in Kazakhstan, working with a number of leading Companies from Japan, France and Russia in setting up joint enterprises.

Independent Non-Executive Director

Neil Herbert

Appointment and resignation
Neil Herbert was appointed to the Board as Non-Executive Director on 29 February 2017. On 2 February 2017 he was subsequently appointed as Executive Deputy Chairman, and stepped down from this role in November 2017, back to a Non-Executive role. He resigned from the Company on July 2019.

Experience
Neil Herbert has a wealth of experience managing, advising and investing in growth companies through business expansion, M&A and IPOs. Prior to Polo Resources, where he worked until 2013, he was Finance Director of Galahad, another investment company, which achieved an average IRR of 66%pa over its four year existence. Neil became Finance Director of its most successful investment which he took from start up to a US$2.5bn takeover with Galahad achieving an annualised return of 167%. He has worked with natural resources since joining Antofagasta during its 1990s transformation into a major copper producer with the US$1.3bn Los Pelambres and US$0.3bn El Tesoro mines taken into production.

Following that he was CFO of gold explorer Brancote until its US$0.4bn acquisition. Neil began his career working with PwC, he is a Fellow of the Association of Chartered Certified Accountants and has a BA Joint Honours degree in Economics & Economic History. He has served as a director of companies on the AIM, ASX, LSE, JSE and TSX. Today Neil works with growth companies across sectors and he is a founder & chairman of Siderian Resource Capital, Helium One and Anglo African Agriculture.

Go to page 75 to view our Company details

DIRECTORS' REPORT

for the Year Ended 31 December 2019

The directors present their report and the consolidated financial statements for the year ended 31 December 2019.

Principal activity and business review

The principal activity of the Company is that of a holding company and a provider of support and management services to its operating subsidiaries. Together with its subsidiaries, it is involved in the production of gold ore from the Sekisovskoye gold and silver deposits, and the development of further suitable investment opportunities.

A review of the activities of the business throughout the year and up to April 2020 is set out in the Strategic report on pages 1 to 18 which includes information on the Company's risks, uncertainties and performance indicators. The Company accounts are prepared on a going concern basis. However, reference should be made to factors affecting the ability of the Company to continue trading as noted on page 47 (note 2), due to the fact that there is a material uncertainty which has arisen due to the COVID-19 situation.

Results and dividends

The Group's loss for the year after taxation amounts to US$1.3m (2018 loss: US$4.3m). The results of the year are set out on page 40 in the consolidated income statement.

The Directors do not recommend the payment of a dividend for the year (2018: nil).

Financial instruments

Details in relation to the Company's borrowings are as disclosed in note 22. The principal loans the Company received were a credit line with JSC Bank Center Credit for US$17m, at rates ranging initially at 6% and subsequently rising to 7% of this amount US$9m has been drawn at the year end. The Company also issued 9% bonds on the Astana International Exchange in Kazakhstan raising US2.6m. The total Company borrowings as at 31 December 2019, including accrued interest is US$17.6m (2018:US$5.2m).

The Company received loans that are included in the total borrowings above from the principal shareholders in the period via their investment vehicles or related parties, at interest rates ranging from 0%-5% at the year end these totalled US$3.5m (2018:US$3m).

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, foreign exchange risk and interest rate risk. Further details are provided in note 25 on pages 65 to 68 of the Company's financial statements.

Share capital details of the Company's issued share capital, are set out in note 23.

The Company has one class of ordinary share and they carry no right to fixed income. Each ordinary share carries the right to one vote at the general meetings of the Company. All issued ordinary shares are fully paid. There are no specific restrictions on the size of the holding or on the transfer of the ordinary shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights. Certain Directors have an interest in the ordinary shares in the Company and these are disclosed below.

Qualifying indemnity provision

The Company has entered into an insurance policy to indemnify the Directors of the Company against any liability when acting for the Company.

Charitable donations

The Company has made no charitable or political donations during the year (2018: Nil)

Annual General Meeting

The Annual General Meeting of the Company will be held at De Vere Holborn Bars, 138-142 Holborn, London EC1N 2SW on Friday 26 June 2020 at 10.30am. Due to the current COVID-19 situation if the timing location or other details change the Company will notify shareholders as appropriate.

The details of the resolutions are given on page 69. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

Takeover directive

The Company has one class of share capital, which are ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank pari passu. There are no securities issued in the Company which carry special rights with regard to control of the Company. The identity of all substantial direct or indirect holders of securities in the Company and the size and nature of their holdings is shown under the "Substantial interests" section of this report above.

A relationship agreement (the "Relationship Agreement") that controls the conduct and voting restrictions was entered into between the Company and African Resources Limited in regard to the arrangements between them whilst African Resources Limited is a controlling shareholder of the Company.

There are no restrictions on voting rights or on the transfer of ordinary shares in the Company. The rules governing the appointment and replacement of Directors, alteration of the articles of association of the Company and the powers of the Company's Directors accord with usual English company law provisions. The Directors are re-elected on a rotational basis each year. The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Directors' Section 172 statement'

Information on the Directors' Section 172 statement is given on page 10.

Environmental matters

Information on greenhouse emissions is shown on page 13.

Social and community issues

The Corporate Social Responsibility performance of the Company is detailed on pages 11 to 13.

Future developments and post balance sheet events

The Company's future plans are detailed in the Chief Executives Report on pages 3 to 4.

Details of events after the end of the financial year are set out in note 27 on page 68 of the financial statements.

Communication with shareholders

Communications with shareholders are considered important by the Directors. The Directors regularly speak to investors and analysts during the year. Press releases have been issued throughout the year; the Company's website www.altyn.uk is regularly updated and contains a wide range of information about the Company. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are dealt with informatively and promptly. The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Internal control

The Directors are responsible for the Group's system of internal control and review of its effectiveness annually. The Board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;
- UK Financial reporting is closely monitored by members of the Board to enable them to assess risk and address the adequacy of measures in place for its monitoring and control. The Kazakh operations are closely supervised by the Board reviewing monthly, half yearly and annual financial reports from the Directors and senior officers in Kazakhstan. This is supplemented by regular visits of the UK based finance officer to Kazakh operations which include checking the integrity of financial information supplied to the UK. The financial officer is ultimately responsible for the preparation of the consolidated financial statements that are then reviewed by the Directors.

During the period, the Audit Committee has reviewed the effectiveness of internal controls as described above.

There are no significant issues disclosed in the Annual Report for the year ended 31 December 2019 (and up to the date of approval of the report) concerning material internal control issues. The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

Going concern

During the year the Company obtained funding commitments of US$19.6m, of which US$8m was undrawn as at the year end in relation to the bank debt. And further funding is continuing to be raised on the Astana International exchange (AIX) through a bond placement of US$10m of which at the year end the Company had placed US$2.6m. At the year end company has cash resources of US$1.9m available.

DIRECTORS' REPORT continued

The Board have reviewed the Group's forecast cash flows for the period to June 2021. Capital and operating costs are based on approved budgets and latest forecasts in the case of 2020 and current development plans in the case of 2021 Based on the Group's cash flow forecasts, the Directors believe that the combination of its current cash balances, net cash flows from operations, and increased production based on projections of future growth in production, are sufficient for the Company to achieve its short term plans and meet its cash flow requirements. With the delivery of equipment and parts in 2020, the production has increased to run rate 29,000t a month, with the Company targeting 40,000t in the latter part of 2020 once further equipment is purchased.

However the plans were drawn up prior to the COVID-19 pandemic, due to the potential disruption to trading that may arise there is a material uncertainty that the future plans may not be achievable and the potential impact to the Company as a going concern.

Whilst there has been little impact of COVID-19 on the Group's operations at present there may be significant impacts on the business going forward which are currently unknown. The Board has considered possible stress case scenarios for the impact on the Group's operations, financial position and forecasts. Whilst the potential future impacts of COVID-19 are unknown the Board has considered operational disruption that may be caused by the factors such as restrictions applied by governments, illness amongst our workforce and disruption to supply chain and possible impact on refining of gold. As the situation is evolving and changing the Company has prepared and analysed forecasts in relation to a situation in which the Company would have to suspend operations for a potential three month shut down. In this instance the Company has forecast that additional funding would be required to support the Company's financing requirements. Further details are given in note 2 of the financial statements. The principal shareholders have indicated that they would be prepared to offer the necessary support that the Company may require to bridge any shortfall. The Company would also consider other avenues in order to maintain liquidity such as approaching the bank to draw down existing credit facilities to assist in its working capital requirements.

The Board considers it is appropriate to adopt the going concern basis of accounting in preparing these financial statements, having considered a period of at least 12 months from the approval of the financial statements as indicated in note 2 of the Financial Statements.

However, at the date of approval of these financial statements due to the potential future impact of COVID-19 it is uncertain if the Company will be able to take suitable other measures as required to maintain liquidity. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. As such this is considered to be a material uncertainty. The circumstances as described above indicate the existence of a material uncertainty. It is uncertain if the Company will be unable to realise its assets and discharge its liabilities in the normal course of business in the future.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Directors interest in shares

The interests of the Directors in the shares of the Company, are shown below:

	Number	% owned
Ashar Qureshi	7,880,000	0.34

The interest of the Assaubayev family who own their interest in the shares of the Company via their shareholding of African Resources Limited is shown in the table of substantial shareholdings below.

Substantial interests

The following have advised that they have an interest in 3 per cent or more of the issued share capital of the Company as at 28 April 2020.

	Number	% owned
African Resources Limited	1,791,140,005	69.8
Capital Accumulation Limited	116,282,378	4.5
Hargreaves Lansdown Asset Management Limited	114,783,874	4.5
Joshua Rowe	81,281,377	3.2

Kanat, Aidar and Sanzhar Assaubayev are Directors and shareholders of African Resources Limited.

Reappointment of auditors

All Directors that are in office at the date of this report being approved have confirmed that they are aware that there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed they have taken all reasonable steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed in the forthcoming Annual General Meeting.

Approved by the Board on 30 April 2020 and signed on its behalf by:

Aidar Assaubayev
(Chief Executive Director)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss for the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT COMMITTEE REPORT

The Committee's terms of reference have been approved by the Board and follow published guidelines, which are available from the Company Secretary. The Audit Committee comprises the Non-Executive Directors, Ashar Qureshi, Vladimir Shkolnik.

The Audit Committee's prime tasks are to:

- review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation;
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- assess key risks and to act as a forum for discussion of risk issues and contribute to the Board's review of the effectiveness of the Group's risk management control and processes;
- act as a forum for discussion of internal control issues and contribute to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes;
- consider each year the need for an internal audit function;
- advise the Board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;
- participate in the selection of a new external audit partner and agree the appointment when required;
- undertake a formal assessment of the auditors' independence each year which includes:
  - a review of non-audit services provided to the Group and related fees;
  - discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
  - a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
  - obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

The Committee meets prior to the annual audit with the external auditors to discuss the audit plan and again prior to the publication of the annual results. These meetings are attended by the external audit partner and Company Secretary. Prior to bi-monthly Board meetings the members of the Committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the Committee:

- met with the external auditors, and discussed their report to the Audit Committee;
- approved the publication of annual and half-year financial results;
- considered and approved the annual review of internal controls;
- decided that due to the size and nature of operation there was not a current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in note 10 on page 54 of the financial statements.

External auditors

BDO LLP held office throughout the year, and are assisted by a local office in Kazakhstan.

Ashar Qureshi
Chairman – Audit Committee
30 April 2020

REMUNERATION COMMITTEE – CHAIRMAN'S STATEMENT

The Remuneration Committee presents its report for the year ended 31 December 2019 which is presented in two parts.

The first part, is the annual remuneration report which details remuneration awarded to Directors and Non-Executive Directors during the year. The shareholders will be asked to approve the annual remuneration report as an ordinary resolution (as in previous years) at the Annual General Meeting. Details in relation to voting at last years AGM in relation to approval of the remuneration report and also the remuneration policy of the Company, (which is voted on tri-annually) are detailed on page 31.

The second part, is the remuneration policy report which details the remuneration policy for Directors.

The policy is very much in line with the previous policy. The Remuneration Committee reviewed the existing policy and deemed no changes necessary to the current arrangements.

Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2018.

The Company's auditors, BDO LLP are required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.

Ashar Qureshi
Chairman – Remuneration Committee
30 April 2020

ANNUAL REMUNERATION REPORT

Remuneration Committee

The Remuneration Committee currently comprises of two Directors – Ashar Qureshi, Vladimir Shkolnik. The Committee, which meets as required, is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors. The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the articles of association. None of the Committee members has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-Directorships, or any day-to-day involvement in running the business. The Committee has access to professional advice from inside and outside the Company at the Company's expense. There were no Remuneration Committee meetings held during the year.

Details of the remuneration paid in the year are shown below.

Approach to recruitment remuneration

All appointments to the Board are made on merit. The components of a new Director's remuneration package (who is recruited within the life of the approved remuneration policy) would comprise at present a base salary. The Company will pay such levels of remuneration to new Directors that would enable the Company to attract appropriately skilled and experienced individuals that is not in the opinion of the Remuneration Committee excessive.

Service contracts

All Executive Directors have full-time contracts of employment with the Company. Non-Executive Directors have contracts of service. No Director has a contract of employment or contract of service with the Company, its joint venture or associated companies with a fixed term which exceeds three years. Directors' notice periods are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a Director leave the Company.

All Directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

Summary of Directors' terms

	Date of contract	unexpired term	Notice period months
Executive Directors			
Kanat Assaubayev	23 October 2017	Continuing	3
Aidar Assaubayev	20 February 2013	Continuing	3
Sanzhar Assaubayev	29 February 2017	Continuing	3
Non- Executive Directors			
Ashar Qureshi	7 December 2015	Continuing	3
Vladimir Shkolnik	21 November 2018	Continuing	3

Policy on payment for loss of office

There are no contractual provisions agreed that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the Remuneration Committee to issue employment contracts to Executive Directors with normal commercial terms and without extended terms of notice which could give rise to extraordinary termination payments.

Consideration of employment conditions elsewhere in the Group

In setting this policy for Directors' remuneration the Remuneration Committee has been mindful of the Company's objective to reward all employees fairly according to their role, performance and market forces. In setting the policy for Directors' remuneration the Remuneration Committee has considered the pay and employment conditions of the other employees within the Group. No formal consultation has been undertaken with employees in drawing up the policy. The Remuneration Committee has not used formal comparison measures.

Consideration of shareholder views

Shareholder views have been taken into account when formulating this policy, and was approved at the Annual General Meeting in 2018.

Remuneration

The total Directors fees and salaries of US$122,360 (2018 US$189,956) shown in the table below has been audited.

Directors salaries and fees	2019 US$	2018 US$
Executive Directors		
Kanat Assaubayev	–	
Aidar Assaubayev	**38,400**	83,952
Sanzhar Assaubayev	–	–
Non- Executive Directors		
Ashar Qureshi	**34,560**	35,899
Vladimir Shkolnik	**35,000**	35,180
Neil Herbert*	**14,400**	29,925
Alain Balian	–	5,000
Total	**122,360**	189,956

*Neil Herbert resigned on 9 July 2019. During the year Neil Herbert was allotted shares totalling 1,158,937 at a value of US$7,600 in order to settle outstanding remuneration.

The total amount remaining unpaid with respect to Directors' remuneration amounted to US$149,000 (2018: US$118,000). The total directors' remuneration for 2019 and 2018 includes only salaries and fees.

The change in the year was due to, Neil Herbert resigning as an Non-Executive Director in July 2019, and a reduction in the salary as drawn by Aidar Assaubayev. The remuneration levels will be in the range of US$110,000 in the forthcoming year.

Statement of implementation of remuneration policy in the following year

The policy was approved at the Annual General Meeting in June 2019, the policy is reviewed tri-annually.

The vote on the remuneration policy is binding in nature. The Company may not then make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a Director of the Company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee considered the Executive Directors' remuneration and the Board considered the Non-Executive Directors' remuneration in the year ended 31 December 2019. No increases were awarded and no external advice was taken in reaching this decision.

Shareholder voting

At the Annual General Meeting (AGM), in June 2020, there will be a vote on the resolution to approve the remuneration report, the Directors remuneration policy is considered on a tri-annual basis with the next vote to be conducted in the year 2021. Details of the Directors remuneration policy can be found on the Company's website www.Altyn.uk. The results of shareholder voting at the AGM's on the 29 June 2018 and 27 June 2019 are shown below:

	Votes in favour No 000's 2019	Votes against No 000's 2019	UK based employees No 000's Maximum votes	Votes in favour No 000's 2018	Votes against No 000's 2018	UK based employees No 000's Maximum votes
Voting to approve the Directors' remuneration	**1,953,033**	**732**	**2,567,675**	1,841,982	363	2,567,675
Voting to approve the Directors' remuneration policy	**n/a**	**n/a**	**n/a**	1,841,982	363	2,567,675

Members of the Remuneration Committee

The following Directors are members of the Remuneration Committee:

Ashar Qureshi and Vladimir Shkolnik.

Pension schemes and incentives

The Company does not operate a pension scheme.

Share option schemes

There are no share option schemes currently in the company.

ANNUAL REMUNERATION REPORT continued

Payments to past Directors

No payments were made to past Directors (2018: a termination payment was made to Alain Balian who resigned in December 2017 of US$5,000).

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2019.

Statement of Directors' shareholding and share interest

The interests of the Directors in the shares of the Company, including family and trustee holdings are disclosed on page 26 of the Directors Report.

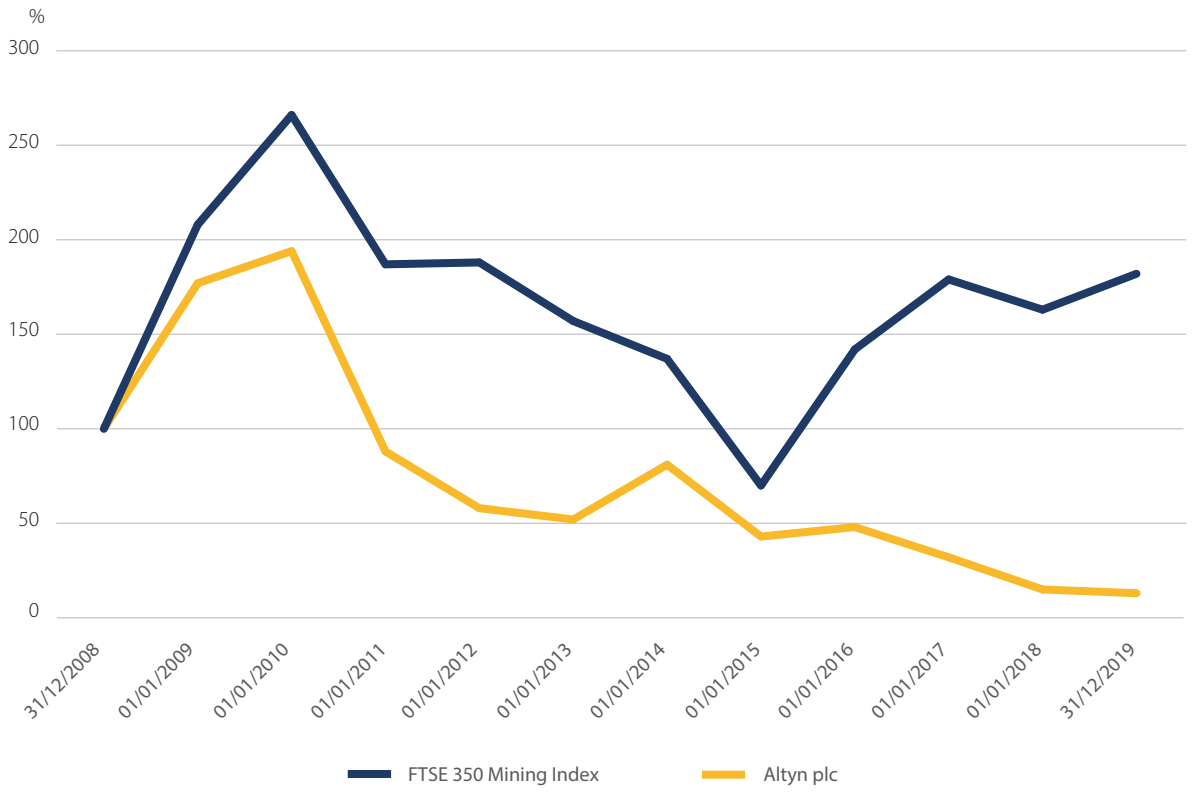
Performance targets

There are no performance measure targets associated with the Directors Remuneration.

Performance graph

The following information is unaudited.

Shown below is Altyn's performance against the FTSE 350 mining index, which the Directors believe is the most appropriate market measure to judge the performance of the Company against.



Remuneration of the Chief Executive Officer over the last ten years

Aidar Assaubayev was appointed on 20 February 2013, replacing Timothy Daffern who was appointed on 5 November 2009. Included in the remuneration of Timothy Daffern for the year 2013 is an amount of US$307,432 relating to a payment in respect of a change of control of the Company.

The table below demonstrates the remuneration of the CEO for the last ten years:

Year	Chief Executive Officer	Total remuneration US$000
2019	Aidar Assaubayev	38
2018	Aidar Assaubayev	83
2017	Aidar Assaubayev	201
2016	Aidar Assaubayev	215
2015	Aidar Assaubayev	175
2014	Aidar Assaubayev	82
2013	Timothy Daffern	626
2012	Timothy Daffern	282
2011	Timothy Daffern	271
2010	Timothy Daffern	535
2009	Timothy Daffern	227

Percentage change in remuneration of Director undertaking the role of Chief Executive Officer

The basic remuneration for Aidar Assaubayev has been maintained at £30,000, being approximately US$38,000 in order to contain costs and support the cash flows of the Company. This change was made part way through 2018 explaining the drop from US$83,000 in 2018. There are currently no other UK based employees other than the Directors.

	Chief Executive Officer			UK based employees		
Remuneration	**2019 US$000**	2018 US$000	% change	**2019 US$000**	2018 US$000	% change
Base salary	**38**	83	(54)	**35**	64	(45)

The comparison used is that of UK based employees as the Remuneration Committee believe this provides the most accurate measure of underlying increases.

Relative importance of spend on pay

The total expenditure of the Company on remuneration to all employees in shown in note 7 to the financial statements and in the table below. During the year due to Restructuring in the subsidiaries a significant reduction was made in staff numbers and the functions performed by the staff outsourced

Remuneration	**2019 US$**	2018 US$
Directors emoluments	**122**	190
Employee salaries	**1,829**	3,037
Employer social tax and national insurance	**217**	387
Total	**2,168**	3,614

As the Company is currently not making distributions the relative importance of pay has been measured against debt repayments in the year. In 2019 the salaries represented 1.4 times the amount paid back in loan repayments in the year (2018: 6.5 times).

REMUNERATION POLICY REPORT

The remuneration policy of the Company was approved by a binding vote at the Annual General Meeting held on 29 June 2018, see details on page 31. As the policy is determined tri-annually the next vote to determine the remuneration policy of Company will be in 2021, details of the policy in respect of the Directors' remuneration can be found on the Company's website www.altyn.uk.

At present the only remuneration payable to the Directors is that of a base salary, in setting the policy the Remuneration Committee has taken the following into account:

- the need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company;
- the Company's general aim of seeking to reward all employees fairly according to the nature of their role and their performance;
- remuneration packages offered by similar companies in the same sector;
- the need to align the interests of the shareholders with the long term growth and interests of the Company;
- the need to be flexible and adjust with operational changes throughout the term of the policy.

The remuneration of the Non-Executive Directors is determined by the Board, and takes into account additional remuneration for services outside the scope of the ordinary duties of the Non-Executive Directors.

The details in relation to the Directors remuneration policy will be made available on the website www.altyn.uk in due course, as the website is currently being updated.

INDEPENDENT AUDITOR'S REPORT

to the members of Altyn Plc

Opinion

We have audited the financial statements of Altyn Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the parent company statement of financial position, the consolidated statement of changes in equity, the parent company statement of changes in equity, the consolidated statement of cash flows, the parent company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern arising from the COVID-19 pandemic

We draw attention to note 2 in the financial statements concerning the Group and the Parent Company's ability to continue as a going concern. The note highlights that the impact the COVID-19 pandemic may have on the Group and the Parent Company's operations is unknown and outside the control of the Group and the Parent Company, and also that there is no certainty that any funding required by the Group and the Parent Company could be secured within the necessary timescale. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We consider going concern to be a Key Audit Matter based on our assessment of the risk and the effect on our audit. Our response to this key audit matter is shown below:

- We obtained management's going concern assessment and supporting cash flows and performed a detailed review of the cash flow forecast, challenging the key operating assumptions based on 2019 and 2020 actual results and external data and market commentary, where possible.
- We tested the integrity of the forecast model checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence with specific focus on the following assumptions: gold price, production, costs, gold grade, discount rates, foreign exchange rates and reserves and assessed their consistency with approved budgets and the mine development plan, as applicable.
- We discussed the potential impact of COVID-19 with management and the Audit Committee including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain, production disruption, sales, commodity price volatility and the ability to renew existing facilities under such scenarios. We formed our own assessment of risks and uncertainties based on our understanding of the business and mining sector.
- We evaluated management's sensitivity analysis and performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts including specific scenarios associated with COVID-19. We assessed the validity of any mitigating actions identified by Management.
- We confirmed the terms of all facilities in place and the consistency of the forecasts with the facilities. We assessed the risk of any potential withdrawal of facilities or default events under the base case and sensitivity scenarios.
- We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

Although not currently expected, given a potential closure or disruption to the mine as a result of COVID-19 would negatively impact on cashflows, and there is no certainty that funding could be secured within the necessary timeline, we consider there is a material uncertainty in respect of going concern.

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Altyn Plc

Key audit matter	**Carrying value of intangible assets** As detailed in Note 13, the Group's intangible assets represent historical geological data of $5.5m and exploration and evaluation costs of $7.5m pertaining to the Teren-Sai ore fields, adjacent to the Group's current mining licence area and production facilities at Sekisovskoye, which are significant assets and total $12.9m at 31 December 2019. For the year ended 31 December 2019 management was required to assess whether there was any indication that this asset may be impaired in accordance with accounting standards. Management have carried out an assessment of impairment indicators during the year and concluded that no adjustment is required for impairment. The assessment is supported by the independent technical report received during the year and management's NPV model. There are a large number of estimates and judgements used by the management in assessing the indicators of impairment including non-financial and financial data. Therefore given the subjectivity involved in determining whether an impairment provision is required and quantifying this, the carrying value of the intangible assets is considered to be a key audit matter.
How our audit addressed the matter	We obtained and examined management's assessment of impairment indicators in accordance with accounting standards and challenged the assumptions made by management in the economic model with reference to empirical data and external evidence. We compared the assumptions to the new independent technical report and obtained the rationale behind them. We read the correspondence, contracts and other documents regarding the license to confirm that the Group has a contractual right for exploration in the Teren-Sai area. We obtained and examined the exploration and evaluation results to date and ensured that drilling results indicated that the area remains prospective and supports the geological data expectation. We reviewed management's plans and budgets and ensured the Group is committed to the development of the project and substantive expenditure on further exploration for and evaluation of mineral resources in the area is budgeted and planned. We assessed the Group's amortisation policy and useful life assessment against the length of legal title to the project area. We compared the reserves included in the models to the independent technical report prepared by the external consultant and performed procedures to assess their independence and competence. We met with the external expert as part of this process. We reviewed the economic model of the project and the forecast NPV of the Teren-Sai ore field project, which amounts to $137m providing headroom over the carrying value of the asset. We undertook sensitivity analysis on the NPV model, over gold grade, production volume, mining and processing costs, gold prices and discount rate and ensured that under each scenario there is headroom above the carrying value. **Key Observation** Our work did not indicate that management's assessment that there are no indicators of impairment in respect of the carrying value of intangible assets was unreasonable.
Key audit matter	**Carrying value of property, plant & equipment** As detailed in note 14, the Group's property, plant and equipment represents its most significant assets and total $30.3m at 31 December 2019. For the year ended 31 December 2019 management was required to assess whether there was any indication that the asset may be impaired in accordance with accounting standards. Management have carried out an assessment of impairment indicators during the year and concluded that no adjustment is required for impairment. The assessment is supported by the new independent technical report received during the year and management's NPV model. Management's assessment of the impairment indicators contain a number of key assumptions that require significant estimation and judgements, including gold prices, gold reserves and production level, gold grade, exchange rates, cost assumptions and discount rates. Given the subjectivity involved, the carrying value of property, plant and equipment is considered to represent a key audit matter.

How our audit addressed the matter	We obtained and examined management's assessment of impairment indicators in accordance with accounting standards and challenged the assumptions made by management in the economic model with reference to empirical data and external evidence. We compared the assumptions to the new independent technical report and obtained the rationale behind them. We compared the actual performance with the economic model and investigated material deviations and considered whether these represented an indicator of impairment. We visited the Sekisovskoye mine, observed and discussed the operations, operational results and mining processes with the mine management and the chief geologist. We discussed the mine plan with the chief geologist and confirmed that the main reason for the lower levels of production and gold grade in 2019 was in line with management's assumptions provided to us. Additionally, we compared the proven and probable reserves included in the models to the independent technical report prepared by the external expert and performed procedures to assess their independence, competence and scope to ensure no limitations had been placed on them. We met with the external expert as part of this process. We reviewed the economic model of the project and the NPV of the Sekisovskoye mine, which amounts to $190m providing headroom over the carrying value of the asset. We undertook sensitivity analysis on the NPV value over gold grade, production volume, mining and processing costs, gold prices and discount rate and ensured that under each scenario there is headroom above the carrying value. We assessed the reasonableness of the factors explained above and confirmed that in the ore bodies where there was sufficient targeting and drilling equipment in place, the operational results met the expectations and supported the model in place. We considered the appropriateness of management's judgment that the mining licence would be extended upon expiry on 18 July 2020. We made inquiries of management about the progress of submission in line Management's planned schedule. We assessed and obtained evidence regarding the licence terms and minimum work programme requirements and considered the Group's ability to meet the requirements. We read correspondence with the authorities and discussed with management any instances of non-compliance that could impact on legal title as well as other factors affecting the likelihood of renewal. **Key Observation** Our work did not indicate that management's assessment that there are no indicators of impairment in respect of the carrying value of property, plant and equipment was unreasonable. We found that management's conclusion that the lower levels of production and gold grade in the year are not impairment indictors to be appropriate given later than expected receipt of funds available for investment in mining equipment, which affected the volume and grade mined. We note that the mining licence is valid until 18 July 2020 and the Group is in the process of the extension application, which is progressing in line with Management's planned schedule.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

	Group	Parent company
Materiality	$920,000 (2018: $750,000)	$690,000 (2018: $560,000)
Basis for determining materiality	1.4% of total assets (2018: 1.4% of total assets)	1.4% of total assets, capped at 75% of group materiality (2018: 1.3% of total assets, capped at 75% of group materiality)
Rationale for the benchmark applied	We have determined an assets based measure is appropriate as the Group is currently developing an underground mining project that requires significant capital expenditure. It is consistent with our approach adopted in previous years.	

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at $550,000 for the Group and at $410,000 for the parent company (2018: $450,000 for the Group and $340,000 for the parent company) which represents 60% (2018: 60%) of the above materiality levels.

Whilst materiality for the financial statements as a whole was $920,000, each significant component of the Group was audited to a lower level of materiality ranging from $305,000 to $590,000.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $18,000 (2018: $15,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Altyn Plc

There were no misstatements identified during the course of our audit that individually, or in aggregate, were considered to be material in terms of their absolute monetary value or on qualitative grounds.

An overview of the scope of our audit

In setting the audit strategy we considered our approach in respect of the ability of the audit to detect irregularities, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as a fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

We considered the laws and regulations of Kazakhstan and the UK to be of significance in the context of the Group audit. As part of our Group audit strategy direction was provided to the auditor of the significant components to ensure an assessment was performed on the extent of the components' compliance with the relevant local and regulatory framework.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our group audit scope focused on DTOO Gornorudnoe Predpriatie Baurgold, which holds Sekisovskoye mine and TOO GMK Altyn MM, which holds Teren-Sai exploration project and contracts the sale of the Group's gold, which were subject to a full scope audit with the audit work performed by overseas component auditors under our direction and supervision. Together with the Parent company, which was also subject to a full scope audit, these represent the significant components of the Group.

These locations represent the principal business units and account for 100% of the Group's revenue (2018: 100%) and 99% of the Group's total assets (2018: 99%).

The remaining component of the Group, Hambledon Mining Company Limited, was considered non-significant and we completed analytical procedures for this intermediate holding company on an entity only basis to confirm there are no significant risks of material misstatements within this entity.

The audits of each of the components were principally performed in Kazakhstan and the United Kingdom. All of the audits were conducted by BDO LLP and the BDO member firm in Kazakhstan.

The BDO member firm performed the full scope audit of the significant components in Kazakhstan, under the direction and supervision of BDO LLP as Group auditor.

As part of our audit strategy, as group auditors:

- Detailed group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the group audit team.
- As a result of travel restrictions resulting from the COVID-19 pandemic, senior members of the group audit team were unable to visit Kazakhstan to meet with component management and the component auditor during the audit as we have done historically. Accordingly, we performed a remote review of the component audit files in Kazakhstan using our online audit software platform, held regular calls and video conferences with the component audit team during the audit, and undertook a mine tour via video link.
- The Group audit team was actively involved in the direction of the audits performed by the component auditors along with the consideration of findings and determination of conclusions drawn. We performed additional procedures in respect of certain of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 26 March 2013 to audit the financial statements for the year ending 31 December 2012 and subsequent financial periods. In respect of the year ended 31 December 2019 we were appointed as auditor by the members of the company at the annual general meeting held on 27 June 2019. This is the 8th year of our engagement as auditor.

Non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Pingree (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London,
United Kingdom

30 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

	Notes	2019 US$000	2018 US$000
Revenue	5	**14,908**	19,366
Cost of sales		**(12,390)**	(16,871)
Gross profit		**2,518**	2,495
Administrative expenses		**(2,600)**	(5,543)
Impairments – reversed	8	**107**	562
Operating profit/(loss)		**25**	(2,486)
Foreign exchange		**116**	(196)
Finance expense		**(1,183)**	(1,283)
Total finance cost	9	**(1,067)**	(1,479)
Loss before tax	10	**(1,042)**	(3,965)
Taxation expense	11	**(214)**	(323)
Loss for the year attributable to the equity holders of the parent		**(1,256)**	(4,288)
Loss per ordinary share			
Basic & diluted	12	**(0.05c)**	(0.17c)

The notes on pages 47 to 68 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	2019 US$000	2018 US$000
Loss for the year	**(1,256)**	(4,288)
Items that will not be reclassified subsequently to profit or loss		
Currency translation differences arising on translations of foreign operations – items that may be reclassified to profit or loss	**129**	(5,712)
Currency translation differences on translation of foreign operations relating to tax	**(461)**	2,560
	(332)	(3,152)
Total comprehensive loss for the year	**(1,588)**	(7,440)
Total comprehensive loss attributable to equity holders of the parent	**(1,588)**	(7,440)

The notes on pages 47 to 68 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

Company number 5048549	Notes	2019 US$000	2018 US$000
Assets			
Non-current assets			
Intangible assets	13	**12,943**	12,338
Property, plant and equipment	14	**30,316**	28,391
Deferred tax assets	11	**7,356**	7,999
Trade and other receivables	17	**6,048**	1,303
Restricted cash		–	28
		56,663	50,059
Current assets			
Inventories	16	**3,631**	1,297
Trade and other receivables	17	**3,615**	3,081
Cash and cash equivalents		**1,934**	105
		9,180	4,483
Total assets		**65,843**	54,542
Equity and liabilities			
Current liabilities			
Trade and other payables	18	**(7,553)**	(7,846)
Other current financial liabilities	19	**–**	(122)
Provisions	21	**(130)**	(94)
Loans and borrowings	22	**(2,550)**	(1,218)
		(10,233)	(9,280)
Non-current liabilities			
Vat payable		**(964)**	(1,383)
Other payables		**(1,333)**	(644)
Provisions	21	**(5,007)**	(4,412)
Loans and borrowings	22	**(15,027)**	(3,963)
		(22,331)	(10,402)
Total liabilities		**(32,564)**	(19,682)
Equity			
Share capital	23	**(4,055)**	(4,054)
Share premium		**(151,476)**	(151,470)
Merger reserve		**282**	282
Other reserves	22	**(333)**	(333)
Foreign currency translation reserve		**48,102**	47,770
Accumulated losses		**74,201**	72,945
Equity attributable to owners of the company		**(33,279)**	(34,860)
Total equity and liabilities		**(65,843)**	(54,542)

The financial statements were approved by the Board of Directors on 30 April 2020 and signed on its behalf by

Aidar Assaubayev
Director

Sanzhar Assaubayev
Director

The notes on pages 47 to 68 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Company number 5048549	Notes	2019 US$000	2018 US$000
Assets			
Non-current assets			
Property, plant and equipment	14	**67**	137
Investments in subsidiaries	15	**41,448**	10,315
Loans to subsidiaries	15	**53,874**	61,407
		95,389	71,859
Current assets			
Trade and other receivables	17	**13**	17
Cash and cash equivalents		**1,787**	65
		1,800	82
Total assets		**97,189**	71,941
Equity and liabilities			
Current liabilities			
Trade and other payables	18	**(334)**	(451)
Loans and borrowings	22	**(616)**	(151)
		(950)	(602)
Non-current liabilities			
Bonds	22	**(6,511)**	(3,963)
Loans due from subsidiary		**(16,975)**	–
		(23,486)	(3,963)
Total liabilities		**(24,436)**	(4,565)
Equity			
Share capital	23	**(4,055)**	(4,054)
Share premium		**(151,476)**	(151,470)
Other reserves	22	**(333)**	(333)
Foreign currency translation reserve		**16,338**	16,338
Accumulated losses		**66,773**	72,143
Total equity		**(72,753)**	(67,376)
Total equity and liabilities		**(97,189)**	(71,941)

The Company made a profit of US$5.4m in the year (2018: profit of US$2.5m).

Approved by the Board on 30 April 2020 and signed on its behalf by:

Aidar Assaubayev
Director

Sanzhar Assaubayev
Director

The notes on pages 47 to 68 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital US$000	Share premium US$000	Merger reserve US$000	Currency translation reserve US$000	Other reserve US$000	Accumulated lossess US$000	Total equity US$000
At 1 January 2018	3,886	141,918	(282)	(44,618)	333	(67,989)	33,248
Loss for the year	–	–	–	–		(4,288)	(4,288)
Other comprehensive loss	–	–	–	(3,152)	–	–	(3,152)
Total comprehensive loss	–	–	–	(3,152)	–	(4,288)	(7,440)
Conversion of bond into shares	168	9,552	–	–	–	(668)	9,052
At 31 December 2018	4,054	151,470	(282)	(47,770)	333	(72,945)	34,860
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	–	–	–	(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**

Group Reserves	Description
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.
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.
Other reserve	Amount of proceeds on issue of convertible debt relating to the equity component.

The notes on pages 47 to 68 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital US$000	Share premium US$000	Currency translation reserve US$000	Other reserves US$000	Accumulated losses US$000	Total US$000
At 1 January 2018	3,886	141,918	(16,338)	333	(73,932)	55,867
Profit for the year	–	–	–	–	2,457	2,457
Total comprehensive income	–	–	–	–	2,457	2,457
Conversion of bond into shares	168	9,552	–	–	(668)	9,052
At 31 December 2018	4,054	151,470	(16,338)	333	(72,143)	67,376
At 1 January 2019	4,054	151,470	(16,338)	333	(72,143)	67,376
Profit for the year	–	–	–	–	5,370	5,370
Total comprehensive income	–	–	–	–	5,370	5,370
New share capital subscribed	1	6	–	–	–	7
At 31 December 2019	**4,055**	**151,476**	**(16,338)**	**333**	**(66,773)**	**72,753**

Company Reserves	**Description**
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.
Currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Other reserve	Amount of proceeds on issue of convertible debt relating to the equity component.
Accumulated losses	Cumulative net gains and losses recognised in the Company statement of financial position.

The notes on pages 47 to 68 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2019

	Notes	2019 US$000	2018 US$000
Cash flows from operating activities			
Net cash (outflow)/inflow from operating activities	24	**(2,832)**	940
Cash flows from investing activities			
Acquisitions of property plant and equipment		**(7,180)**	(1,108)
Proceeds from sale of property plant and equipment		**20**	264
Acquisition of intangible assets	13	**(552)**	–
Net cash used in investing activities		**(7,712)**	(844)
Cash flows from financing activities			
Interest paid	9	**(193)**	(160)
Loans received		**14,089**	151
Loans repaid		**(1,523)**	(550)
Net cash inflow/(outflow) from financing activities		**12,373**	(559)
Net increase/(decrease) in cash and cash equivalents		**1,829**	(463)
Cash and cash equivalents at 1 January		**105**	704
Effect of exchange rate fluctuations on cash held		**–**	(136)
Cash and cash equivalents at 31 December		**1,934**	105

The notes on pages 47 to 68 form an integral part of these financial statements.

COMPANY STATEMENT OF CASHFLOWS

for the year ended 31 December 2019

	Notes	2019 US$000	2018 US$000
Cash flows from operating activities			
Net cash outflow from operating activities	24	**(860)**	(772)
Cash flows from investing activities			
Loans (to)/(repaid by) subsidiaries		**(44)**	582
Cash flows from financing activities			
Loans received		**3,054**	151
Interest repaid		**(160)**	(160)
Loans repaid		**(268)**	–
Net cash inflow/(outflow) from financing activities		**2,626**	(9)
Net increase/(decrease) in cash and cash equivalents		**1,722**	(199)
Cash and cash equivalents at 1 January		**65**	264
Cash and cash equivalents at 31 December		**1,787**	65

The notes on pages 47 to 68 form an integral part of these Company financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 General information

Altyn Plc (the "Company") is a Company incorporated in England and Wales under the Companies Act 2006. The address of its registered office, and place of business of the Company and its subsidiaries is set out within the Company information on page 75 of this annual report. The principal activities of the Company and subsidiaries are set out on page 24 and, the strategic review within this annual report.

2 Basis of preparation

The annual report is for the year ended 31 December 2019 and includes the consolidated and parent company's financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements have been prepared using accounting policies set out in note 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union. The financial statements have been prepared under the historical cost convention, except for the adjustment in relation to the fair value of the derivative element included in the bond raised with African Resources see note 4, and on a going concern basis.

Going concern

During the year the Company obtained funding commitments of US$19.6m, of which US$8m was undrawn as at the year end in relation to the bank debt. And further funding is continuing to be raised on the Astana International exchange (AIX) through a bond placement of US$10m of which at the year end the Company had placed US$2.6m. At the year end company has cash resources of US$1.9m available.

The Board have reviewed the Group's forecast cash flows for the period to June 2021. Capital and operating costs are based on approved budgets and latest forecasts in the case of 2020 and current development plans in the case of 2021. Based on the Group's cash flow forecasts, the Directors believe that the combination of its current cash balances, net cash flows from operations, and increased production based on projections of future growth in production, are sufficient for the Company to achieve its short term plans and meet its cash flow requirements. With the delivery of equipment and parts in 2020, the production has increased to run rate 29,000t a month, with the Company targeting 40,000t in the latter part of 2020 once further equipment is purchased.

However the plans were drawn up prior to the COVID-19 pandemic, due to the potential disruption to trading that may arise there is a material uncertainty that the future plans may not be achievable and the potential impact to the Company as a going concern.

Whilst there has been little impact of COVID-19 on the Group's operations at present there may be significant impacts on the business going forward which are currently unknown. The Board has considered possible stress case scenarios for the impact on the Group's operations, financial position and forecasts. Whilst the potential future impacts of COVID-19 are unknown the Board has considered operational disruption that may be caused by the factors such as restrictions applied by governments, illness amongst our workforce and disruption to supply chain and possible impact on refining of gold. As the situation is evolving and changing the Company has prepared and analysed forecasts in relation to a situation in which the Company may have to suspend operations for a potential period of three month. In this instance the Company has forecast that additional funding would be required to support the Company's liquidity position. The level of funding would increase if operations were suspended beyond this timeframe.

The principal shareholders have indicated that they would be prepared to offer the necessary support that the Company may require to bridge any shortfall. The Board has reviewed the support they are able to offer in terms of amount required and liquidity, and have factored this into the model. The Company would also consider other avenues in order to maintain liquidity such as approaching the bank to draw down existing credit facilities to assist in its working capital requirements.

The Board considers it is appropriate to adopt the going concern basis of accounting in preparing these financial statements, having considered a period of at least 12 months from the approval of the financial statements.

However, at the date of approval of these financial statements due to the potential future impact of COVID-19 it is uncertain if the Company will be able to take suitable other measures as required to maintain liquidity. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. As such this is considered to be a material uncertainty.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

3 Adoption of new and revised standards

A number of new standards, amendments to standards and interpretations, as adopted by the European Union, are effective for annual periods beginning on or after 1 January 2019. They have been adopted and applied in preparing these financial statements.

The new standards include:

- IFRS 16 Leases replaces IAS 17 and addresses the definition of a lease, recognition and measurement of leases. IFRS 16 'Leases' – was issued by the IASB in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and eliminates the classification of leases as either operating leases or finance leases and, instead, introduce a single lease accounting model. The Standard Provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The Directors have evaluated the financial and operational impact of this standard, and there is not a material impact in the Group , as the Group does not have any significant leases.

- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23), the adoption of the standard does not have an impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

3 Adoption of new and revised standards continued

The following new standards, and amendments to standards, are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting
- IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The Company is reviewing the new standards, amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2020 to assess the potential impact on the financial statements they have not been applied in preparing these financial statements.

4 Accounting policies

Basis of consolidation

Where a company has control over an investee, the investee is classified as a subsidiary. A company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Revenue recognition

Revenue represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

The Company's revenue is generated entirely from the sale of the gold and silver ("Precious Metal") content of gold doré. Gold doré was delivered to a precious metal refiner, based in Kazakhstan during 2019 and 2018, which also purchased all precious metal that was refined. Title of the precious metal passes upon acceptance of the delivery from the Company to the refiner. Sales of precious metal are only recognised when the delivery has been accepted and title for the precious metal has accordingly been passed to the refiner. The Company does not hedge or otherwise enter into any derivatives in respect of its sales of gold doré. Sales are recorded at the actual selling price of the gold doré which is based on current market prices. The Company receives 85% of the revenue on delivery of the dore to the refiner based on the spot dollar and gold prices on the day of delivery. The balance is paid once the dore is refined and is usually paid with 14 days, based on the original gold price and spot price of the US dollar on the day of settlement.

Foreign currencies

The Company has prepared its financial statements in United States Dollars (US$). The functional currency of the companies in Kazakhstan is the Kazakhstan Tenge (KZT). The functional currency of the Company and Hambledon Mining Company Limited is the United States Dollars (US$).

The rates used to convert Pound Sterling and Kazakhstan Tenge into United States Dollar in these financial statements are as follows:

US$ to Pound Sterling closing 1.33 (2018:1.33), average 1.28 (2018:1.27),

US$ to Kazakh Tenge closing 382.59 (2018:384.20 average 382.75 (2018:344.71).

The year end and average rates used for the Kazakh Tenge have been obtained from the National Bank of Kazakhstan.

Transactions denominated in currencies other than the functional currency of each respective entity are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the statement of profit or loss.

On consolidation, the results of overseas operations are translated into US dollars, the presentation currency, at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognised directly in the consolidated statement of other comprehensive income.

The intercompany loans form a part of the Company's investment in a foreign operation. The exchange difference arising on the intercompany loans is recognised in other comprehensive income and accumulated in a separate component of equity until disposal of the foreign operation.

4 Accounting policies continued

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their expected economic life. In the Directors' opinion of 10 years from May 2016, being the licenced period of the Teren-Sai exploration project. There is no effect on the income statement as amortisation costs of the geological data are capitalised in line with the accounting policy on exploration and evaluation costs.

Exploration and evaluation costs

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred. All costs associated with mineral exploration and investments are capitalised on a project by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses. If an exploration project is successful and the project is determined to be commercially viable, the related costs will be transferred to mining assets and amortised over the estimated life of the mineral reserves on a unit of production basis. Where a project is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off. Impairment reviews performed under IFRS 6 'Exploration for and evaluation of mineral resources' are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

- sufficient data exists that render the resource uneconomic and unlikely to be developed
- title to the asset is compromised
- budgeted or planned expenditure is not expected in the foreseeable future
- insufficient discovery of commercially viable resources leading to the discontinuation of activities.

Property, plant and equipment: mining properties

Mining properties comprise previously capitalised exploration, evaluation and development expenditure incurred during the exploration and development stages of the Company's mining projects.

Other items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost include directly attributable costs and estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Assets under construction represent assets under development that are not at the stage that can be used commercially to generate revenues, no depreciation is applied to these assets.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line or units of production basis, as appropriate. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter.

Assets under construction and freehold land are not depreciated.

Asset class	Depreciation method and rate
Buildings	8-10 per cent per annum
Equipment, fixtures and fittings	10-40 percent per annum
Plant, machinery and vehicles	7-30 per cent. per annum
Mining properties	Unit of production based on the proven reserves

Impairment of non-current assets

Property, plant and equipment and intangible assets are assessed for impairment at each reporting date when events or a change in circumstances suggest that the carrying amount of an asset may exceed the recoverable amount.

Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparing it with the estimated discounted future net cash flows generated by the asset based on management's expectation of future production and selling prices. Any identified impairment is charged to the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss is recognised in the profit or loss immediately.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Spare parts and consumables	– Purchase costs on a first in, first out basis
Ore stockpiles, work in progress and finished gold	– Dependent on the current stage in the production cycle, the cost will reflect cost of direct materials, power, labour and a proportion of overhead, to bring the product to its current state

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

4 Accounting policies continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for by using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged to other comprehensive income or credited directly to equity, in which case the deferred tax is also dealt within equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are recognised initially at their transaction price in accordance with IFRS 9 and are subsequently measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Expected credit losses are assessed on a forward looking basis. The loss allowance is measured at initial recognition and throughout its life at an amount equal to lifetime ECL. Any impairment is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments with original maturities of less than three months and which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value; for the purposes of statement of cash flow.

Investments

Investment in subsidiaries are included at cost less amounts written off.

Loans and receivables from subsidiaries

Loans to subsidiary undertakings are subject to IFRS 9's expected credit loss model. The intercompany loans are repayable on a term basis, and a three year notice of repayment can only be given after full repayment of the Bank Center Credit loan, which is repayable on October 2026. The earliest the loans can be repaid is October 2029. The intercompany loans at present are considered to be in stage 3 of the IFRS 9 ECL model. Lifetime ECLs are determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the subsidiaries will default on the loan and the amount of losses that would arise as a result of that default.

Financial liabilities

The Group classifies its financial liabilities into one of two categories discussed blow, depending on the purpose for which the liability was acquired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise only the conversion option related to $10m loan note classified as derivative financial liability. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated income statement. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any other financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities comprise borrowings, trade payables and other short-term monetary liabilities. These are initially measured at fair value and subsequently recognised at amortised cost using effective interest rate method.

4 Accounting policies continued

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Fair value measurement hierarchy

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3);
- the level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

Compound instruments

The component parts of compound instruments (convertible notes and loans with detachable warrants) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is subsequently recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option or detachable warrant classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the fair value of the debt and equity components. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the compound instruments using the effective interest method.

Share capital

Financial instruments used by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments and are recorded at proceeds received, net of direct issue costs.

Provision for commitments and contingencies

Provisions are recognised when the Company has a present obligation at the reporting date, which occurred as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount of the obligation can be reliably estimated.

Possible obligations that are less than probable, and commitments to make purchases and incur expenditure in future periods, are not recognised as provisions but are disclosed as commitments and contingencies.

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the Company's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 21 to the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors have made judgements and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

- carrying value of property, plant and equipment, including estimates made in respect of reserves and resources, discount rate and future gold prices (note 14):

  Costs capitalised as mining assets in property, plant and equipment, and intangible assets are assessed for impairment when circumstances suggest that the carrying value may exceed its recoverable value. As part of this assessment, management has carried out an impairment test, where indicators of impairment have been identified. This test compares the carrying value of the assets at the reporting date with the expected discounted cash flows. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of the assets and a range of assumptions, including an estimated price of gold and a discount rate which, taking into account other assumptions used in the calculation, management considers to be reflective of the risks. This assessment involves judgement as to (i) the likely commerciality of the asset, (ii) proven, probable reserves which are estimated, (iii) future revenues and estimated development costs pertaining to the asset, (iv) the discount rate to be applied for the purposes of deriving a recoverable value

There were no impairment indicators identified, therefore a full impairment test was not carried out.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

4 Accounting policies continued

- recoverability of inventories (note 16):

  The recoverability of inventories is dependent upon the future production of the Company, and future prices achievable, which will determine if any provision is required against inventories. The directors have assessed the impairment indicators, and made judgements in reflection to future prices achievable and production and make impairments as appropriate

  In the current year the Company made a reversal of an impairment made in prior periods as the processing and production plan required the use of low grade ore that had been assessed in prior periods as not being of commercial value in the current period it resulted in a reversal of an impairment of US$138,000;

- carrying value of provisions (note 21):

  Estimates of the cost of future decommissioning and restoration of production facilities are based on current legal and constructive requirements, technology and price levels, while estimates of when decommissioning will occur depend on assumptions made regarding the economic life of fields which in turn depend on such factors as gold prices, decommissioning costs, discount rates and inflation rates. The management reviewed the estimation process and the basis for the principal assumptions underlying the cost estimates, noting in particular the reasons for any major changes in estimates as compared with the previous year. The Company was satisfied that the approach applied was fair and reasonable. The Company was also satisfied that the discount and inflation rates used to calculate the provision were appropriate.

- recognition of deferred taxation assets (note 11):

  Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised that can result in a charge or credit in the period in which the change occurs;

- carrying value of intangible assets (note 13):

  The carrying value for intangible exploration and evaluation assets, represent the costs of active exploration projects the commerciality of which is unevaluated until reserves can be appraised. Where properties are appraised to have no commercial value, the associated costs are treated as an impairment loss in the period in which the determination is made. The recoverability of intangible exploration assets is assessed by comparing the carrying value to estimates of the present value of projects where indicators of impairment have been identified on an asset. The present values of intangible exploration assets are inherently judgemental. Exploration and evaluation costs will be written off to the income statement unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain

There were no impairment indicators identified, therefore a full impairment test was not carried out.

- Provision for taxation (note11 and 17)

  Management make judgements in relation to the recognition of various taxes payable by the Group and VAT recoverability for which the recoverability and timing of recovery is assessed. The Group operates in jurisdictions which necessarily require judgement to be applied when assessing the applicable tax treatment for transactions and the Group obtains professional advice where appropriate to ensure compliance with applicable legislation: and

- Estimation of credit losses (note 15)

  The management make judgements in relation to the future recoverability of receivables, in relation to the parent Company there are substantial loans to the subsidiaries. The management has used the guidance as noted in IFRS9 to make judgements in relation to the future risk of default, the ability of the Company to achieve its production targets and achieve a sufficient level of profits to repay the loans, inherent in this model are a number of judgements. The management has estimated that a provision was required of US$31.9m at the year end. (2018 US33m)

5 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2019 US$000	2018 US$000
Sale of gold and silver	**14,623**	19,030
Other sales	**285**	336
	14,908	19,366

Included in revenues from sale of gold and silver are revenues of US$14,623,000 (2018: US$19,030,000) which arose from sales of precious metals to one customer based Kazakhstan. Other sales amounted to US$285,000 (2018 US$336,000) and related to sale of machinery and consumables.

6 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors.

6 Segmental information continued

The Board of Directors consider there to be only one operating segment, the exploration and development of mineral resources, and only one geographical segment, being Kazakhstan. The majority of sales were made in Kazakhstan and, therefore, no additional segmental information is presented.

7 Staff number and costs

Group

The aggregate remuneration comprised:

	2019 US$000	2018 US$000
Directors' emoluments	**122**	190
Employee wages and salaries	**1,829**	3,037
Employer social tax and national insurance	**217**	387
	2,168	3,614

The average number of employees (including Directors) was:

	2019 US$000	2018 US$000
Production	**239**	352
Administration	**58**	70
	297	422

Company

The average number of employees (including Directors) was:

	2019 US$000	2018 US$000
Administration	**6**	7

The aggregate remuneration comprised:

	2019 US$000	2018 US$000
Directors' emoluments	**122**	190
Employee wages and salaries	**5**	64
Employer social tax and national insurance	**8**	21
	135	275

8 Impairments

	2019 US$000	2018 US$000
Impairments reversed – ore	**(138)**	(383)
Impairment provided/(reversed) – other	**31**	(179)
	(107)	(562)

The reversal of impairment for low grade ore in 2019 as in 2018 relates to ore that is less than 1g/t, and is still being used in processing for operational reasons and was fully provided against in prior years.

Impairments provided in 2019 relate to amounts provided against trade and other receivables.

9 Finance income and costs

	2019 US$000	2018 US$000
Finance costs		
Foreign exchange (loss)/gain	**116**	(196)
Unwinding of discount on provisions	**(142)**	(570)
Interest paid	**(419)**	(357)
Unwinding of discount other financial liabilities	**(622)**	(128)
Fair value adjustment on convertible loan	**–**	(228)
Total finance costs	**(1,067)**	(1,479)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

10 Loss before taxation

The loss on ordinary activities before taxation is stated after (crediting/charging)

	2019 US$000	2018 US$000
Staff costs (note 7)	**2,168**	3,614
Depreciation of tangible assets	**3,353**	3,901
Amortisation of intangibles (net of amortisation capitalised)	**–**	–
(Profit)/loss on disposal on tangible assets	**(15)**	301
Cost of inventories recognised as an expense	**1,382**	4,822
Provision/reversal of impairment of receivables	**31**	(179)
Reversal of impairment of inventory	**(138)**	(383)
Irrecoverable VAT written off	**233**	1,322
Penalties and fines	**247**	859
Fees payable to the Company's auditors for the audit of the Company and Group financial statements	**171**	166
Fees payable to the auditors of the Company's Subsidiaries pursuant to legislation	**33**	37

11 Income tax

Tax charged in the income statement

	2019 US$000	2018 US$000
Deferred taxation		
Arising from origination and reversal of temporary differences	**214**	323

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2018 – the same as the standard rate of corporation tax in the UK) of 19% (2018 – 19%).

The differences are reconciled below:

	2019 US$000	2018 US$000
Loss before tax	**(1,042)**	(3,965)
Corporation tax at standard rate	**(198)**	(753)
Decrease from effect of different UK tax rates on some earnings	**(30)**	(252)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	**463**	926
Tax losses utilised previously not recognised	**(480)**	–
Increase from effect of unrelieved tax losses carried forward	**459**	402
Total tax charge	**214**	323

Deferred tax
Group

	Taxation losses US$000	Accelerated taxation depreciation US$000	Other timing differences US$000	Total US$000
1 January 2018	6,646	(389)	671	6,928
Debit to income	156	24	(503)	(323)
Credit to other comprehensive income	2,560	–	–	2,560
Currency translation	(1,177)	50	(39)	(1,166)
31 December 2018 and 1 January 2019	8,185	(315)	129	7,999
Debit to income	–	(13)	(201)	(214)
Debit to other comprehensive income	(461)	–	–	(461)
Currency translation	34	(2)	–	32
31 December 2019	**7,758**	**(330)**	**(72)**	**7,356**

Deferred tax assets and liabilities are offset were they arise within the subsidiaries in Kazakhstan. The Group has recognised the deferred tax asset only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference can be utilised. The future tax profits are expected to derive from the gold mining operations in Kazakhstan. The tax losses arising in the prior periods will reduce the Company's and its subsidiaries' future tax liabilities. Deferred tax assets are recognised as the Directors believe that sufficient taxable profits will be made against which the carried forward losses can be utilised.

Unutilised taxation losses arising in Kazakhstan of US$68.1m (2018: US$66.6m) are available to carry forward for a maximum of 10 years. It is estimated that the tax losses available to carry forward will be utilised by 2029. Unutilised tax losses arising in the UK amount to US$6.0m (2018: US$5.8m).

11 Income tax continued

Expiry of tax losses in Kazakhstan

	2020 US$000	2021 US$000	2022 US$000	2023 US$000	2024 US$000	2025 US$000	2026 US$000	2027 US$000	2028 US$000	2029 US$000	Total US$000
Expiry	–	–	–	–	–	1,800	40,400	600	2,900	22,400	68,100

Unrecognised deferred taxation assets

	2019 US$000	2018 US$000
Taxation losses	**6,965**	6,247

Included within the unrecognised taxable losses above is an amount of US$1.1m (2018: US$1.1m) in relation to the Company, and US$5.8m (2018: US$5.1m) in relation to the Kazakh subsidiaries. This amount has been carried forward as the Directors are uncertain if there will be sufficient taxable profits in the foreseeable future to offset the losses incurred.

12 Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss from continuing operations for the financial year of US$1.3m (2018: loss of US$4.3m).

The weighted average number of ordinary shares for calculating the basic loss in 2019 and 2018 is shown below. As the Company was loss making in 2019, the impact of the potential ordinary shares outstanding from the conversion of the Convertible loan notes would be anti-dilutive, and as such the basic and diluted earnings per share are the same. The total number of all non-dilutive potential shares related to the issue of the convertible loans is disclosed in Note 22.

	2019	2018
Basic and diluted	**2,567,772,041**	2,552,972,267

13 Intangible assets

Group

	Teren-Sai geological data US$000	Exploration and evaluation costs US$000	Total US$000
Cost or valuation			
At 1 January 2018	11,424	3,326	14,750
Additions	–	1,605	1,605
Amortisation capitalised	–	1,101	1,101
Currency translation	(1,535)	(113)	(1,648)
At 31 December 2018	9,889	5,919	15,808
At 1 January 2019	9,889	5,919	15,808
Additions	–	552	552
Amortisation capitalised	–	992	992
Currency translation	42	25	67
At 31 December 2019	**9,931**	**7,488**	**17,419**
Amortisation			
At 1 January 2018	2,869	–	2,869
Amortisation charge	1,101	–	1,101
Currency translation	(500)	–	(500)
At 31 December 2018	**3,470**	**–**	**3,470**
At 1 January 2019	3,470	–	3,470
Amortisation charge	992	–	992
Currency translation	14	–	14
At 31 December 2019	**4,476**	**–**	**4,476**
Carrying amount			
At 31 December 2019	5,455	7,488	12,943
At 31 December 2018	**6,419**	**5,919**	**12,338**
At 1 January 2018	**8,555**	**3,326**	**11,881**

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

13 Intangible assets continued

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. The Company obtained a contract for exploration and evaluation on the site in May 2016 from the Kazakh authorities. The contract is valid for a period of 6 years, with a right to extend over a further 4 years.

The value of the geological data purchased is in the opinion of the Directors the value that would have been incurred if the drilling had been undertaken by a third party (or internally). The Company has continued to develop the site with a CPR completed in the year on one of the fifteen target zones area 2, which includes 3 potential targets. Full details are given in the mineral resources statement included as part of the Annual Report.

The directors consider that no impairment is required taking into account the CPR results, exploration and planned production in the future. The write off of the geological data over the period of the licence to May 2026 is appropriate. After that period the costs amortised are capitalised in line with the Company's accounting policy within the subsidiary TOO GMK Altyn MM LLP, there are no impairment indicators.

14 Property, plant and equipment

Group

	Mining properties and leases US$000	Freehold, land and buildings US$000	Equipment, fixtures and fittings US$000	Plant, machinery and buildings US$000	Assets under construction US$000	Total US$000
Cost or valuation						
At 1 January 2018	10,843	26,751	11,546	8,528	2,106	59,774
Additions	2,940	2	124	24	721	3,811
Disposals	–	(1)	(563)	(2,620)	–	(3,184)
Transfers	–	1,494	41	–	(1,661)	(126)
Currency translation	(2,053)	(3,765)	(1,447)	(885)	(188)	(8,338)
At 31 December 2018	11,730	24,481	9,701	5,047	978	51,937
At 1 January 2019	11,730	24,481	9,701	5,047	978	51,937
Additions	2,140	71	239	2,469	301	5,220
Disposals	–	(4)	(34)	(41)	–	(79)
Transfers	–	134	–	–	(134)	–
Transfer to inventories	–	–	–	–	(81)	(81)
Currency translation	79	104	39	26	3	251
At 31 December 2019	**13,949**	**24,786**	**9,945**	**7,501**	**1,067**	**57,248**
Depreciation						
At 1 January 2018	2,306	7,260	8,963	6,082	–	24,611
Charge for year	251	2,242	1,133	275	–	3,901
Eliminated on disposal	–	(1)	(356)	(1,085)	–	(1,442)
Currency translation	(337)	(1,210)	(1,239)	(738)	–	(3,524)
At 31 December 2018	2,220	8,291	8,501	4,534	–	23,546
At 1 January 2019	2,220	8,291	8,501	4,534	–	23,546
Charge for the year	209	2,133	794	217	–	3,353
Eliminated on disposal	–	(3)	(30)	(40)	–	(73)
Currency translation	12	35	40	19	–	106
Transfers	–	107	(101)	(6)	–	–
At 31 December 2019	**2,441**	**10,563**	**9,204**	**4,724**	**–**	**26,932**
Carrying amount						
At 31 December 2019	**11,508**	**14,223**	**741**	**2,777**	**1,067**	**30,316**
At 31 December 2018	**9,510**	**16,190**	**1,200**	**513**	**978**	**28,391**
At 1 January 2018	**8,537**	**19,491**	**2,583**	**2,446**	**2,106**	**35,163**

Capitalised cost of mining property are amortised over the life of the mine from commencement of production on a unit of production basis. This basis uses the ratio of production in the period compared to the mineral reserves at the end of the period. Mineral reserves estimates are based on a number of underlying assumptions, which are inherently uncertain. Mineral reserves estimates take into consideration estimates by independent geological consultants. However, the amount of mineral that will ultimately be recovered cannot be known until the end of the life of the mine.

Any changes in reserve estimates are, for amortisation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Company's property, plant and equipment is dependent on the development of the underground mine.

14 Property, plant and equipment continued

The Directors are required to consider whether the non-current assets comprising, mineral properties, plant and equipment have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The directors considered entity specific factors such as available finance, cost of production, grades achievable, and sales price. The directors have concluded that no adjustment is required for impairment.

Company

	Other property, plant and equipment US$000	US$000
Cost or valuation		
At 1 January 2018	467	467
At 31 December 2018	467	467
At 1 January 2019	467	467
At 31 December 2019	467	467
Depreciation		
At 1 January 2018	260	260
Charge for year	70	70
At 31 December 2018	330	330
At 1 January 2019	330	330
Charge for the year	70	70
At 31 December 2019	400	400
Carrying amount		
At 31 December 2019	67	67
At 31 December 2018	137	137
At 1 January 2018	207	207

15 Investments

Summary of the company investments

Name	Percentage held	Country of registration & operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO GMK Altyn MM	100	Kazakhstan
Indirectly held		
DTOO Gornorudnoe Predpriatie Baurgold	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding Company and is currently dormant, its registered address is Palm Grove House, P O Box 438,Road Town, Tortola, British Virgin Islands.

Both Companies trade from 10 Novostroyevsaya Street, Glubokovskoye district, Sekisovka village East Kazakhstan.

	Shares US$000	Contribution to investment adjustment US$000	Subsidiaries loans US$000	Total US$000
1 January 2018 – as restated	225	9,205	58,949	68,379
Net cash movements	–	–	(582)	(582)
Management charges and interest	–	–	5,419	5,419
Impairment – IFRS9	–	–	(1,494)	(1,494)
Adjustment as a result of loan repayment terms	–	885	(885)	–
31 December 2018	225	10,090	61,407	71,722

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

15 Investments continued

	Shares US$000	Contribution to investment adjustment US$000	Subsidiaries loans US$000	Total US$000
1 January 2019	225	10,090	61,407	71,722
Net cash movements	–	–	44	44
Management charges and interest	–	–	5,566	5,566
Impairment reversal – IFRS9	–	–	1,015	1,015
Transfer of loans from subsidiaries	–	–	16,975	16,975
Adjustment as a result of loan repayment terms	–	31,133	(31,133)	–
31 December 2019	225	41,223	53,874	95,322

	Total US$000
Movement of expected credit loss	
1 January 2018 as restated	31,476
Impairment – IFRS9	1,494
31 December 2018	32,970
Impairment – IFRS9	(1,015)
31 December 2019	31,955

The investments together with the loans which are denominated in US Dollars represent the investments into the subsidiaries and in the opinion of the directors the aggregate value of the investments in the subsidiaries is not less than the amount shown in these financial statements. The directors review the intercompany borrowings on a regular basis, together with the associated cash flows of each company, and assess under the Expected Credit Loss model as required by IFRS 9.

The loans to subsidiaries are charged at a interest rates ranging from interest free to a range of 5-7%. The intercompany loans are repayable at the earliest October 2029 as the parent Company needs to give a three year formal request for repayment after the Bank Center Credit loan has been repaid which is due for payment in October 2026. It was agreed with the bank that intercompany loans would be held in the parent Company, this resulted in a transfer of an intercompany balance between subsidiaries being transferred to the parent Company in the year.

The loans are accounted for at amortised cost and discounted market interest rate. The change in the repayment terms has resulted in a substantial modification of the loan and a transfer of a portion of the loan to investment in subsidiary in the current year of US$31.1m.

The Company has applied IFRS 9 in the current period and estimates that there is a reversal of an expected credit loss (ECL) calculated of US$1m (2018: expense US$1.5m) on the receivables from the subsidiaries. The total ECL as at 31 December 2019 is US$31.9m (2018: US$33m). Expected credit losses are assessed on a forward looking basis, after taking into account the future risk of default and the future ability of the Company to repay the loans. The loss allowance is measured at initial recognition and throughout its life at an amount equal to lifetime ECL. Any impairment or reversal of the impairment is recognised in the income statement within administrative expenses.

16 Inventories

	Group	
	2019 US$000	2018 US$000
Ore	**1,794**	371
Raw materials and consumables	**1,068**	452
Work in progress	**408**	122
Finished goods and goods for resale	**361**	352
	3,631	1,297

The value of inventories above is stated net of a provision for low grade ore made in prior periods of US$1.2m (2018: US$1.3m) the reduction of $112,000 represents the write back of the provision as part of the low grade ore was utilised in the year. A provision was made in the year against spare parts and consumables of US$359,000 (2018: US$384,000), resulting in a write back in the year of US$25,000.

The total cost of inventory recognised as an expense is US$1.4m (2018: US$4.8m).

17 Trade and other receivables

Non-current

	Group 2019 US$000	Group 2018 US$000	Company 2019 US$000	Company 2018 US$000
Other receivables	**1,856**	1,303	**–**	–
Prepayments	**4,192**	–	**–**	–
	6,048	1,303	**–**	–

Other receivables included within non-current assets for 2019 and 2018 relate to an amount recoverable in relation to Value Added Tax, this is expected to be recovered by offset against VAT payable in future periods. Prepayments relate to advance payments for plant and machinery.

Current

	Group 2019 US$000	Group 2018 US$000	Company 2019 US$000	Company 2018 US$000
Vat recoverable	**2,061**	1,526	**10**	–
Prepayments	**659**	148	**3**	17
Other receivables – recoverable	**895**	1,427	**–**	–
Other receivables – provision	**–**	(20)	**–**	–
	3,615	3,081	**13**	17

The trade receivables are stated at full carrying value and their ageing is less than 30 days old. The Directors consider that the carrying value of trade receivables approximates to their fair value.

Prepayments have increased to US$659,000 from US$148,000 as a result of increased advance payments to suppliers for parts and consumables.

18 Trade and other payables

Non-current

	Group 2019 US$000	Group 2018 US$000	Company 2019 US$000	Company 2018 US$000
VAT payable	**964**	1,383	**–**	–
Other taxes payable	**1,333**	–		
	2,297	1,383	**–**	–

VAT payable relates to amounts due and payable and scheduled for payment with the Kazakh tax authorities.

Current

	Group 2019 US$000	Group 2018 US$000	Company 2019 US$000	Company 2018 US$000
Trade payables	**4,652**	4,978	**2**	149
Other taxes payable	**342**	–	**–**	–
Other creditors	**1,371**	1,712	**332**	302
VAT payable	**1,188**	1,156	**–**	–
	7,553	7,846	**334**	451

Trade creditors and accruals principally comprise amounts outstanding for trade purchases of goods and services. The majority of the trade creditors relate to the Company's trading subsidiaries in Kazakhstan. For most suppliers, interest is not charged on trade payables. The Company regularly reviews all outstanding payables to ensure they are paid within the appropriate time frame.

The Company has agreed a payment plan with the Kazakh authorities in relation to the payment of royalties which are due. The portion agreed to be paid within one year is US$342,000 the balance due of US$1.3m is payable in more than one year.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

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for the year ended 31 December 2019

19 Other financial liabilities

Non-current

	Group 2019 US$000	Group 2018 US$000	**Company 2019 US$000**	Company 2018 US$000
Liability for historic cost	**–**	122	**–**	–
	–	122	**–**	–

The subsoil use contract (the "Contract"), under which TOO Sekisovskoye holds the exploration and mining rights to the Sekisovskoye deposit stipulates that it must pay a total of US$3,312,000 to the Kazakhstan Government for historic costs. From 1 January 2009, the balance of the historical costs was paid on a quarterly basis. The final payment was paid in 2019.

The future historic costs have been discounted to their net present value. This discounted value has been capitalised as Property, plant and equipment (note 14) and will be amortised over the productive period. Any changes in estimated costs and discount rate are dealt with prospectively and result in a corresponding adjustment to property plant and equipment.

20 Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, 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$149,000 in the current year (2018: US$118,000). Further information about the remuneration of the individual directors is set out in the audited section of the report on directors' remuneration on page 31.

	Group 2019 US$000	Group 2018 US$000	**Company 2019 US$000**	Company 2018 US$000
Short term employee benefits	**122**	190	**122**	190
Social security costs	**7**	13	**7**	13
	129	203	**129**	203

The transactions between the Company and the subsidiaries are disclosed in Note 15. These relate to management and interest charges on services/loans from the parent to the subsidiaries in Kazakhstan.

During the year the following transactions were connected with the Company's controlled by the Assaubayev family:

- Asia Mining Group (AMG), a company controlled by the Assaubayev family supplied equipment and spares to the Company in prior years. At the year-end an amount of US$165,000 (2018 US$454,000) is due to AMG and is included within other trade payables;
- Amounts due by the Group to Amrita Investments Limited a company controlled by the Assaubayev family, total US$1,047,000 (US$1,012,000) this includes interest repayable of US$421,000 (2018:US$399,000). Interest on the balance is being charged at rates between 0% and 5%. The loans are repayable on demand or by 31 December 2019, the loans have not been demanded at the date of approval of the financial statements, the management of Amrita have confirmed that they will continue to support the Group, (see note 22);
- An interest free loan was received from Chartmile Resources Inc. of US$81,000, a company controlled by the Assaubayev family, the loan is repayable on demand;
- In 2016 the Company issued US$10m of convertible bonds to African Resources Limited a company controlled by the Assaubayev family. The bonds carry a coupon of 10% per annum, payable semi-annually in arrears on 29 July and 28 February each year, see note 22.
- During the year the Company received an interest free loan of US$1,045,000 from Bolat Assaubayev a relative of the Assaubayev family at the year-end an amount of US$673,000 was outstanding.

In relation to the Group the total of the borrowings from Amrita investments Limited, Chartmile Resources Inc. and Bolat Assaubayev amount to US$1,801,000 and is shown with in note 22 as amounts due within one year. The parent Company's amounts due of US$616,000 are due to Amrita Investments US$535,000 and Chartmile Resources Inc. US$81,000 and are shown in note 22 as due within one year.

21 Provisions

	Abandonment & restoration US$000	Holiday pay US$000	Total US$000
Group			
I January 2018	4,512	112	4,624
Change in estimate of provision	–	367	367
Unwinding of discount	570	–	570
Paid during the year	–	(370)	(370)
Currency translation reserve	(670)	(15)	(685)
31 December 2018 & 1 January 2019	4,412	94	4,506
Change in estimate of provision	–	176	176
Unwinding of discount	576	–	576
Paid during the year	–	(140)	(140)
Currency translation adjustment	19	–	19
31 December 2019	5,007	130	5,137
31 December 2019			
Current	–	130	130
Non-current	5,007	–	5,007
	5,007	130	5,137
31 December 2018			
Current	–	94	94
Non-current	4,412	–	4,412
	4,412	94	4,506

Abandonment and restoration costs

In accordance with the provisions of the subsoil use contract (the "Contract"), DTOO GRP Baurgold is liable for site restoration costs upon completion of production activities. It is not possible to predict accurately the amount which might ultimately be payable for site restoration as it includes assumptions such as inflation in Kazakhstan over the life of the Contract which are inherently uncertain. An estimate of the future cost of restoration has been discounted and a provision recognised. The discounted amount for cost of restoration has been capitalised as a tangible fixed asset (note 14) and will be amortised using the unit of production method over the life of the mine.

In accordance with the subsoil use agreement, DTOO GRP Baurgold has established a cash fund to pay for the cost of restoration. The cash fund is maintained in a separate bank account in the name of DTOO GRP Baurgold. DTOO GRP Baurgold is required to contribute each year an amount equal to 1% of its operating expenses to this fund. Any transfers from the bank account require the authorisation of the Government of Kazakhstan. This fund will be used to pay for the costs of restoration as and when they become due. If the funds in the account are insufficient to pay for the costs, DTOO GRP Baurgold will be required to pay any deficit. If there are funds surplus to those required for restoration these will be returned to DTOO GRP Baurgold.

During the year the amount in the fund at the start of the year amounting to US$28,000 was utilised by the authorities to pay royalties and taxes due to the government. The amount at the year end is US$nil, the Company will restore amounts due to be contributed to the restricted cash fund in the future as cash flow permits. The authorities have been informed of the situation, there is a possibility of a fine for non-compliance, which is estimated at less than US$2,000.

22 Loans and borrowings

	Group 2019 US$000	Group 2018 US$000	**Company 2019 US$000**	Company 2018 US$000
Non-current loans and borrowings				
Other borrowings	15,027	3,963	6,511	3,963
Due one – two years				–
$10m convertible bond	2,111	2,090	2,111	2,090
$2m convertible bond	2,060	1,873	2,060	1,873
Bank loans	1,470	–	–	–
	5,641	3,963	4,171	3,963
Due two – five years				
Kazakhstan bond	2,340	–	2,340	–
Bank loans	4,411	–	–	–
	6,751	–	2,340	–

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

22 Loans and borrowings continued

	Group 2019 US$000	Group 2018 US$000	**Company 2019 US$000**	Company 2018 US$000
Due more than five years				
Bank loans	2,635	–	–	–
	15,027	3,963	6,511	3,963
Current loans and borrowings				
Related party loans – (see note 20)	1,801	1,012	616	151
Other borrowings	749	206	–	–
	2,550	1,218	616	151

Convertible bonds

US$10m convertible bond

In 2016 the Company secured a total of US$10m proceeds from a convertible loan with the major shareholder, African Resources Limited. The loan bears a coupon of 10% per annum, payable semi-annually and was due for repayment in December 2021. In January 2018 the bond holders elected to convert US$9.72m of the bond into ordinary shares of the Company at the conversion price of 3p per share, resulting in the issue of 233,333,333 new ordinary shares being issued to African Resources Limited.

As further discussed in the note 4 the total value of the conversion option was determined at fair value on inception to be US$1.9m, as at 31 December 2018 the fair value of the conversion option has fallen to nil. The part relating to the conversion of the bond into shares has been recognized in equity with the difference recognised in the profit and loss statement as a fair value adjustment. The residual value was assigned to the debt host liability and accounted for at amortised cost using the effecting interest rate of 17%, the total liability is US$2.1m (2018: US$2.09m) and includes accrued interest US$1.9m (2018: US$1.5m), including withholding taxes.

US$2m convertible bond

In 2016 the Company entered into US$2m convertible loan with institutional investors. The loan bears a coupon of 10% per annum, payable semi-annually and is due for repayment in 2021. The Notes can be converted into Ordinary Shares of the Company at a price of 2.15p per share any time prior to maturity. The exchange rate of US$1.466 for £1 shall be used to determine the number of conversion shares. The potential number of shares to be issued is 63,453,729.

The conversion option meets the fixed-for-fixed criteria and therefore has been classified as equity instrument in the other reserves. On initial recognition Management have assessed the value of the contractual cash flows discounted at the interest rate of 15% being the market interest rate for the similar instruments without a conversion feature. The value of liability component is US$2.06m (2018 US$1.8m). The remaining balance initially calculated of $0.3m is allocated to the residual equity component. The balance includes US$34,000 (2018: US$27,000) accrued interest payable.

Other bonds

Kazakhstan bond

In December 2019 the Company listed bonds up to the value of US$10m carrying a coupon of 9%, on the Astana International Exchange Ltd, (AIX). At the year end the Company had issued bonds to the value of US$2,340,000, net of expenses amounting to US$263,000 the bonds are repayable in December 2022. After the year end a further tranche of US$218,000 was issued (net of expenses), see note 27. Given there in no active market and the bonds were issued close to year end, the carrying value approximates the fair value.

Other loans

Related party loans

The total comprises amounts that are payable to Amrita Investments Limited amounting to US$1.047m, together with an amount due of US$81,000 to Chartmile investments and a balance due to a relative of the Assaubayev family of US$673,000 at total of US$1,801,000 all due within one year further details are shown in note 20.

Bank loans

In September 2019 the Company agreed a facility with JSC Bank Center Credit (BCC) for an amount of US$17m. The purpose of the facility per agreement with the bank is capital expenditure, US$15m allocated for the purchase of equipment with the balance of US$2m agreed to be utilised for the purchase of spares and consumables. The Company has a facility remaining of US$8m as at the year end.

The bank loan is repayable in instalments over a term of 7 years and bears interest at 6%-7%, there is a repayment holiday on the capital until September 2020. Of the amount due the amortised cost of US$749,000 is due within one year and the balance of US$8.5m in more than one year.

The loan is secured over the assets of the Company. The Directors consider that the carrying value of the loans approximate to their fair values given that interest rate is at market rate.

23 Share capital

Issued and fully paid

	Number	US$000
At 31 December 2019 – Ordinary shares of £0.001 each	2,568,834,400	4,055
At 31 December 2018 – Ordinary shares of £0.001 each	2,567,875,463	4,054

In November 2019 1,158,937 shares were issued at a total value of US$7,600 in order to settle outstanding remuneration due to a former Director of the Company.

The rights attaching to the shares are detailed in the Directors report on page 24.

24 Notes to the cash flow statement

	Group 2019 US$000	Group 2018 US$000	**Company 2019 US$000**	Company 2018 US$000
(Loss)/profit before taxation	**(1,042)**	(3,965)	**5,370**	2,458
Adjusted for:				
Finance income	**–**	–	**(2,766)**	(5,331)
Finance expenses	**419**	690	**387**	327
Unwinding of discount	**764**	365	**(2,707)**	101
Fair value adjustment	**–**	228	**–**	228
Depreciation of tangible fixed assets	**3,353**	3,901	**70**	70
Impairment and provisions	**70**	(562)	**(1,015)**	1,494
Change in inventories	**(2,115)**	332	**–**	–
(Increase)/decrease in trade and other receivables	**(1,495)**	1,432	**(89)**	(39)
Decrease in other financial liabilities	**(122)**	(277)	**–**	–
Decrease in trade and other payables	**(2,533)**	(1,701)	**(110)**	(105)
(Profit)/loss on disposal of property.plant and equipment	**(15)**	301	**–**	(22)
Foreign currency translation	**(116)**	196	**–**	47
Cash (outflow)/inflow from operations	**(2,832)**	940	**(860)**	(772)
Income taxes payable	**–**	–	**–**	–
Net cash (outflow)/inflow from operations	**(2,832)**	940	**(860)**	(772)

Group		**Cashflow**		**Cash changes**	**Non-Cash changes**			
	1 January 2019 B/fwd US$000	**New loans US$000**	**Loans repaid US$000**	**Interest repaid US$000**	**Interest charges and unwinding of discount US$000**	**Foreign exchange US$000**	**Receivables net-off US$000**	**31 December 2019 C/fwd US$000**
Loan element of US$10m convertible bond	2,090	–	–	–	21	–	–	2,111
Loan element of US$2m convertible bond	1,873	–	–	(160)	347	–	–	2,060
Loan element of Kazakhstan listed bond	–	2,321	–	–	19	–	–	2,340
Other borrowings	206	9,990	(884)	(33)	48	(62)	–	9,265
Related party borrowings	1,012	1,778	(639)	–	22	–	(372)	1,801
Net cash outflow from financing activities	**5,181**	**14,089**	**(1,523)**	**(193)**	**457**	**(62)**	**(372)**	**17,577**
Due within one year	1,218	3,238	(1,523)	(33)	22	–	(372)	2,550
Due after one year	3,963	10,851	–	(160)	435	(62)	–	15,027
	5,181	**14,089**	**(1,523)**	**(193)**	**457**	**(62)**	**(372)**	**17,577**

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

24 Notes to the cash flow statement continued

Company

	1 January 2019 B/fwd US$000	Cashflow: New loans US$000	Cashflow: Loans repaid US$000	Cash changes: Interest repaid US$000	Non-Cash changes: Interest charges and unwinding of discount US$000	Non-Cash changes: Foreign exchange US$000	Non-Cash changes: Fair value change US$000	31 December 2019 C/fwd US$000
Loan element of US$10m convertible bond	2,090	–	–	–	21	–	–	2,111
Loan element of US$2m convertible bond	1,873	–	–	(160)	347	–	–	2,060
Loan element of Kazakhstan listed bond	–	2,321	–	–	19	–	–	2,340
Related party borrowings	151	733	(268)	–	–	–	–	616
Net cash outflow from financing activities	**4,114**	**3,054**	**(268)**	**(160)**	**387**	**–**	**–**	**7,127**
Due within one year	151	733	(268)	–	–	–	–	616
Due after one year	3,963	2,321	–	(160)	387	–	–	6,511
	4,114	**3,054**	**(268)**	**(160)**	**387**	**–**	**–**	**7,127**

Group

	1 January 2018 B/fwd US$000	Cashflow: New loans US$000	Cashflow: Loans repaid US$000	Cash changes: Interest repaid US$000	Non-Cash changes: Interest charges US$000	Non-Cash changes: Foreign exchange US$000	Non-Cash changes: Fair value change US$000	31 December 2018 C/fwd US$000
Loan element of US$10m convertible bond	10,174	–	–	–	178	(8,262)	–	2,090
Derivative element of US$10m convertible bond	539	–	–	–	23	(790)	228	–
Loan element of US$2m convertible bond	1,783	–	–	(160)	250	–	–	1,873
Other borrowings	724	–	(440)	–	(78)	–	–	206
Related party borrowings	937	151	(110)	–	34	–	–	1,012
Net cash outflow from financing activities	14,157	151	(550)	(160)	407	(9,052)	228	5,181
Due within one year	1,661	151	(550)	–	(44)	–	–	1,218
Due after one year	12,496	–	–	(160)	451	(9,052)	228	3,963
	14,157	**151**	**(550)**	**(160)**	**407**	**(9,052)**	**228**	**5,181**

Company

	1 January 2018 B/fwd US$000	Cashflow: New loans US$000	Cashflow: Loans repaid US$000	Cash changes: Interest repaid US$000	Non-Cash changes: Interest and forex charges and unwinding of discount US$000	Non-Cash changes: Foreign exchange converted to equity US$000	Non-Cash changes: Fair value changes US$000	31 December 2018 C/fwd US$000
Loan element of US$10m convertible bond	10,174	–	–	–	178	(8,262)	–	2,090
Derivative element of US$10m convertible bond	539	–	–	–	23	(790)	228	–
Loan element of US$2m convertible bond	1,783	–	–	(160)	250	–	–	1,873
Related party borrowings	–	151	–	–	–	–	–	151
Net cash outflow from financing activities	12,496	151	–	(160)	451	(9,052)	228	4,114
Due within one year	–	151	–	–	–	–	–	151
Due after one year	12,496	–	–	(160)	451	(9,052)	228	3,963
	12,496	**151**	**–**	**(160)**	**451**	**(9,052)**	**228**	**4,114**

25 Financial instruments

Policy on financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, provisions, other financial liabilities and borrowings. The Company's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 4 – "accounting policies". The Company does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Capital risk management

The Company's primary objective when managing risk is to ensure there is sufficient capital available to support the Company's funding requirements, including capital expenditure, in a way that optimises the cost of capital. Maximises shareholders' returns and ensures the Company's ability to continue as a going concern. There were no changes to the Company's capital management approach in the year.

25 Financial instruments continued

The Company may make adjustments to the capital structure as opportunities arise, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, debt finance, equipment supplier credit or a combination thereof.

The Company monitors capital on the basis of the gearing ratio, which is defined as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. While the Company does not set absolute limits on the ratio, the Company believes that a ratio of 30%-40% was acceptable in the final stages of the construction and the commissioning phase of the Sekisovskoye mine, and that optimally this should reduce to and remain below 25% thereafter. The Company's policy in respect of capital risk management is the same as that of the Group.

	2019 US$000	2018 US$000
Group		
Total borrowings	**17,577**	5,181
Less: cash and cash equivalents	**(1,934)**	(105)
Net debt	**15,643**	5,076
Total equity	**33,279**	34,860
Total Capital	**48,922**	39,936
Gearing ratio	**31.98%**	12.71%
Company		
Total borrowings	**7,127**	4,114
Less: cash and cash equivalents	**(1,787)**	(65)
Net debt	**5,340**	4,049
Total equity	**72,753**	67,376
Total Capital	**78,093**	71,425
Gearing ratio	**6.80%**	5.67%

Derivatives, financial instruments and risk management

The Company does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Company and its subsidiaries have transactional currency exposures. Such exposures arise from sales or purchases by the Company's two subsidiaries in Kazakhstan, in currencies other than the Company's functional currency. The functional currency of TOO GMK Altyn MM and DTOO Gornorudnoe Predpriatie Baurgold is the Kazakh Tenge. The currency transactions giving rise to this foreign currency risk are primarily USD denominated revenues, USD denominated borrowings and other financial liabilities and certain USD denominated trade payables. The Company and its subsidiaries do not enter into hedging positions in respect of its exposure to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated net monetary assets and monetary liabilities at 31 December, are as follows:

Group

	2019 US$000			2018 US$000		
		Functional currency			Functional currency	
Currency of monetary asset/liability	**USD**	**KZT**	**Total**	GBP	KZT	Total
US Dollar	**(5,355)**	**(9,573)**	**(14,928)**	(4,114)	(861)	(4,975)
British Pound	**(312)**	**–**	**(312)**	(368)	–	(368)
Kazakhstan Tenge	**–**	**(4,258)**	**(4,258)**	–	(3,987)	(3,987)
Net Monetary position			**(19,498)**			(9,330)
Company						
US Dollar	**(5,355)**	**–**	**(5,355)**	(4,114)	–	(4,114)
British Pound	**(312)**	**–**	**(312)**	(368)	–	(368)
Net Monetary position			**(5,667)**			(4,482)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

25 Financial instruments continued

Sensitivity analysis

A 20% (2018: 20%) strengthening, or weakening, of any one of the above currencies against the US Dollar which the Directors consider to be a reasonably possible change for the purpose of sensitivity analysis, is shown below:

Group	**2019 US$000**	2018 US$000
20% weakening of Kazakh Tenge against the US Dollar	**(1,915)**	(172)

Commodity price risk

The Company is exposed to the effect of fluctuations in the price of gold and silver which are quoted in US Dollars on the international markets. The Company prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Company's only significant sales during the years ended 31 December 2019 and 2018 were sales of gold doré containing gold and silver. The sales proceeds for gold doré is fixed by reference to the gold and silver prices on the day of sale. The Company does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold or silver and therefore it held no financial instruments that are sensitive to commodity price changes at either reporting date.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Company. The Group has adopted a policy of only dealing with creditworthy counter-parties. The Group's exposure and the credit ratings of its counter-parties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counter-parties.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivables. Cash equivalents include amounts held on deposit with financial institutions.

The Group is mainly exposed to credit risk on its cash equivalents and trade and other receivables as per the balance sheet. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet which at the year end amounted to US$1.9m (2018: US$1.04m).

Although the full scope tax audit which was completed in the prior year showed no material issues, there is always the possibility of fiscal change in the country. Kazakhstan is a relatively young country and there have been a number of fiscal changes in recent years, which in some cases related to the mining industry.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counter-parties are mainly banks with high credit ratings assigned by international credit-rating agencies.

It is often impractical in Kazakhstan to carry out a check of creditworthiness of suppliers before making the contracted prepayments. There were no significant balances at 31 December 2019 and 2018 in respect of which suppliers had defaulted on their obligations.

The Company's maximum exposure to credit risk is limited to the carrying amount of loans recorded in the financial statements. The majority of the loans are on fixed repayment terms in relation to intercompany borrowings the Company has applied IFRS 9 which resulted in a significant impairment in the prior periods. The recoverability of the loans has been reassessed in the current year which resulted in a decrease in the provision by US$1m see note 15.

Liquidity risk

During the year ended 31 December 2019, the Company was financed by internally generated funds, and other borrowings. The Company manages its liquidity risk. The Directors monitor cash flow and cash flow forecasts on a regular basis and ensure that the loan commitments and working capital commitments are adequately funded.

The following tables detail the Group and the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and its subsidiaries can be required to pay. The table includes both interest and principal cash flows.

Group	Borrowings US$000	Trade and other payables US$000	Provisions US$000	Other financial liabilities US$000	Total US$000
31 December 2019					
Due after more than five years	**9,391**				**9,391**
From two to five years	**3,499**	**–**	**–**	**–**	**3,499**
For one to two years	**3,547**	**–**	**–**	**–**	**3,547**
Due after more than one year	**16,437**	**–**	**–**	**–**	**16,437**
Due within one year	**2,287**	**6,365**	**130**	**–**	**8,782**
	18,724	**6,365**	**130**	**–**	**25,219**

25 Financial instruments continued

Group	Borrowings US$000	Trade and other payables US$000	Provisions US$000	Other financial liabilities US$000	Total US$000
31 December 2018					
From two to five years	3,809	–	–	–	3,809
For one to two years	228	644	–	–	872
Due after more than one year	4,037	644	–	–	4,681
Due within one year	1,447	7,401	94	122	9,064
	5,484	8,045	94	122	13,745
Company					
31 December 2019					
From two to five years	**2,540**	**–**	**–**	**–**	**2,540**
For one to two years	**2,587**	**–**	**–**	**–**	**2,587**
Due after more than one year	**5,127**	**–**	**–**	**–**	**5,127**
Due within one year	**1,076**	**334**	**–**	**–**	**1,410**
	6,203	**334**	**–**	**–**	**6,537**
31 December 2018					
From two to five years	3,809	–	–	–	3,809
For one to two years	228	–	–	–	228
Due after more than one year	4,037	–	–	–	4,037
Due within one year	377	450	–	–	827
	4,414	450	–	–	4,864

Borrowings and interest rate risk

There is no exposure to interest rate risk as the current principal borrowings in the Company and its subsidiaries are at fixed rates. The bonds at a fixed coupon rate of 10%, and the other borrowings at an average interest rate of 6-7%, see note 22.

The significant commitments and contingencies in relation to the group are as noted below:.

(a) Contractual liabilities

Subsoil use rights are not provided to the Company on an indefinite basis, and each renewal shall be approved before the current contract or license expires. These rights can be cancelled by the Government of the Republic of Kazakhstan (hereinafter referred to as "the Government") if the Company does not fulfil contractual liabilities.

Deposit development costs

In accordance with the subsoil use contract, the Company has an approved working programme which may be reviewed and reconsidered depending on the economic viability and operational conditions of the deposit. The management of the Company believes it has fulfilled the requirements of the Contract.

Training for Kazakhstani specialists

In accordance with the terms of the contract the Company is liable for the annual costs incurred in respect of the professional training of the Kazakhstani personnel involved in the work. The costs are estimated to be at least 1% of the operational costs during the development and operational process.

Development of the social sphere of the region

According to the terms of the contract, the Company is liable for supporting the development and ensuring social support for the activity of the communities near the area of operations of the Company. As at 31 December 2019, the Company has met all the conditions of the Contract.

Liabilities on the restoration of the mine

Within eighty calendar days upon the expiration of the contract the Company is liable for the development of the mine restoration programme and its inspection by the competent authority of the Government of the Republic of Kazakhstan. The Company is liable for implementation of the programme upon its approval.

(b) Taxation risks

The tax system of Kazakhstan, being relatively new, is characterised by frequent changes to the legal norms, official interpretations and court decisions, which are often not explicit and can be contradictory. This leads to differing interpretations by the tax authorities. The examination and investigations of the accounts to ensure that the tax payable is accurate are carried out by several regulatory bodies. These bodies have the power to impose heavy fines and penalties. The accuracy of the tax computation can be investigated five calendar years after the end of the accounting period. In certain circumstances this period can be increased.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2019

25 Financial instruments continued

(c) Insurance

In accordance with the subsoil use contract the Company is liable for the development of the insurance programme and its submission for approval by the competent authority. The Company has several contracts of obligatory insurance including insurance of the vehicle owners, the employer's liability and insurance of the subsoil users' liability where the activity of such subsoil users is connected to the damage to third parties.

(d) Court proceedings

The claims on the Company are periodically set out in the courts along with the Company's activities. As at the reporting date, there are no material claims against the Company.

As part of the settlement in relation to the tailings dam restoration programme, the Company has a memorandum signed with the local authorities, whereby the Company is liable for arranging the construction of the paste plant for US$1,800,000 (US$600m Tenge). It has been agreed that the Company will use its best endeavours to have this completed once all necessary permits are obtained, the necessary permits have not been obtained at the date of this report. Other than the paste plant as at the reporting date the Company has fulfilled all of its obligations in relation to the outstanding works which required in relation to the tailings dam restoration program.

26 Parent and ultimate parent undertaking

The controlling party and parent entity of the Company is African Resources Limited, by virtue of the fact that a t the date of this report it owns 69.8% (2018: 69.8%) of the voting rights in the Company. There is no requirement to prepare consolidated accounts for African Resources Limited, which is registered in the British Virgin Islands.

The ultimate controlling party are the Assaubayev family, by virtue of the fact that they are the controlling party of African Resources Limited.

27 Non adjusting events after the financial period

In February 2020 the Company was informed that holders an aggregate nominal value of U$ 1.5 million of Altyn plc's 10% convertible bonds due 2021, (see note 22), had gone into liquidation. The liquidators were seeking to accelerate the bonds held by the entities 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.

During the finalisation of these accounts, Coronavirus (COVID-19) outbreak has evolved into an unprecedented public health emergency in the UK and around the world, causing disruption to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. The situation remains dynamic as governments around the globe take unprecedented measures to slow the spread and mitigate the human tragedy. As the circumstances evolve rapidly, Management do not consider it practicable to provide a quantitative measure of the potential impacts on the Company. At the date of this financial report the Company's operations have not been affected materially. Measures and plans it has developed in order to deal with a change in circumstances are described in more detail in note 2.

The agreement with Freedom Finance JSC the broker assisting in placing of the bonds with investors on the Astana International Exchange (AIX), was extended until 1 July 2020. In April 2020, a further US$218,000 net of expenses was issued by the Company on AIX.

In September 2019 the Company agreed a bank facility of US$17m from Bank Center Credit, of this amount US$9m had been drawn as at 31 December 2019. Subsequent to the year-end further amounts were drawn of US$5.8m leaving a facility undrawn of US$2.2m.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Altyn plc (the "Company") De Vere Holborn Bars, 138-142 Holborn, London EC1N 2SW on 26 June 2020 at 10.30am in order to consider and, if thought fit, pass resolutions 1 to 7 as ordinary resolutions and resolution 8 as a special resolution:

ORDINARY RESOLUTIONS

1. To receive the audited accounts and the reports of the Directors and auditors for the year ended 31 December 2019.

2. To approve the Directors' remuneration report.

3. To re-elect Kanat Assaubayev as a Director (Chairman) of the Company.

4. To re-elect Vladimir Shkolnik as a Director (Non-Executive) of the Company.

5. To reappoint BDO LLP as the Company's auditors to hold office until the conclusion of the next general meeting at which the annual accounts are to be laid before the Company.

6. To authorise the Audit Committee of the Board to determine the auditors' remuneration.

7. That, in accordance with section 551 of the Companies Act 2006 (as amended) (the "Act") the directors be generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this Notice):

   a. comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £1,711,783.64 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 7b. below) in connection with an offer by way of a rights issue:

      i. to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

      ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   b. in any other case, up to an aggregate nominal amount of £855,891 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 7a. above in excess of £855,891), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

NOTICE OF ANNUAL GENERAL MEETING continued

SPECIAL RESOLUTION

8. That, conditional on the passing of Resolution 7, the directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006 (as amended) (the "Act") for cash, either pursuant to the authority conferred by resolution 7 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   a. the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under 7b., by way of a rights issue only):

      i. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

      ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   b. the allotment (otherwise than pursuant to paragraph 8a. above) of equity securities up to an aggregate nominal amount of £256,767.

The power granted by this resolution will expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities

By order of the Board

Rajinder Basra
Company Secretary

Registered Office:
28 Eccleston Square
London
SW1V 1NZ

Dated 30 April 2020

Company Number: 05048549

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Relevant Securities means:

- Shares in the Company other than shares allotted pursuant to:
  - an employee share scheme (as defined by section 1166 of the Act);
  - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
  - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:

- 6.00 pm on Wednesday 24 June 2020; or,
- if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

4. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, each proxy must be appointed on a separate proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

5. Shareholders can:

- appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see note 7);
- register their proxy appointment electronically (see note 8);
- if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 9).

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting and vote in person, your proxy appointment will automatically be terminated.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy by post

7 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars (the "Registrar"), at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD; and
- received by the Registrar no later than 10.30am on 24 June 2020.

In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact the Registrar on +44 (0) 121 585 1131.

Appointment of proxies electronically

8. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically online at www.sharegateway.co.uk and completing the authentication requirements as set out on the proxy form. For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 10.30am on 24 June 2020.

Appointment of proxies through CREST

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING continued

In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar ID 7RA11 no later than 10.30am on 24 June 2020, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

10. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

11. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Registrar on +44 (0) 121 585 1131.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

12. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by:

- Sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

  The revocation notice must be received by the Registrar no later than 10.30am on 24 June 2020.

  If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Corporate representatives

13. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

14. As on 6.00 pm at 24 April 2020, the Company's issued share capital comprised 2,568,834,400 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company is 2,568,834,400.

    The Company's website, www.altyn.uk will include information on the number of shares and voting rights.

Notification of shareholdings

15. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the Annual General Meeting as their proxy will need to ensure that both they, and their proxy, comply with their respective disclosure obligations under the Disclosure Rules and Transparency Rules.

Questions at the meeting

16. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; p the answer has already been given on a website in the form of an answer to a question; or p it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Nominated persons

17. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (**Nominated Person**):

- You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights (**Relevant Shareholder**) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Documents on display

18. Copies of the service contracts of the executive directors and the non-executive directors' contracts for services are available for inspection at the Company's registered office during normal business hours and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

Communication

19. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- Contact the Company by e-mail to info@altyn.uk.

EXPLANATION OF RESOLUTIONS

An explanation of each of the resolutions is set out below.

ORDINARY BUSINESS

Resolutions 1 to 7 will be proposed as ordinary resolutions and will be passed if more than 50% of shareholders' votes cast are in favour.

Resolution 1: To receive the 2019 Report and Accounts

The directors of the Company (the 'Directors') must present their Annual Report and Accounts of the Company for the year ended 31 December 2019 (the 'Annual Report') to shareholders for formal adoption at the Annual General Meeting.

Resolution 2: Directors' remuneration report

The Directors' remuneration report is set out in the Annual Report. In accordance with the provisions of the Act the Directors' remuneration report is the Annual Report contains:

- a statement by the Chairman of the Remuneration Committee;
- the Directors' remuneration policy in relation to future payments to the Directors and former Directors'; and p the Annual Report on remuneration, which sets out payments made in the financial year ending 31 December 2019.

The statement by the Remuneration Committee Chairman and the Annual Report on remuneration will be put to an annual advisory shareholder vote by ordinary resolution. Accordingly, Resolution 2 is the ordinary resolution to approve the Directors' remuneration report. As it is an advisory vote it does not affect the actual remuneration paid to any Director.

Resolutions 3 to 4: To re-elect the Directors

Under the Company's articles of association, one third of the Directors or, if their number is not a multiple of three, then the number nearest to but not less than one-third must retire from office and then stand for re-election.

Biographical details of directors to be re-elected are set out in the Annual Report and are also available for viewing on the Company's website at www.altyn.uk

Resolutions 5 to 6: To reappoint the auditors and authorise the Audit Committee of the Board to determine their remuneration

The Company is required to appoint auditors at each general meeting at which the annual accounts and report are to be laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, BDO LLP, on behalf of the Board which now proposes their reappointment as auditors of the Company. Resolution 6 also authorises the Audit Committee of the Board, in accordance with standard practice, to negotiate and agree the remuneration of the auditors.

SPECIAL BUSINESS

As well as the ordinary business of the meeting outlined above, a number of special matters will be dealt with at the Annual General Meeting. Resolution 7 will be proposed as an ordinary resolution and will be passed if more than 50% of shareholders' votes cast are in favour. Resolution 8 will be proposed as a special resolution. For this resolution to be passed, at least 75% of shareholders' votes cast must be in favour.

Resolution 7: Directors' authority to allot shares

At the 2018 Annual General Meeting held on 29 June 2018 the Directors were given authority to allot shares in the Company, and Resolution 7 seeks to renew this authority for a period until the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company.

This resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £855,891.82. This amount represents approximately one-third (33.33%) of the issued ordinary share capital of the Company, as at 24 April 2020, the last practicable date prior to the publication of this document. The Company does not currently hold any shares in treasury. The extent of the authority follows the guidelines issued by institutional investors.

The Directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

Resolution 8: Disapplication of pre-emption rights

Section 561 of the Companies Act 2006 gives all shareholders the right to participate on a pro-rata basis in all issues of equity securities for cash, unless they agree that this right should be disapplied. The effect of this resolution is to empower the Directors, until the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company, to allot equity securities for cash, without first offering them on a pro-rata basis to existing shareholders, but only up to a maximum nominal amount of £233,434.21 representing approximately 10% of the Company's issued ordinary share capital on 24 April 2020 (being the latest practicable date before the date of this document). In addition, the resolution empowers the Directors to deal with fractional entitlements and any practical problems arising in any overseas territory on any offer made on a pro-rata basis. The Directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

COMPANY INFORMATION

Directors

Mr Ashar Qureshi	(Non-Executive Director)
Mr Sanzhar Assaubayev	(Executive Director)
Aidar Assaubayev	(Chief Executive Director)
Mr Kanat Assaubayev	(Chairman)
Vladimir Shkolnik	(Non-Executive Director)

Company secretary
Mr Rajinder Basra

Registered office & Company number
28 Eccleston Square
London
SW1V 1NZ
Company number: 5048549

Kazakhstan office
10 Novostroyevskaya
Sekisovkoye Village
Kazakhstan

Solicitors
Wragge Lawrence Graham & co. LLP
54 More
London Riverside
London
SE1 2AU

Cleary Gottlieb Steen & Hamilton LLP
City Place House
London
EC2V 5EH

Bankers
Nat West Bank Plc
London City Commercial Business Centre
7th Floor,
280 Bishopsgate,
London
EC2M 4RB

LGT Bank
Herengasse 12
FL-9490
Vaduz
Liechtenstein

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

BDO Kazakhstan
6 Gabdullin St,
Almaty City, 050013
Kazakhstan

GLOSSARY OF TERMS

Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore.
masl	Metres above sea level.
Tonne	A metric tonne of 1,000 kilograms.
oz	Troy ounce.
g/t	Grammes per tonne of mineralised rock.
JORC code	Australasian code for the reporting of exploration results, mineral resources and ore reserves (Joint Ore Reserves Committee). See www.jorc.org/main.php
Mineral resource	A concentration or occurrence of solid material of economic interest in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
Indicated resource	That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Inferred resource	That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
Ore reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Probable reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
Mineral inventory	A term used to describe mineral resources and mineable reserves which are not static as additional resource delineation is not yet complete, and engineering calculations are pending. As such what might be a mineral resource today may be a mineable reserve tomorrow.

Altyn plc

28 Eccleston Square
London
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www.altyn.uk