AltynGold plc

("Altyn" or the "Company")

Results for the year ended 31 December 2021

AltynGold Plc (LSE:ALTN) an exploration and development company, is pleased to announce its results for the year ended 31 December 2021.

Highlights

Financial highlights

- Turnover increased in the year to US$50m (2020: US$30m) an increase of 67%.
- 27,747oz of gold sold (2020: 16,535oz), an increase of 68%.
- Average gold price achieved (including silver), US$1,803oz, (2020: US$1,816oz).
- The Company made a profit before tax of US$18.3m (2020: US$3.3m).
- Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation) of US$26.4m (2020: US$13.5m).
- The Group repaid borrowings of US$7.9m (2020: US$3.4m).
- Capital expenditure in the year amounted to US$8.1m (2020: US$8.6m).

Operational highlights

- Ore processed 571,000t (2020 506,000t).
- Gold poured 28,450oz, (2020: 17,028oz) a 67% increase year-on-year.
- Mined gold grade 1.97g/t, (2020: 1.57g/t).
- Operating cash cost US$649/oz, (2020: US$800/oz).
- Gold recovery rate 83.05% (2020: 80.44%).

Underground development & exploration

- Transport decline No.1 was developed and is now at 117masl on ore bodies 3-8, transport decline 2 is now at 134masl, opening up significant reserves at ore body 11.
- Development of the shaft and tunnelling amounted to 6,209 linear metres.
- Blast hole drilling at Sekisovskoye amounted to 119,340 linear metres.
- Extensive maintenance and improvement works were carried out to maintain production safely and efficiently.
- Exploration work at Teren-Sai continued with the drilling of 22,580m linear metres of exploratory drilling.

Further Information:

For further information please contact:

AltynGold Plc
Rajinder Basra
+44 (0) 203 432 3198

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

Information on the Company

AltynGold Plc (LSE:ALTN) is an exploration and development company, which is listed on the main market segment of the London Stock Exchange.

To read more about AltynGold Plc please visit our website www.altyngold.uk

CHAIRMAN'S STATEMENT

Given the backdrop of the COVID-19 pandemic, 2021 was pencilled in by many Companies to potentially be a difficult trading year. Indeed for some sectors this has been the case, in relation to AltynGold, due to the careful management of its resources and deployment of its fundraising into new equipment and infrastructure improvements, the Company has been able to generate a significant uplift in its revenue and profits. The primary driver to the increase in revenues in the current year has been the increase in production and grades achieved.

The Company is particularly pleased with the principal key performance indicators in the majority of cases exceeding the budgets that were set for the year. The Company generated an EBITDA in excess of US$26m (2020: US$13.5m) on a turnover of US$50m (2020: US$30m).

During the year the Company reviewed the staffing structure which led to a number of changes at head office in terms of grade and departmental structures. At Board level, after a review, two new Non-Executive directors were appointed to complement the skills and expertise of the existing Board. This resulted in the employment of the Company's first female Director Maryam Buribayeva who, together with Vladimir Shkolnik, will monitor and assess the Company's environmental obligations. The Board sees its climate change and environmental obligations has increasing importance in the future and will monitor this closely, especially in light of the new environmental laws introduced by the Kazakhstan government in July 2021.

The Company is changing and evolving and moving towards its medium term plan for the extraction of 850ktpa. The budget for 2023 is set at 650ktpa, with the move to 850ktpa being planned thereafter. With a stable cost base and a gold price consensus of US$1,700 in the medium term the business model is evolving. Further plant upgrades are scheduled for 2023 that will move the capacity up to 1mtpa for Sekisovskoye in the longer term.

In terms of funding, there is sufficient cash generation to fund the expanded operations at Sekisovskoye and service the debt for existing operations.

In relation to Teren-Sai, from the exploration work and test production results, we believe the asset will add significantly to the profitability of the Company. The development of Teren-Sai will require additional funding initially. This can be met by the Company's own resources, however it will require further external funding to bring it fully on stream. With the Company gearing set to go down with the repayment of the bond listed on AIX and the scheduled repayment of the bank borrowings, the Company are looking at a number of possibilities to raise further funds.

The Company is set to move forward having established a strong platform for growth, from a review and strengthening of its management and human resources, keeping tight controls over its operational structure and ensuring that the right level of financing is in place. The growth and prosperity of the Company are always balanced by the Company's obligations to all stakeholders and wider environmental issues which are growing in importance.

Kanat Assaubayev
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The Company achieved its principal goals in relation to its current operations at Sekisovskoye being that of processing ore of 571ktpa (budget 570kpta), and producing gold of 34,258oz (target 33,634oz). The step up in ore extraction and the subsequent processing of the ore has led to a marked change in the profitability of the Company. The Company profits have climbed to US$18.3m (2020: US$3.3m) and EBITDA has moved to US$26.4m from last year's level of US$13.5m.

In relation to Teren-Sai the exploration program has proved fruitful, and the extension of the licence and move to a commercial discovery in Area no2 is being processed. Initially the areas will be stripped, as the initial step to make it ready for ore extraction. Further plans will be put in place once the licence is acquired for Area No. 2. In relation to the other areas of interest, further exploration drilling is to be continued.

During the year a comprehensive review was undertaken to assess the human resources requirements of the Company. The review ranged from the assessment of the Board, head office function and the production workforce. This resulted in changes to the Board, with the employment of the Company's first female Director. In relation to head office, staff were employed to deal with the financial and regulatory requirements of the Company. Fewer staff were required, but the pay grades did increase to attract the calibre of staff required. The increase at the production site was a result of the greater volume of processing.

The Company drew down the balance of its facilities with Bank Center Credit at the start of the year, and took on a short term working capital loan at the start of the year repayable in September 2022. The EBITDA is generating funds to repay the loans during the year, finance its capital commitments and repay the AIX bond in December 2022. In the current period factors that will have a positive effect on the Company's profitability in the forthcoming year are the devaluation of the Kazakh Tenge against the US Dollar and the increase in the gold price, currently trading at a higher rate than the average achieved in 2021 of US$1,803oz.

Economic outlook

In relation to COVID-19 the restrictions have largely eased and there was little impact on the productivity of the Company. A mention should also be made of the unrest which occurred at the start of 2022 in Kazakhstan, which was largely contained to Almaty. The Company was largely insulated from the effects of any lockdowns and restrictions imposed. The Company is aware of its wider social duties and obligations and is a responsible employer in this regard, maintaining good relationships with its workforce.

With regard to the possible impact on the Company's operations that may arise out of the conflict that has arisen in Ukraine and sanctions imposed in Russia. On a macro scale Kazakhstan as a country has close ties with Russia, and thus the devaluation of the Russian Rouble has had an effect on devaluing the Kazakh Tenge against the US Dollar, and there has been an upward push on the price of an ounce of gold, which is currently trading in the range of US$1,950oz. At a Company level, the trading with Russia has been reviewed and alternative sources put in place for the small value of consumables purchased from Russia. There is no reliance on Russian companies in terms of the supply of capital equipment, parts or financing. All sales will continue under the current off take agreement with all sales made in Kazakhstan in US Dollars.

Mine development

The input of significant capital equipment additions in 2020 and H1 2021 has enabled the Company to progress mining operations in all areas of mining operations. A significant acquisition in this regard was the purchase of the self-propelled tunnelling equipment.

The principal development milestones achieved in the period were:

- Tunnelling and shaft sinking of 6,209 linear metres.
- Blast hole drilling of 119,340 linear metres.
- Exploration drilling was carried out and amounted to 18,943 linear metres.

- Backfilling of voids was carried out in the period amounting to a volume of 64,404m.

During this period the Company has been concentrating on developing ore bodies 3-8 at horizons 117masl-178masl and ore body 11 at horizons 134masl-174masl.

The transport decline No.2 was extended by 343 linear metres allowing the access of 640,000 tons of ore. Similarly transport decline No. 1 was extended by 391 linear metres opening up accessible reserves of 163,000 tons.

In order to continue to mine efficiently and safely the following capital/maintenance was carried out:

- A forced air facility was commissioned and built at elevation 355masl, this necessitated the installation of 17km of overhead 6Kv lines. The Korfmann ventilation equipment will allow safe and stable operations for a period up to 2029 in accordance with the mine operational plans.

- Various works were carried out to enable the efficient and safe working of the stoping, this included introducing a new system of stoping and obtaining an Ulba-150 charging unit to improve the quality of ore crushing.

- The mine operational procedures are constantly being updated to conform to current safe working practices, during the period an electronic accounting and explosive digitised log was introduced.

The key production figures are shown below:

Mining results ore extraction			
		2021	2020
Ore mined	T	**571,035**	506,050
Gold grade	g/t	**1.94**	1.57
Silver grade	g/t	**1.81**	1.08
Contained gold	oz	**35,580**	25,555
Contained silver	oz	**33,296**	17,525

Mining results processing			
		2021	2020
Crushing	T	**534,426**	421,040
Milling	T	**541,576**	420,256
Gold grade	g/t	**1.97**	1.58
Silver grade	g/t	**1.63**	1.13
Gold recovery	%	**83.05**	80.44
Silver recovery	%	**73.54**	72.81
Contained gold	oz	**34,258**	21,355
Contained silver	oz	**28,408**	15,253
Gold Poured	oz	**28,450**	17,028
Silver poured	oz	**20,891**	11,180

Projected capital expenditure			
	Total US$m	2022 US$m	2023 US$m
Prospect drilling	**2.3**	1.4	0.9
Underground development	**7.2**	5.3	1.9
Infrastructure	**5.2**	0.4	4.8
Ore handling facilities	**14.0**	–	14.0
Process plant incremental expansion	**9.0**	2.4	6.6
Teren-Sai exploration program	**0.4**	0.4	–
Total	**38.1**	9.9	28.2

Exploration – Teren-Sai

During the year the Company conducted exploration drilling and core drilling at three areas within the exploration site. In total 22,500m of pneumatic drilling and 7,500m of core drilling was planned, the actual results were 22,580m and 7,560m respectively.

The Company finalised its core drilling in Area no.2 in January and February drilling 1,520m of core samples, and conducted further core drilling in Area no. 5 amounting to 1,140m. Area No.5 core samples are being analysed with a view to also moving this to the commercial discovery phase, however due to time constraints in finalising and analysing the drilling results during winter and the need to complete all necessary paperwork to extend the licences which have expired in May 2022, the Company has concentrated on finalising the development of Area No2, and will progress the development of Area no.5 in the future.

The principal focus of the work program in the current year was to look at the prospective site at No. 6 where extensive exploration drilling was carried out amounting to 22,580m, this was followed up by 3,700m of core drilling towards the end of the year. Sampled grades obtained from the core samples extracted ranged from 1.4g/t to 2.4g/t.

The exploration licence at Teren-Sai expired in May 2022, under the contract the Company has the right to renew the licence. The Company has submitted an application to extend the licence in order to conduct further site works in Teren Sai and to further define the areas of interest to the Company. In relation to Area No.2 the Company is considering moving to the production phase after further testing, and to the remaining sites of interest an extension to the exploration licence. As noted in the prior year, the results from the test production for Area No. 2 indicated an average grade of 1.8g/t, with the initial production being obtained from open pit workings.

The move to a production licence will require additional capital expenditure in order to build a new processing plant, a tailings dam and other infrastructure requirements in order to process the ore efficiently. The test production that was processed at Sekisovskoye has shown that the ore can be processed using the same technology as that currently being employed at Sekisovskoye. It is the intention of the Company to make initial preparations for site development, however moving to the full production phase will require further fund raising to achieve its full potential. The Company is in the process of looking at lines of funding to move the project forward.

Capital requirements

The capex requirements for the next two years are detailed in the table below. The budgeted plans foresee the Company expanding ore extraction and production to a capacity of 1mtpa for Sekisovskoye in 2023, at which point there will also be further investment in the mining equipment needed to process the increase in ore output.

In relation to the development of its prospective resource at Teren-Sai, the current capex budget allows for the continuation of exploration at the site. Further development of the site at Teren-Sai is dependent on raising further funding, in addition to that which will be provided from cash flow from existing operations.

Longer term plan

The Company has a had a successful year, with the capex investment increasing ore extraction from the Sekisovskoye site which increased to 570ktpa. The aim remains to move this up to 1mtpa, and budgets have been drawn up and funds allocated to expand the existing capacity of the processing plant to 1mtpa within two years. The longer term aim is to increase the ore extraction towards the 2mtpa within a time frame of 6 years.

The capex required as outlined above amounts to US$38m, and will be largely met from funds raised from operations. In addition to this an amount of US$75m will be required to bring the Teren-Sai project on stream, as it will require new processing facilities and infrastructure to be developed at the Teren-Sai site. In the initial period the site will be stripped and made ready for open pit production in order to move to production efficiently once the necessary funding is in place. The brokers who are providing sponsored research and opening up opportunities for investor funding will play a key role in moving the projects forward.

The Board are constantly looking to diversify and invest in new and complementary operations in Kazakhstan and internationally, however the primary driver at present is to bring the Kazakhstan gold sites, as outlined above, to their full potential.

FINANCIAL PERFORMANCE

Key performance indicators (KPIs)

Annual gold sales (oz)
27,747

2021	**27,747**
2020	16,535
2019	10,500

Annual gold poured (oz)
28,450

2021	**28,450**
2020	17,027
2019	10,537

Revenue (US$m)
US$50

2021	**50.0**
2020	30.0
2019	14.9

Operating cash cost of production (US$/oz)
US$649

2021	**649**
2020	800
2019	854

EBITDA (US$m)
US$26.4

2021	**26.4**
2020	13.5
2019	3.3

Net assets (US$m)
US$55.2

2021	**55.2**
2020	35.3
2019	33.3

The significant investment into plant upgrades and new capital and infrastructure development during the year has resulted in the Company meeting its targeted production levels and in a number of areas exceeding them. The upgrades and new equipment allowed for more targeted mining of the ore bodies resulting in higher grades and recoveries being achieved in the year.

The ore mined was 571,000t against the budget of 570,000t, the resulting ore processed of 534,000t was a significant improvement on the prior year of 506,000t. The current run rate is indicating a higher level of ore to be mined in the year to 31 December 2022. This is a key deliverable for the Company and the management are pleased with the performance in the year and are keen on driving this forward to higher levels.

Gold processed has increased by 60% from the prior year to 34,258oz (2020: 21,355oz), the Company had budgeted 33.635oz. A significant increase, the increase in output was accompanied by a higher level of recovery of 83.05% increasing from 80.44% in the prior year and the budgeted recovery rate of 82.13%. The upgrades of the plant and capital investment have paid a key role in increasing the levels being achieved.

During 2021, the Company sold 27,747oz of gold (2020: 16,535oz). The average price achieved per oz was similar to that of last year at US$1,803 (2020:US$1,816). The increase in profitability in the Company has been achieved through a volume increase in production, since the year end the average price of gold has increased and is currently trading in the region of US$1,950 to US$2,000. It is difficult to predict how the price of gold will move in the future but the current sentiment is positive.

There were again no changes to the sales off-take agreement currently in place with the Kazakh national refinery, which continues to take all of the Company's output. As in the prior year, sales are translated at the spot US$ market rate at the point the gold is sold.

The total cash cost of production, which includes administrative costs but excludes depreciation and provisions, amounted to US$834/oz, (2020: S$970oz). The operating cash cost excluding administrative costs amounted to US$649/oz (2020: US$800/oz). The Kazakh Tenge in recent years has been weakening against the US Dollar in 2020 it averaged 413Kzt to one US Dollar weakening to an average of 426Kzt in 2021, it is currently in the region of 440Kzt. As the Company's revenues are earned in US Dollars and a significant cost base is in Kazakh Tenge, it will have the benefit of reducing the cost base of the Company.

The administrative costs have increased in the year by US$2.3m as a result of four principal factors. First, during the year the Company as part of its wider responsibilities to the community the Company agreed to assist in the building of a wing of a new school/university building with an overall cost of US$550,000. Second, there was an increase in wages and salaries by US$860,000 principally as a result of the increase in the number of staff as well as the recruitment of experienced and skilled employees at a higher salary rate. The third factor relates to various professional fees of US$480,000 relating to sponsored research in order to increase the Company profile and attract new investors and the development of further funding opportunities. The final factor was travel cost returning to a normal level as the Company emerged from restrictions imposed by COVID, translating into an increase of US$540,000.

The Company has reported a net profit of US$18.3m before tax (2020: US3.38m) with a gross profit of US$27.8m (2020: US$12.4m). As noted above the principal drivers to the better results was the increased production, grades and recoverability achieved from the investment of the capex.

The adjusted EBITDA increased to US$26.4m, (2020: US$13.5m) details of the calculation are shown in note 13 of the financial statements.

In relation to cash at the year end this was US$3.6m (2020: US$7.2m). Cash generation as indicated by EBITDA was much higher in the current year. The utilisation of funds by the Company was a result of a net repayment of loans and capital expenditure in the year and a substantial prepayment in relation to production facilitation for the forthcoming period. These have resulted in a drop in the cash balance at the year end, the balance is expected to increase as the prepayment is unwound and as a result of higher revenues from the increase in gold prices.

The bonds as listed on AIX of US$10m are due for repayment in December 2022. During the year net borrowings were repaid of US$1.6m. The interest incurred on the debt in 2021 amounted to US$2.5m (2020: US$4.1m) the reduction was due to repayment of the bonds to Amrita Investments Limited and African Resources Limited, the balance of loans being repaid in H1 2021.

The Company managed to perform to its plan as set out and increase revenues and profitability, dealing with any issues as posed by the government restrictions involving COVID-19 and at the same time looking after the welfare of the staff. The net assets of the Company increased by US$19.9m.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

	Note	**2021** **$000**	2020 $000
Revenue	3	**50,290**	30,032
Cost of sales		**(22,496)**	(17,610)
Gross profit		**27,794**	12,422
Administrative expenses		**(5,138)**	(2,826)
Share based payment		**–**	(2,400)
Impairments		**(734)**	(34)
Operating profit		**21,922**	7,162
Foreign exchange		**(366)**	(1,508)
Finance expense		**(3,289)**	(2,324)
Total finance cost		**(3,655)**	(3,832)
Profit before tax		**18,267**	3,330
Taxation receipt/(expense)		**56**	(392)
Profit for the year attributable to the equity holders of the parent		**18,323**	2,938
Profit per ordinary share			
Basic		**67.04c**	11.27c
Diluted		**67.04c**	10.97c

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Note	**2021** **$000**	2020 $000
Profit for the year		**18,323**	2,938
Items that may be reclassified subsequently to the income statement			
Currency translation differences arising on translations of foreign operations		**(1,491)**	(3,846)
Currency translation differences on translation of foreign operations relating to tax		**3,038**	(1,011)
		1,547	(4,857)
Total comprehensive profit/(loss) for the year		**19,870**	(1,919)
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		**19,870**	(1,919)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

(Registration number: 05048549)	Note	**2021** **$000**	2020 $000
Assets			
Non-current assets			
Intangible assets	5	**13,346**	12,849
Property, plant and equipment	6	**35,350**	32,092
Deferred tax assets		**8,189**	5,311
Trade and other receivables		**3,925**	6,700
Restricted cash		**70**	13
		60,880	56,965
Current assets			
Inventories		**9,121**	5,468
Trade and other receivables		**21,530**	7,182
Cash and cash equivalents		**3,593**	7,154
		34,244	19,804
Total assets		**95,124**	76,769
Equity and liabilities			
Current liabilities			
Trade and other payables		**(5,684)**	(6,705)
Provisions		**(232)**	(151)
Loans and borrowings		**(15,087)**	(5,833)
		(21,003)	(12,689)
Non-current liabilities			
Vat payable		**(242)**	(230)
Other payables		**(1,000)**	(492)
Provisions		**(5,453)**	(4,763)
Loans and borrowings		**(12,221)**	(23,260)
		(18,916)	(28,745)
Total liabilities		**(39,919)**	(41,434)
Equity			
Share capital		**(4,267)**	(4,267)
Share premium		**(152,839)**	(152,839)
Merger reserve		**282**	282
Other reserves		**–**	(333)
Foreign currency translation reserve		**51,412**	52,959
Accumulated losses		**50,207**	68,863
Equity attributable to owners of the company		**(55,205)**	(35,335)
Total equity and liabilities		**(95,124)**	(76,769)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital $000	Share premium $000	Merger reserve $000	Currency translation reserve $000	Share based payment reserve $000	Other reserves $000	Accumulated losses $000	Total equity $000
At 1 January 2020	4,055	151,476	(282)	(48,102)	–	333	(74,201)	33,279
Profit for the year	–	–	–	–	–	–	2,938	2,938
Other comprehensive loss	–	–	–	(4,857)	–	–	–	(4,857)
Total comprehensive loss	–	–	–	(4,857)	–	–	2,938	(1,919)
New share capital subscribed	13	62	–	–	–	–	–	75
Share based payment charge	–	–	–	–	2,400	–	–	2,400
Share options exercised	199	1,301	–	–	(2,400)	–	2,400	1,500
At 31 December 2020	4,267	152,839	(282)	(52,959)	–	333	(68,863)	35,335
At 1 January 2021	4,267	152,839	(282)	(52,959)	–	333	(68,863)	35,335
Profit for the year	–	–	–	–	–	–	18,323	18,323
Other comprehensive income	–	–	–	1,547	–	–	–	1,547
Total comprehensive income	–	–	–	1,547	–	–	18,323	19,870
Transfer to reserves	–	–	–	–	–	(333)	333	–
At 31 December 2021	**4,267**	**152,839**	**(282)**	**(51,412)**	**–**	**–**	**(50,207)**	**55,205**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	Note	**2020 $000**	2019 $000
Cash flows from operating activities			
Net cash flow from operating activities		**6,797**	4,245
Cash flows from investing activities			
Acquisitions of property plant and equipment		**(5,502)**	(8,559)
Acquisition of intangible assets		**(830)**	(1,271)
Proceeds from test production		**–**	165
Net cash flows from investing activities		**(6,332)**	(9,665)
Cash flows from financing activities			
Interest paid		**(2,411)**	(3,740)
Loans received		**6,356**	16,903
Loans repaid		**(7,985)**	(3,431)
Proceeds of share issue		**–**	1,500
Commission paid		**–**	(588)
Net cash flows from financing activities		**(4,040)**	10,644
Net (decrease)/increase in cash and cash equivalents		**(3,575)**	5,224
Cash and cash equivalents at 1 January		**7,154**	1,934
Effect of exchange rate fluctuations on cash held		**14**	(4)
Cash and cash equivalents at 31 December		**3,593**	7,154

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

1 General information

AltynGold Plc (the "Company") is a Company incorporated in England and Wales under the Companies Act 2006. The financial information set out above for the years ended 31 December 2021 and 31 December 2020 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, but is derived from those accounts. Whilst the financial information included in this announcement has been compiled in accordance with international financial reporting standards adopted pursuant to Regulation (EC) in conformity with the requirements of the Companies Act 2006, this announcement itself does not contain sufficient financial information to comply with IFRS. A copy of the statutory accounts for 2020 has been delivered to the Registrar of Companies and those for 2021 will be layed before the shareholders at the Annual General Meeting. The full audited financial statements for the years end 31 December 2021 and 31 December 2020 do comply with IFRS.

2 Going concern

The Group had a successful year increasing revenues by 67% from the prior year to US$50m, resulting in an increase of adjusted EBITDA to an amount in excess of US$26m. The Group did enter into some further short term financing at the start of the year from the Bank Center Credit in order to smooth the working capital of the Group. The majority of this is repayable by September 2022. This provided positive funding to the Group in the year, the adjusted EBITDA is expected to continue at increasing levels in the future as production grows, coupled with a strong gold price and the devaluation of the Kazakh Tenge.

At the year-end the Group had cash resources of US$3.6m (2020: US$7.2m) available. The decrease in funds from the prior year is principally due to prepayments made to secure the services of subcontractors in relation to future mine development and ore extraction, as well as the repayment of loans in the year.

The Board have reviewed the Group’s forecast cash flows for the period to September 2023, which include the capital and interest repayments to be made in relation to the Group’s borrowings. The principal loan that is due for repayment is the bond raised on the Kazakhstan Stock exchange of US$10m which is repayable in December 2022. Capital and operating costs are based on approved budgets and latest forecasts in the case of 2022 and current development plans in the case of 2023. There are significant judgements inherent in the cash forecast model, the significant assumptions are the anticipated level of production to be achieved and the gold price. In the case of planned production profiles these are based on a planned increase from current levels being achieved and in the latter the consensus view of the anticipated gold price in the short/medium term.

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, are sufficient for the Company to achieve its current plans and cash requirements including the repayment of loans which are due for repayment in the period.

The Group’s adapted well to the impact of COVID-19, and there was little impact on the operations of the Group from COVID-19, the Ukraine conflict or the civil unrest that occurred in Kazakhstan in the early part of the year. However the Board have considered possible stress case scenarios that they consider may be likely to impact on the Group’s operations, financial position and forecasts. Factors considered are operational disruptions that may lower the production at the mine and possible impact on the price of gold if this was to fall. From the analysis undertaken the Board have concluded that the Group will be able to continue to trade by the careful management of its existing resources. The stress tests included the following scenarios amongst others, a fall in the gold price to US$1,561oz, a drop in budgeted production by 20% or a combination of both factors together. In each case the Group would not experience a cash shortfall in either scenario. If required the Group would manage its resources, reducing investment and managing its payables in order to maintain liquidity.

The Board therefore considers it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

3 Revenue

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

	2021	2020
	$000	$000
Sale of gold and silver	**50,031**	29,790
Other sales	**259**	242
	50,290	30,032

Included in revenues from sale of gold and silver are revenues of US$50,031,000 (2020: US$29,790,000) which arose from sales of precious metals to one customer based in Kazakhstan. Other sales amounted to US$259,000 (2020: US$242,000) and related to lease and rental income.

4 Profit per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained profit from continuing operations for the financial year of US$18.3m (2020: US$2.9m).

The weighted average number of ordinary shares for calculating the basic earnings per share in 2021 and 2020 is shown below.

The diluted earnings per share in 2020 arose as the convertible loan notes had conversion rights, which would have resulted in an additional 702,650 shares being issued, the convertible loan notes were all redeemed in the year. There are currently no share options in issue that would result in diluted earnings per share.

	2021	2020
	No.	No.
Basic	**27,332,933**	26,070,079
Diluted	**27,332,933**	26,772,729

5 Intangible assets

Group	Teren-Sai geological data US$000	Exploration and evaluation costs US$000	Total US$000
Cost or valuation			
At 1 January 2020	9,931	7,488	17,419
Additions	–	1,271	1,271
Amortisation capitalised	–	608	608
Currency translation	(905)	(717)	(1,622)
At 31 December 2020	9,026	8,650	17,676
At 1 January 2021	9,026	8,650	17,676
Additions	–	830	830
Amortisation capitalised	–	585	585
Currency translation	(225)	(240)	(465)
At 31 December 2021	**8,801**	**9,825**	**18,626**
Amortisation			
At 1 January 2020	4,476	–	4,476
Amortisation charge	608	–	608
Currency translation	(422)	–	(422)

Revenue relating to test production	–	165	165
At 31 December 2020	**4,662**	**165**	**4,827**
At 1 January 2021	4,662	165	4,827
Amortisation charge	585	–	585
Currency translation	(125)	(7)	(132)
At 31 December 2021	**5,122**	**158**	**5,280**
Carrying amount			
At 31 December 2021	**3,679**	**9,667**	**13,346**
At 31 December 2020	**4,364**	**8,485**	**12,849**
At 1 January 2020	**5,455**	**7,488**	**12,943**

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 mining operations of Sekisovskoye. The Company obtained a contract for exploration and evaluation on the site in May 2016 from the Kazakh authorities, the licence expired in May 2022. The Company has the right to extend the licence and has submitted the necessary paperwork to extend the exploration phase in the areas of interest within the Teren-Sai ore field with a view to moving area No. 2 to the production phase.

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 2019 on one of the fifteen target zones area 2, which includes 3 potential targets, and further exploration works in the other areas. 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 the end of the (optional) extended licence period May 2027 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.

6 Property, plant and equipment

Group

	Mining properties 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 2020	13,949	24,786	9,945	7,501	1,067	57,248
Additions	1,622	166	2,838	2,717	1,246	8,589
Disposals	–	–	(70)	(180)	–	(250)
Transfers	(764)	1,383	(26)	18	(471)	140
Transfer from inventories	–	–	–	–	241	241
Currency translation	(1,543)	(2,285)	(907)	(734)	(110)	(5,579)
At 31 December 2020	13,264	24,050	11,780	9,322	1,973	60,389
At 1 January 2021	13,264	24,050	11,780	9,322	1,973	60,389
Additions	3,356	197	2,147	653	2,187	8,540
Disposals	–	–	(655)	(4)	–	(659)
Transfers	–	1,441	–	–	(1,441)	–
Transfer from inventories	–	–	–	–	170	170
Currency translation	(611)	(654)	(203)	(261)	(67)	(1,796)
At 31 December 2021	**16,009**	**25,034**	**13,069**	**9,710**	**2,822**	**66,644**
Depreciation						
At 1 January 2020	2,441	10,563	9,204	4,724	–	26,932
Charge for year	520	1,885	773	772	–	3,950
Eliminated on disposal	–	–	(70)	(180)	–	(250)
Currency translation	(232)	(997)	(805)	(441)	–	(2,475)
Transfers	140	(80)	80	–	–	140
At 31 December 2020	2,869	11,371	9,182	4,875	–	28,297
At 1 January 2021	2,869	11,371	9,182	4,875	–	28,297

Charge for the year	699	2,188	817	782	–	4,486
Eliminated on disposal	–	(2)	(655)	(4)	–	(661)
Currency translation	(218)	(238)	(239)	(133)	–	(828)
Transfers	–	–	–	–	–	–
At 31 December 2021	**3,350**	**13,319**	**9,105**	**5,520**	**–**	**31,294**
Carrying amount						
At 31 December 2021	**12,659**	**11,715**	**3,964**	**4,190**	**2,822**	**35,350**
At 31 December 2020	**10,395**	**12,679**	**2,598**	**4,447**	**1,973**	**32,092**
At 1 January 2020	**11,508**	**14,223**	**741**	**2,777**	**1,067**	**30,316**

Included within the additions to mining properties is an amount of US$430,000 relating to an increase in the abandonment and restoration provision, see note 21.

Capitalised cost of mining property are amortised over the life of the licence 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.

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.