

AltynGold plc

("AltynGold" or the "Company")

Publication of Annual Report and Financial Results for the year ended 31 December 2023

AltynGold is pleased to announce that the Company's Annual Report and audited financial results for the year ended 31 December 2023 will be available on the Company's website at www.altngold.uk and also be uploaded to the Financial Conduct Authority's ("FCA") National Storage Mechanism at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

Highlights

Financial highlights

- Turnover increased in the year to US\$64m (2022: US\$62m), an increase of 3.2%.
- 32,765oz of gold sold (2022: 34,499oz), a decrease of 5%.
- Average gold price achieved (including silver), US\$1,967oz, (2022: US\$1,762oz).
- The Group made a profit before tax of US\$11.3m (2022: US\$13.2).
- Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation) of US\$22.3m (2022: US\$21.9m).
- The Group repaid borrowings of US\$16.6m (2022: US\$15m).

Operational highlights

- Ore processed 701,000t (2022: 527,000t).
- Gold poured 33,110, (2022: 34,023oz) a 2.7 % decrease year-on-year.
- Mined gold grade 2.08g/t, (2022: 2.17g/t).
- Operating cash cost US\$1,041oz, (2022: US\$805oz).
- Gold recovery rate 83.60% (2022: 83.43%).

Underground development & exploration

- Continuing development of the processing capacity to 1mt/y.
- Continuing maintenance and development of the ore bodies to be mined.
- Development of the shaft and tunneling amounted to 6,432 linear metres, (2022: 6,699 linear metres).
- Exploration drilling at Sekisovskoye amounted to 115,116 linear metres (2022: 129,928 linear metres).
- An extension to the mining licence was obtained for two years at Teren- Sai until March 2026.

The Annual General Meeting of the Company will be held at Langham Court Hotel, 31-35 Langham Street, London W1W 6BU, United Kingdom on 21 June 2024 at 11.00am

Further Information:

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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, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

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

The Company's strategy has been focused on organic growth mainly developing the Sekisovskoye mine while gradually advancing Teren-Sai to production, aiming at an annual gold production of 100,000oz in the long term.

Following substantial investments in equipment and a significant increase in ore production, Sekisovskoye has entered into its final phase of development. Indeed, the processing plant capacity expansion is expected to come on stream in the second half of 2024. While the process has encountered some delays, overall we are pleased with the results so far achieved, and the professional manner in which our staff adapted to and resolved the technical issues that arose.

In relation to Teren-Sai, the final terms of the updated licence were agreed with the authorities in March 2024. Our aim is to bring the asset into production within the two-year exploration period. The Company sees Teren-Sai as a key development, not only would it increase productive capacity but also diversify it away from the reliance on a single site for production.

Our plan for the current period consists in consolidating AltynGold's strong growth profile while reducing its financial gearing. The Company has come a long way since its LSE listing in 2014, developing and executing an effective growth strategy and moving the Company into profit.

Our next challenge is to seek new growth opportunities to further expand and diversify the business.

I would like to thank my fellow directors for their invaluable input in the year assisting in developing and driving the strategic development of the Company. The employees have consistently performed well and we look forward to a higher level of output in the current year.

Kanat Assaubayev
Chairman
25 April 2024

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

With the majority of the new mining equipment for the extraction of ore commissioned and working on site, the Company has been able to increase mined ore by 33% to 701,000t. The ore has been stockpiled as the processing plant is currently being upgraded in order to bring planned processing capacity to 1mtpa. The production has been interrupted during the construction phase, which has extended over the initial planned period. The processing plant is now on target to be commissioned and in operation in the second half of 2024.

The development and maintenance works at the Sekisovskoye mine have continued with extensive works being carried out to extend the supplies of water and ventilation as the declines move further down as detailed below.

In the current year, gold poured reached 33,110oz, 2.7% lower from the record level achieved last year of 34,023oz, and by 12% from budgeted levels for 2023. This was as a result of the issues noted above as well as lower gold grade in the year. The grade is expected to increase as improved targeting and mining of ore bodies reduces the level of dilution.

Regarding Teren-Sai, detailed discussions with the ministry involving revisions to the mining area and the proposed work plan, resulted in the extension of the exploration licence in March 2024 for a period of 2 years. Initial works have been planned to commence in area No.2 in order to develop the area with a view to bringing it into production in the near term.

Mine development

The principal development milestones achieved during the period were:

- Tunnelling and shaft sinking of 6,432 linear metres, (2022: 6,699). This included 1,239 linear metres of mining works to open up further reserves for exploitation in 2024.
- Blast hole drilling of 151,116 linear metres (2022: 129,928).
- Exploration drilling was carried out and amounted to 11,756 linear metres (2022: 13,928). The exploration drilling was carried out at horizons +174masl for ore body 11, +142masl, +117masl ore bodies 6-8 and +150masl in relation to ore body 10.
- Backfilling of voids was carried out as the declines are moving down and the blocks are mined.
- Both transport declines have been further developed No 1 to +49masl and No 2 to +64masl.

The following capital and maintenance works were carried out at the mine site and surrounding areas:

- The main water flow inflow was completed at elevation +150masl. This involved running 170 running metres of pipe line that also connected

up to outlets at +320masl.

- The central distribution centre was built at elevation +150masl.
- Work has been undertaken and is continuing in 2024 in order to provide new ventilation shafts at the lower levels.

The key production figures are shown below:

Mining results ore extraction			
		2023	2022
Ore mined	T	701,465	527,035
Gold grade	g/t	2.01	2.17
Silver grade	g/t	2.14	1.78
Contained gold	oz	45,270	36,835
Contained silver	oz	48,199	30,233

Mining results processing			
		2023	2022
Crushing	T	595,457	574,614
Milling	T	591,975	585,480
Gold grade	g/t	2.08	2.17
Silver grade	g/t	1.96	1.64
Gold recovery	%	83.60	83.43
Silver recovery	%	73.47	72.37
Contained gold	oz	39,607	40,782
Contained silver	oz	37,258	30,927
Gold Poured	oz	33,110	34,023
Silver poured	oz	27,372	22,538

Exploration – Teren-Sai

Exploration activity was limited in the period as the Company was in negotiations with the mining authorities to extend the exploration period of the licence, the addendum was agreed in March 2024 to extend the licence for a further two years until March 2026.

In summary in area No. 2, 25 major ore intersections were identified in 7 wells. In area No. 4, 15 major ore intersections were identified in 6 wells. In area No. 5, 14 major ore intersections were identified in 14 wells.

Planned works in 2024 include the following:

- The construction of two transport slopes
- Exploration works to be undertaken with three drilling rigs. The aim is to delineate the ore bodies in more detail with the anticipated length of the works estimated to be 600 linear metres.
- A holding warehouse will be constructed, with a capacity of 30 tons
- Ventilation and other capital works will be undertaken on the basic infrastructure at Teren- Sai.

Capital requirements

The Company currently has sufficient plant and equipment in order to deliver the planned production going forward.

The capex budget as outlined below relates principally to the continued development of the mining works at Sekisovskoye relating to the developments of the declines and the final amounts payable in relation to the expansion of the processing plant and enhancement of the tailings dam. Prepayments have already been made in relation to a number of the items in the 2024 budget such as the amount payable in relation to the milling equipment required for the expansion of the processing plant capacity.

Regarding Teren-Sai, the current capex budget as outlined below relates to the committed capex works as agreed with the Kazakh mining authorities for the further exploration works that are envisaged in relation to the 2 year licence period.

Further advancement of the Teren-Sai project to full production will subsequently depend on raising additional funding.

Projected capital expenditure	Total US\$m	2024 US\$m	2025 US\$m
Prospect drilling	4	3	1
Underground development	19	7	12
Infrastructure	1	1	-
Teran- Saiwork program	7	3	4
Process plant incremental expansion	4	4	-
Total	35	18	17

Longer term plan

The budget for 2024 foresees ore production increasing to a run rate of 760,000-800,000t per annum in line with the projected expansion of the processing plant in the second half of 2024. The drilling and exploration targets for Sekisovskoye are set at a similar level to the prior year with continued development of the declines in order to access further reserves.

Development plans relating to the open pit operations at Teren-Sai are awaiting approval and require a minimal capital budget, as the Company has the necessary equipment in place to commence site preparation.

The total capital required as outlined above amounts to US\$35m and will be largely met from operating activities or funds raised in the year.

Additional capital will be injected as necessary if funding allows an accelerated expansion.

The current tailings dam has capacity until 2025 for the planned production, hence it will be reviewed for redevelopment during 2024.

FINANCIAL PERFORMANCE

Key performance indicators		2023	2022	2021
Annual gold sales	Oz	32,765	34,499	27,747
Annual gold poured	Oz	33,110	34,023	28,450
Revenue	US\$m	64.0	62.0	50.0
Operating cash cost of production	US\$/oz	1,043	805	649
EBITDA	US\$m	22.3	21.9	26.4
Net Assets	US\$m	74.9	62.2	55.2

The revenue for the year increased as a result of a stronger gold price during the period. The extraction of ore also increased and was in line with expectations however the amount of gold processed was lower than that budgeted due to unanticipated disruptions during the processing plant upgrade.

During 2023, the Company sold 32,765oz of gold (2022:34,499oz) at an average price US\$1,967per oz (2022: US\$1,762). Revenue generated increased from US\$62m to US\$64m as a result. As last year, the total Company's output was taken by the Kazakh national refinery. The refining of the doré is carried out by the Kazakh national refinery, the costs of which have risen during the period. This factor has been reflected in the increased cost of sales, together with higher mineral extraction tax charged in the period. The Company is looking at ways to adopt a more efficient work program and decrease direct costs of production.

As in previous years, sales were translated using the spot US\$ exchange rate at the point of sales. During the year, there was minimal effect due to exchange rate fluctuations of the Kazakh Tenge to the US Dollar.

Ore mined increased by 33% to 701,000t from last year's level of 527,000t. The increase was driven by investments in mining equipment in the prior year. The increase in the ore produced is being stockpiled to be utilised once the expanded processing capacity comes on stream.

Gold poured decreased 2.7% to 33,110oz (2022: 34,023oz). The initial plan was to pour 37,525oz, but delays and interruptions to the work flows led to the shortfall.

Recovery rate was in line with the prior year and budget at 83.6% (2022: 83.4%). The Company expects a small improvement in the recovery rate in the current year.

Total cash cost of production which includes administrative costs but excludes depreciation and provisions amounted to US\$1,255/oz, (2022: US\$1,160/oz). Operating cash cost excluding administrative costs amounted to US\$1,043/oz (2022: US\$805/oz). The key drivers for the increase in operating cash cost were the general inflation in commodity prices and labour costs as well as the rate hike in the mineral extraction tax from 5% to 7.5%. It is anticipated that the additional processing plant capacity and a higher level of production should reduce cash costs of production with economies of scale diluting the effect of fixed costs.

Administrative costs in 2023 were US\$7.0m versus US\$8.6m in 2022. The reduction is due to one off projects undertaken in 2022 relating to carbon offset programs and the feasibility study of the additional processing capacity as well as exceptional costs of US\$3.6m relating to promotional and government led sponsorship schemes.

The Company realised a gross profit of US\$23.3m (2022: US\$29.3m) and net profit after tax of US\$11.3m (2022: US\$13.2m). The decrease in margin is being offset to a large extent by savings in the administrative costs as outlined above.

Adjusted EBITDA increased to US\$22.3m (2022: US\$21.9m). Details of the calculation are shown in note 13 of the financial statements.

Cash at year end was US\$5.5m (2022: US\$116,000). The movement in funds is principally due to the following:

- Cash generated from operations after movements in working capital amounted to US\$14.7m (2022: US\$12.2m)
- Funds utilisation included US\$40.2m in relation to capital asset acquisitions (2022: US\$8.9m)
- US\$16.6m (2022: US\$15m) in relation to repayment and servicing of debt and
- New loans raised amounted to US\$51.5m (2022: US\$11m), principally utilised to modernise and expand the processing plant.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023

	Note	2023 \$000	2022 \$000
Revenue	3	64,434	62,037
Cost of sales		(41,102)	(32,697)
Gross profit		23,332	29,340
Administrative expenses		(6,977)	(8,590)
Administrative expenses – sponsorship programs		-	(3,654)
Impairments		(439)	(82)
Operating profit		15,916	17,014
Foreign exchange		252	(504)
Finance expense		(4,283)	(3,096)
Total finance cost		(4,031)	(3,600)
Profit before tax		11,885	13,414
Taxation receipt/(expense)		(546)	(181)
Profit for the year attributable to the equity holders of the parent		11,339	13,233
Profit per ordinary share			
Basic		41.48c	48.42c
Diluted		41.48c	48.42c

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 \$000	2022 \$000
Profit for the year		11,339	13,233
Items that may be reclassified subsequently to the income statement			
Currency translation differences arising on translations of foreign operations		1210	(4,822)
Currency translation differences on translation of foreign operations relating to tax		(4,075)	(1,408)
		(2,865)	(6,230)
Total comprehensive profit for the year		8,474	7,003
Total comprehensive profit attributable to:			
Equity holders of the parent		8,474	7,003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

(Registration number: 05048549)	Note	2023 \$000	2022 \$000
Assets			
Non-current assets			
Intangible assets	5	13,661	12,698
Property, plant and equipment	6	70,593	36,975
Deferred tax assets		1,419	6,052

Trade and other receivables	18,354	14,600
Restricted cash	33	50
	104,060	70,375
Current assets		
Inventories	17,464	11,260
Trade and other receivables	18,465	16,622
Cash and cash equivalents	5,502	116
	41,431	27,998
Total assets	145,491	98,373
Equity and liabilities		
Current liabilities		
Trade and other payables	(9,658)	(6,253)
Provisions	(324)	(263)
Loans and borrowings	(18,132)	(13,611)
	(28,114)	(20,127)
Non-current liabilities		
Vat payable	(114)	(332)
Other payables	(133)	(688)
Provisions	(6,089)	(5,517)
Loans and borrowings	(40,359)	(9,501)
	(46,695)	(16,038)
Total liabilities	(74,809)	(36,165)
Equity		
Share capital	(4,267)	(4,267)
Share premium	(152,839)	(152,839)
Merger reserve	282	282
Foreign currency translation reserve	60,507	57,642
Accumulated losses	25,635	36,974
Equity attributable to owners of the company	(70,682)	(62,208)
Total equity and liabilities	(145,491)	(98,373)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital \$000	Share premium \$000	Merger reserve \$000	Currency translation reserve \$000	Other reserves \$000	Accumulated losses \$000	Total equity \$000
At 1 January 2022	4,267	152,839	(282)	(51,412)	-	(50,208)	55,204
Profit for the year	-	-	-	-	-	13,234	13,234
Other comprehensive loss	-	-	-	(6,230)	-	-	(6,230)
Total comprehensive loss	-	-	-	(6,230)	-	13,234	7,004
Share options exercised	-	-	-	-	-	333	-
At 31 December 2022	4,267	152,839	(282)	(57,642)	-	(36,974)	62,208
At 1 January 2023	4,267	152,839	(282)	(57,642)	-	(36,974)	62,208
Profit for the year	-	-	-	-	-	11,339	11,339
Other comprehensive income	-	-	-	(2,865)	-	-	(2,865)
Total comprehensive income	-	-	-	(2,865)	-	11,339	8,474
Transfer to reserves	-	-	-	-	-	-	-
At 31 December 2023	4,267	152,839	(282)	(60,507)	-	(25,635)	70,682

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023	2022
	\$000	\$000

Cash flows from operating activities		
Net cash flow from operating activities	14,651	12,234
Cash flows from investing activities		
Acquisitions of property plant and equipment	(40,171)	(8,948)
Acquisition of intangible assets	(766)	(240)
Net cash flows from investing activities	(40,937)	(9,188)
Cash flows from financing activities		
Interest paid	(3,228)	(2,388)
Loans received	51,481	11,025
Loans repaid	(16,581)	15,028)
Net cash flows from financing activities	31,672	(6,391)
Net (decrease)/increase in cash and cash equivalents	5,386	(3,345)
Cash and cash equivalents at 1 January	116	3,593
Effect of exchange rate fluctuations on cash held	-	(132)
Cash and cash equivalents at 31 December	5,502	116

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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 2023 and 31 December 2022 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 2022 has been delivered to the Registrar of Companies and those for 2023 will be laid before the shareholders at the Annual General Meeting. The full audited financial statements for the years end 31 December 2023 and 31 December 2022 do comply with IFRS.

2 Going concern

The Group increased turnover in the year to US\$64m, generating an EBITDA of US\$22.3m (2022 US\$21.9m).

The Board have reviewed the Group's forecast cash flows for the period to June 2025, which include the capital and interest repayments to be made in relation to the Group's borrowings. Capital and operating costs are based on approved budgets and latest forecasts and development plans. These have been based on costs that have been fixed with suppliers where applicable and other costs that include inflationary allowance. The gold price used in the forecasts has been based on an average of consensus forecasts.

Based on the Group's cash flow forecasts, the Directors believe that the, net cash flows from operations, and increased production based on projections of future growth, are sufficient for the Group to achieve its current plans and cash requirements including the repayment of loans which are due for repayment in the period. In order to provide greater headroom the management agreed an extension to a repayment holiday on a US\$10m loan from the bank extending the period from May 2024 to commence repayments in January 2025.

The Board have considered possible stress case scenarios that they consider most likely to impact on the Group's operations, financial position and forecasts. Possible likely scenarios are based around whether the productive capacity will come on stream as planned and budgets and forecasts have been flexed to account for different scenarios.

From the analysis undertaken the Board have concluded that 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 delay of three months to a delay of six months in relation to the upgrade of the processing capacity of the Company which is set to increase by 1mtpa.

In each separate case the Group would not experience a cash shortfall, the Group would manage its resources, reducing or adjusting the timing of discretionary capital investment and managing its payables in order to maintain liquidity as appropriate.

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:

	2023	2022
	\$000	\$000
Sale of gold and silver	63,748	61,053
Other sales	686	984

Included in revenues from sale of gold and silver are revenues of US\$63,748,000 (2022: US\$61,053,000) which arose from sales of precious metals to one customer based in Kazakhstan. Other sales amounted to US\$686,000 (2022: US\$984,000) 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\$11.3m (2022: US\$13.2m).

The weighted average number of ordinary shares for calculating the basic earnings per share in 2023 and 2022 is shown below.

	2023 No.	2022 No.
Basic	27,332,934	27,332,934
Diluted	27,332,934	27,332,934

5 Intangible assets

	Teren-Sai geological data \$000	Teren-Sai Exploration and evaluation costs \$000	Other intangible assets \$000	Total \$000
Cost or valuation				
At 1 January 2022	8,801	9,825	–	18,626
Additions	–	240	–	240
Amortisation capitalised	–	541	–	541
Currency translation	(589)	(654)	–	(1,243)
At 31 December 2021	8,212	9,952	–	18,164
At 1 January 2023	8,212	9,952	–	18,164
Additions	–	7	759	766
Amortisation capitalised	–	546	–	546
Currency translation	146	179	61	386
At 31 December 2023	8,358	10,684	820	19,862
Amortisation				
At 1 January 2022	5,122	146	–	5,268
Amortisation charge	541	–	–	541
Currency translation	(343)	–	–	(343)
At 31 December 2022	5,320	146	–	5,466
At 1 January 2023	5,320	146	–	5,466
Amortisation charge	546	–	75	621
Currency translation	97	–	17	114
At 31 December 2023	5,963	146	92	6,201
Carrying amount				
At 31 December 2023	2,395	10,538	728	13,661
At 31 December 2022	2,892	9,806	–	12,698
At 1 January 2022	3,679	9,825	–	13,504

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 licence for exploration and evaluation on the site in May 2016 from the Kazakh authorities, the addendum to the licence was extended for a two year period in March 2024. Funds have been allocated in the 2024 budget to continue the planned exploration work based on the agreed work program with the Kazakh authorities.

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 is being made over the exploration licence term, the costs amortised are capitalised as part of the exploration asset in line with the Company's accounting policy.

The bank loan from Bank Center Credit is secured on the assets of the Group.

6 Property, plant and equipment

	Mining properties \$000	Freehold Land and buildings \$000	Equipment, fixtures and fittings \$000	Plant, machinery and buildings \$000	Assets under construction \$000	Total \$000
Cost or valuation						
At 1 January 2022	16,009	25,034	13,069	9,710	2,822	66,644
Additions	3,936	42	837	6	4,295	9,116
Disposals	–	–	(476)	(33)	–	(509)
Transfers	–	4,387	187	65	(4,639)	–
Transfer from inventories	–	–	–	–	(16)	(16)
Currency translation	(1,584)	(1,673)	(929)	(674)	(183)	(5,043)
At 31 December 2022	18,361	27,790	12,688	9,074	2,279	70,192
At 1 January 2023	18,361	27,790	12,688	9,074	2,279	70,192
Additions	4,971	349	7,312	10,708	15,818	39,158
Disposals	–	(6)	(592)	(17)	–	(615)
Transfers	–	5,586	–	–	(5,586)	–
Transfer from inventories	–	–	–	–	682	682
Currency translation	487	516	178	163	19	1,363
At 31 December 2023	23,819	34,235	19,586	19,928	13,212	110,780
Depreciation						
At 1 January 2022	3,350	13,319	9,105	5,520	–	31,294
Charge for year	800	2,128	893	770	–	4,591
Eliminated on disposal	–	–	(464)	(33)	–	(497)
Currency translation	(227)	(986)	(590)	(368)	–	(2,171)
Transfers	–	–	–	–	–	–
At 31 December 2022	3,923	14,461	8,944	5,889	–	33,217
At 1 January 2023	3,923	14,461	8,944	5,889	–	33,217
Charge for the year	1,452	2,474	1,250	1,739	–	6,915
Eliminated on disposal	–	(6)	(555)	(41)	–	(602)
Currency translation	125	280	152	100	–	657
Transfers	–	–	–	–	–	–
At 31 December 2023	5,500	17,209	9,791	7,687	–	40,187
Carrying amount						
At 31 December 2023	18,319	17,026	9,795	12,241	13,212	70,593
At 31 December 2022	14,438	13,329	3,744	3,185	2,279	36,975
At 1 January 2022	12,659	11,715	3,964	4,190	2,822	35,350

Capitalised cost of mining property are written off 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 depreciation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Group'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. The discount rate applied has been calculated using the factors and financing relevant to the Company and industry, and based at a level of 12-13%. Expansion and growth of the Company has been considered as a key factor, details of which are expanded upon in the Chief Executives Review.

The bank loan from Bank Center Credit is secured on the assets of the Group.

The additions to tangible assets in the year includes an amount of US\$553,000 in relation to capitalised interest.

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