THROUGH THE CYCLE SUSTAINABLY
CENTRAL ASIA METALS IS A DIVERSIFIED RESOURCES COMPANY THAT OPERATES LOW COST MINERAL ASSETS IN NORTH MACEDONIA AND KAZAKHSTAN

FINANCIAL HIGHLIGHTS

EBITDA margin
60%  
2018: 61%

Dividend full year
6.5p  
2018: 14.5p

Kounrad C1 copper cash cost
$0.52/lb  
2018: $0.54/lb

Sasa C1 zinc equivalent cash cost
$0.47/lb  
2018: $0.46/lb

OPERATIONAL HIGHLIGHTS

SASA, NORTH MACEDONIA
Zinc in concentrate production of 23,369 tonnes (2018: 22,532 tonnes)  
Lead in concentrate production of 29,201 tonnes (2018: 29,388 tonnes)

KOUNRAD, KAZAKHSTAN
Copper cathode production of 13,771 tonnes (2018: 14,049 tonnes)  
Copper sales of 13,600 tonnes (2018: 14,081 tonnes)

CORPORATE
Lost-time injury frequency rate (LTIFR) of 0.42 (2018: 3.76)  
Debt repayments of $38.4 million
Appointment of Dr. Gillian Davidson as an Independent Non-Executive Director and Chair of the Sustainability Committee in November 2019
Nick Clarke transitions to Non-Executive Chairman from 1 January 2020

For more info, visit us online: www.centralasiametals.com
UNLOCKING VALUE IN BASE METALS

Central Asia Metals (CAML) is a diversified mining company with two low-cost operations producing three base metals essential for modern living.

REVENUE BY GEOGRAPHY

- Kazakhstan: $81.7m
- North Macedonia: $99.1m

REVENUE BY METAL

- Copper: $81.7m
- Zinc: $40.2m
- Lead: $57.0m
- Silver: $1.9m

EMPLOYEES BY GEOGRAPHY

- North Macedonia: 67%
- Kazakhstan: 31%
- UK: 2%

KAZAKHSTAN

KOUNRAD OPERATION

COPPER

OVERVIEW

In 2012, CAML completed construction and began producing copper from the Kounrad in-situ dump leach and solvent extraction electro-winning (SX-EW) operation close to Balkhash in central Kazakhstan.

Two self-funded expansions followed, and the Company has now fully developed Kounrad, with copper production expected to continue until the end of the licence period in 2034. Since production commenced, 96,245 tonnes of copper have been produced at Kounrad, at costs that are amongst the lowest in the world.

Life of operation, to 2034
2019 copper sales 13,600t
2019 copper production 13,771t
Estimated remaining recoverable copper resources 160,000t

OVERVIEW

In 2012, CAML completed construction and began producing copper from the Kounrad in-situ dump leach and solvent extraction electro-winning (SX-EW) operation close to Balkhash in central Kazakhstan.

Two self-funded expansions followed, and the Company has now fully developed Kounrad, with copper production expected to continue until the end of the licence period in 2034. Since production commenced, 96,245 tonnes of copper have been produced at Kounrad, at costs that are amongst the lowest in the world.

Life of operation, to 2034
2019 copper sales 13,600t
2019 copper production 13,771t
Estimated remaining recoverable copper resources 160,000t

NORTH MACEDONIA

SASA MINE

ZINC
LEAD
SILVER

SASA

OVERVIEW

Sasa is a zinc, lead and silver mine in North Macedonia, approximately 150 kilometres from the capital city, Skopje. The operation is an underground mine and the processing plant uses froth flotation to produce a zinc concentrate and a lead concentrate containing silver. These products are then trucked to nearby smelters.

Life of mine 18 years
Probable Reserve (2020) 8.9mt
Zinc grade 3.1%
Lead grade 3.9%

1 Silver sold to Deeks Gold Royalties in accordance with its streaming agreement.

For operations in North Macedonia see page 20

For operations in Kazakhstan see page 26
ENSURING WE ARE SUSTAINABLE FOR ALL STAKEHOLDERS

2019 was another good year for CAML. While commodity markets were challenging with lower year-on-year metal prices prevailing, we have managed to maintain strong financial margins and generate significant profits and cash flow.

OPERATIONAL AND FINANCIAL EFFICIENCY

As we report our results, we are in the midst of the COVID-19 pandemic. The challenges and outlook for our health, our business and the global economy are changing daily. Our priority during this time is the welfare of our employees and contractors.

Strong 2019 production from our operations led to CAML EBITDA of $108.6 million and free cash flow of $69.8 million. This has, in turn, meant we continued to deleverage and we ended the year with gross debt of $108.8 million, some $36.1 million lower than 2018.

We have now been listed on the AIM market of the London Stock Exchange for almost ten years and have been producing copper at our Kounrad facility in Kazakhstan for eight years. In the first half of 2020 we expect to achieve the significant milestone of 100,000 tonnes of copper production from Kounrad. We are proud that this copper has been produced from what was waste material, and at costs that are amongst the lowest in the world.

We grew in 2017 by acquiring the Sasa zinc and lead mine in North Macedonia and we have successfully integrated this operation into our business. We have made significant advances since we bought the mine, having made many incremental improvements in optimising operations and making the recent decision in principle to change our mining method for the long term.

Indeed, we have since our listing generated gross revenue of $593.8 million and EBITDA of $520.2 million, and we have returned to shareholders in dividends $176.4 million or 97.7 pence. Despite this strong long-term performance, we are currently recommending no final dividend for 2019. While we have a robust balance sheet and low cost operations, the situation regarding COVID-19 and its potential impact on the global economy and our operations remains uncertain and is rapidly changing, so we believe that, currently preserving cash is the most prudent approach.

RECOGNISING ALL OUR STAKEHOLDERS

In addition to our supportive shareholders, we recognise that there are many other stakeholders in our business such as our employees, the communities which surround our operations, host governments and suppliers, to name a few.

We have contributed meaningfully to the economies of the countries in which we operate, employing over 1,000 people across Kazakhstan and North Macedonia, and providing real financial support and time to important social development programmes. I was particularly proud of the financial and practical support that we provided to the Kind Heart Centre for disabled children in Balkhash, Kazakhstan, as we purchased and refurbished a day care building for the charity.

SUSTAINABILITY

2019 has rightly been a year of increased focus on sustainability and environmental, social and governance (ESG) both in the investment community as a whole and in particular in the extractives industries. While we have had a site-based Sustainability Director since 2013, during the year we have revisited our approaches and policies to keep abreast of current developments.

In 2019, I took part in an ESG investor roadshow, where we approached some of our major shareholders to ask what they expect to see from us in terms of governance and sustainability, and their important feedback has informed some of the paths that we have taken.

We will soon be publishing our first standalone Sustainability Report, which is to cover the activities of 2019 and our general approach and strategy with regard to sustainability, as we recognise the growing interest in us providing increased granularity and numerical metrics in this regard.

Sustainability is a wide-ranging and crucial topic and we believe that this forthcoming report will provide our investors and other stakeholders with a greater understanding of our efforts and achievements in this important aspect of our business. We hope that it will be seen as a big and positive step in our sustainability journey and no doubt there will be areas for continued improvement going forwards.

BOARD CHANGES

I was delighted to announce the appointment of Dr Gillian Davidson to the CAML Board in November 2019. She is an experienced company director, whose sustainability knowledge has already been invaluable in guiding the Company forwards to continually improve in this important area.

While I remain Chairman of CAML, my role has now transitioned from an executive position to becoming Non-Executive Chairman and I have therefore taken a step back from the day to day running of the Company. This change is part of a long-term succession plan that was initially implemented when I moved from CEO to Executive Chairman four years ago. This enabled Nigel Robinson and Gavin Ferrar to grow into their current roles as CEO and CFO respectively and I am confident that they are very capable of managing our business. My efforts going forward will centre on governance and succession planning to ensure that we continue to plan for the long-term sustainable future of CAML.

ACKNOWLEDGEMENTS AND OUTLOOK

I would like to thank the Board of Directors, our senior management team and all of our employees for their dedication to our business during 2019. Your efforts do not go unnoticed and we very much appreciate your hard work.

Opening the Kind Heart Centre in Balkhash
AN OPEN AND TRANSPARENT BUSINESS

OUR PURPOSE
Our purpose is to produce base metals, which are essential for modern living, profitably in a safe and sustainable environment for all our stakeholders.

We promote low-cost, sustainable and ethical metal production to benefit our workforce, local communities, host governments and shareholders. We enrich communities close to our operations with employment opportunities and education, sports facilities, medical care and help for underprivileged members of society. Focus on environmental responsibilities remains key to our business strategy.

The metals we produce are essential for modern living and a technologically advancing future. They play a key role in transmitting power and transporting people in order to foster economic growth and development.

OUR CULTURE
Since inception of the company, our culture has been to operate in an open and transparent manner and develop a long-term and sustainable business. CAML as a business has been built around embracing technology and continues to operate with an enterprising spirit.

OUR VALUES
Our values inform the behaviour and standards expected of all our colleagues in the business regardless of location or role of that individual. Our employees are the essence of the company and their conduct affects our work ethic, the decisions we make and our performance.

We encourage our people to take ownership of their work, lead by example, and set achievable goals. Through this we facilitate improvement in our processes and practices enabling us to meet the targets we set ourselves.

Accountability for us means defining our responsibilities and fulfilling our commitments to our partners, employees and stakeholders. This means delivering on our objectives and goals efficiently in respect of time and cost.

HEALTH & SAFETY
The safety of our employees is a core value and we are passionate about protecting the health and wellbeing of our people. We work hard to monitor, assess and mitigate all the risks that could potentially cause harm to our employees. We strive to ensure that every individual within the company understands that safety is their responsibility.

SUSTAINABILITY
Taking responsibility for sustainable development is our core objective and its importance is considered in each decision that we make. We aim to positively affect our employees and local communities, while minimising any adverse impacts on the natural environment.

EFFICIENCY AND INNOVATION
We encourage our team to embrace change and commit to continuing to bring technology and innovation together to improve our operations. This approach helps us to use our resources wisely and efficiently in achieving long-term sustainable production.

RESPECT AND TRUST
We encourage open and constructive communications with team members and value collaborative working. We accomplish transparency through fair and open communication with all key stakeholders built on disclosure, clarity, and accuracy. We are open to recognising our faults and improving practices.
2019 OVERVIEW
Sasa produced 23,369 tonnes of zinc in concentrate and 29,201 tonnes of lead in concentrate at a $1 zinc equivalent cash cost of production of $0.47 per pound, which is comparable to prior years.

Our Kounrad operations continued to perform well, delivering copper cathode output of 13,771 tonnes, which exceeded production guidance. Kounrad’s 2019 $1 copper cash cost of production was $1.52 per pound, demonstrating once again that the operation is one of the lowest cost in the world.

Despite challenging 2019 commodity prices, due to continuing trade wars between the USA and China and an increase in zinc and lead mine supply, our robust operational performance resulted in gross revenue of $180.8 million and EBITDA of $108.6 million, and we maintained our strong margin of 60%.

We have continued to deleverage during 2019, having repaid a further $38.4 million of our debt, plus the remainder of the $12.0 million deferred consideration that was owed to the Sasa vendors. We ended 2019 in a net debt position of $80.2 million, with cash in the bank of $32.6 million (including restricted cash). We view this as a positive development given that CAML had debt of almost $200 million on acquiring Sasa in November 2017. The Group generated 2019 free cash flow of $69.8 million.

Our decision not to recommend a final 2019 dividend was a difficult one, but we firmly believe that preservation of cash is key given the current uncertainty and as yet unquantifiable impact of the COVID-19 pandemic. We intend to revisit this decision during 2020 as and when there is increased clarity on the impact of the virus. We have over 1,000 employees and are determined to look after their welfare as best as we can in the current environment.

SUSTAINABILITY
This strong economic and financial performance underpins our business and we place significant emphasis on ensuring that we are sustainable for all stakeholders. To demonstrate our credentials in this area, we will soon be publishing our first Sustainability Report, which will provide quantitative data to support material sustainability topic areas for us and other stakeholders.

We remain focused on safety and are pleased to report a significant improvement in performance in 2019, with a LTIR of 0.42, which represents a decrease of 86% from 2018 and compares well with wider industry standards. Whilst the number of lost-time injuries (LTI) reduced from eight in 2018 to only one in 2018, we are committed to achieving a zero-harm workplace.

During 2019, we spent $0.6 million at Sasa and Kounrad supporting the local communities. This is a vital aspect of what we do in the areas close to the operations and, as a result, we enjoy good relations with our neighbours and we believe we have brought some real positive change. We established the Kounrad Foundation for charitable donations in 2018 and, during 2019, we committed to establishing a similar Sasa foundation to formalise charitable donations that should be operational during 2020.

We have completed construction of our new tailings storage facility 4 (`TSF4`) in North Macedonia, which is of downstream construction and has been fully lined in accordance with industry best practice. Our facilities have been reviewed by external expert consultants and we have complied fully with all disclosure requirements in the 2019 Investor Mining & Tailings Safety Initiative, which is governed through a steering committee chaired by the Church of England Pensions Board.

KOUNRAD
During the year at Kounrad, leaching operations performed well, as did the SX-EW processing facilities which achieved availability of over 96%. We continued to transition the leaching operations from the Eastern Dumps to the Western Dumps and during 2019, 68% of the copper produced came from the west. This trend is expected to continue over the next three years by which time all production will come from the Western Dumps.

Capital expenditure remained very low at $1.6 million, comprising some replacement anodes and cathodes, plus increasing our footprint of leaching infrastructure and collector trenches around the Western Dumps.

MARKET PERFORMANCE
At the end of 2018, the CAML share price closed up 1.6% at £2.20 and the FTSE AIM All Share/ Basic Resources Index performed in a similar manner, gaining 1.8% during the year. The average prices received of the commodities that CAML produces were lower than those received in 2018. The CAML share price performance was likely also affected by investor concerns regarding liquidity.
CHIEF EXECUTIVE OFFICER’S STATEMENT CONTINUED

OUTLOOK
The outlook for 2020 is uncertain given the severity of the COVID-19 pandemic and our immediate priority is the welfare of our employees and contractors.

Currently, we reiterate our previously announced production guidance for Sasa, which has increased year-on-year to between 23,000 and 25,000 tonnes of zinc and between 30,000 and 32,000 tonnes of lead, generated from higher throughput levels of between 625,000 tonnes and 850,000 tonnes. Likewise, we maintain our Kounrad copper production guidance of 12,500 to 13,500 tonnes. We are facing some headwinds due to the current weak commodity prices exacerbated by COVID-19, coupled with increased 2020 global zinc and lead treatment charges.

We have to date encountered no disruption to either the production or sale of our copper or our zinc and lead concentrates, but we are very conscious that the situation could change swiftly in the coming weeks and months. We will continue to monitor the COVID-19 position daily in both countries of operation and respond to the threats accordingly to protect both our employees and our business interests.

Throughout this uncertainty, we will continue to maintain strong health and safety and environmental standards at both of our operations and we will strengthen our relationships with the local communities by also working closely with them on overcoming the difficulties posed by the COVID-19 pandemic.

NIGEL ROBINSON
CHIEF EXECUTIVE OFFICER
31 March 2020

Strategic goal Risks Measures in 2019

Safe and efficient operations

- Safely extracting maximum value from Kounrad and Sasa
- Operational
- Zinc production
  - 23,369t (2018: 22,253t)
- Lead production
  - 29,201t (2018: 29,388t)
- Copper production
  - 13,771t (2018: 14,459t)

Maintain low production costs

- Continued focus on maintaining CAML’s Group position firmly in the lowest quartile of the C1 copper equivalent cost curve
- Continued capital cost control at both operations
- Operational External
- Sasa C1 zinc equivalent cash cost
  - $0.47/lb (2018: $0.46/lb)
- Kounrad C1 copper cash cost
  - $0.52/lb (2018: $0.54/lb)
- Group EBITDA margin
  - 60% (2018: 61%)

Maintain high sustainability standards

- Putting the safety of our employees above profits
- Looking after our operating environment
- Enhancing the local communities
- Contributing to the development of the economies in which we operate
- Operational
- Total social contributions
  - $0.6m (2018: $0.6m)
- Group LTIFR
  - 0.42 (2018: 3.76)
- Total tax paid in-country
  - $35.1m (2018: $43.6m)

Increase shareholder value

- Reward shareholders with attractive dividends
- Deliver value to our balance sheet
- Continue to appraise business development opportunities
- Operational External
- Dividends paid
  - $32.2m (2018: $39.6m)
- Debt repayments
  - $38.4m (2018: $38.5m)
- Earnings per share
  - 29.36 cents (2018: 31.33 cents)

We aim to strike the right balance for our shareholders in terms of capital allocation. Reducing debt and continuing to pay the sector leading dividends, for which we have become known, is a priority, yet we remain mindful of the challenges of our scale and liquidity so keep a watchful eye on potential growth opportunities.

For principal risks and uncertainties see page 44-47
BUSINESS MODEL

HOW WE GENERATE VALUE FOR ALL OF OUR STAKEHOLDERS

OPERATING WITH EXCELLENCE

People, knowledge and experience

- We are proud of the experienced and capable teams that we have at Sasa and Kounrad and now employ over 1,000 people, with less than 10 expatriates combined at both of our sites.
- We provide wide-ranging training programmes for our operational teams and in some cases tertiary education for key talent.
- We have a strong Board with complementary skills and a London-based senior management team.
- We have a 14 year operational track record in Kazakhstan, with senior Board representation from Non-Executive Director Nurlan Zhakupov.

Sasa local workforce 99%
Kounrad local workforce 100%

Efficient extraction

- Mining ore
  Sasa is a conventional underground mine and ore is treated by froth flotation to produce separate zinc and lead concentrates.
  During Q4 2019, a third crusher was installed and is expected to allow for increased future annual plant throughput up to 850,000 tonnes.
  CAML plans to transition to cut and fill stoping at Sasa from the current sub-level caving method, which is expected to lead to improved reserve grades for both zinc and lead and increased metal production over the life of the mine.
  Sasa currently has reserves and resources to support an 18-year mine life.
  Sasa 2019 ore extraction 817,714t (2018: 807,018)

Low-cost operations

- Processing
  Capital and operational cost control at both operations.
  Sasa on-site 2019 costs of only $40.3 per tonne (2018: $38.8 per tonne).
  Kounrad has 160,000 tonnes of estimated remaining recoverable copper resources, which should ensure a life of operation to the end of the licence in 2034.
  Kounrad estimated remaining recoverable copper resources 160,000t

Delivering value for all of our stakeholders

We have an economically robust business that underpins our ability to generate profits and dividends for our shareholders and ensure that our successes are felt by our other important stakeholders.

Investors

Employees
- Sasa 698 (2018: 684)
- Kounrad 323 (2018: 340)

Dividend full year 2019 6.5p (2018: 4.5p)

Total number of CAML employees and contractors 1,230

Communities
- Sasa social contributions 2019 $0.3m (2018: $0.3m)
- Kounrad social contributions 2019 $0.3m (2018: $0.3m)

Governments
- Tax paid in North Macedonia since November 2017 acquisition $36.5m
- Tax paid in Kazakhstan since 2012 $143.0m

Suppliers
- Sasa % local procurement 1 59% (locally includes North Macedonia)
- Kounrad % local procurement 2 73% (locally includes Karaganda region)

SUSTAINABILITY UNDERPINS OUR BUSINESS MODEL

People, knowledge and experience

- We are proud of the experienced and capable teams that we have at Sasa and Kounrad and now employ over 1,000 people, with less than 10 expatriates combined at both of our sites.
- We provide wide-ranging training programmes for our operational teams and in some cases tertiary education for key talent.
- We have a strong Board with complementary skills and a London-based senior management team.
- We have a 14 year operational track record in Kazakhstan, with senior Board representation from Non-Executive Director Nurlan Zhakupov.

Sasa local workforce 99%
Kounrad local workforce 100%

Efficient extraction

- Mining ore
  Sasa is a conventional underground mine and ore is treated by froth flotation to produce separate zinc and lead concentrates.
  During Q4 2019, a third crusher was installed and is expected to allow for increased future annual plant throughput up to 850,000 tonnes.
  CAML plans to transition to cut and fill stoping at Sasa from the current sub-level caving method, which is expected to lead to improved reserve grades for both zinc and lead and increased metal production over the life of the mine.
  Sasa currently has reserves and resources to support an 18-year mine life.
  Sasa 2019 ore extraction 817,714t (2018: 807,018)

Low-cost operations

- Processing
  Capital and operational cost control at both operations.
  Sasa on-site 2019 costs of only $40.3 per tonne (2018: $38.8 per tonne).
  Kounrad has 160,000 tonnes of estimated remaining recoverable copper resources, which should ensure a life of operation to the end of the licence in 2034.
  Kounrad estimated remaining recoverable copper resources 160,000t

Delivering value for all of our stakeholders

We have an economically robust business that underpins our ability to generate profits and dividends for our shareholders and ensure that our successes are felt by our other important stakeholders.

Investors

Employees
- Sasa 698 (2018: 684)
- Kounrad 323 (2018: 340)

Dividend full year 2019 6.5p (2018: 4.5p)

Total number of CAML employees and contractors 1,230

Communities
- Sasa social contributions 2019 $0.3m (2018: $0.3m)
- Kounrad social contributions 2019 $0.3m (2018: $0.3m)

Governments
- Tax paid in North Macedonia since November 2017 acquisition $36.5m
- Tax paid in Kazakhstan since 2012 $143.0m

Suppliers
- Sasa % local procurement 1 59% (locally includes North Macedonia)
- Kounrad % local procurement 2 73% (locally includes Karaganda region)
PRODUCING THE METALS
ESSENTIAL FOR MODERN LIVING

Modern society is increasingly dependent on new technology and, as the world moves away from fossil fuels towards renewable energy, these two factors will bring increased demand for certain metals, such as copper. Copper is an essential component of electric motors, wiring and electronics and, as such, will be a major component of electric vehicles. Zinc is an essential metal in today’s society given its use in coating steel and preventing corrosion. In this manner it prolongs the life of metal products, reducing the need for replacement.

With sustainability now taking centre stage in the corporate world, it is important to recognise the mining industry for the positives that it brings to society. Nearly every mineral and metal in use in modern life is the product of some form of mining. Demand for metals is growing and, as world population increases and countries develop and as technology advances, the need for these commodities will continue to rise. Population growth and economic development, as reflected by rising GDP per capita, have historically been key drivers of global demand for commodities.

WHY CAN’T WE RELY 100% ON RECYCLING?

If we were to recycle all the readily available metals in the world today, we would only be able to generate a very small percentage of the metals needed by society. This is for three key reasons:

- Growing global population
- Metals remain in use for many years therefore are unavailable for recycling
- Low quality scrap recycling can do more harm than good for the environment

On average, over 30% of copper supply annually is from recycled sources and around 20% of zinc. The lead industry is already at the leading edge of metal recycling, with this ‘secondary lead’ providing a significant percentage of lead demand annually. Lead has one of the highest recycling rates of modern metals globally, and it is estimated that almost 75% of all lead used in the USA and Europe is produced through recycling processes.

ZINC

Usage

- Around 50% of global zinc is used for galvanising, whereby a protective coating of zinc is applied to steel or iron.
- Galvanising protects the steel or iron by preventing corrosive substances from reaching the metals and by corroding first. Steel and iron that are not adequately galvanised will rust and weaken over time, resulting in premature replacement.

- Long-term durability provided by galvanising is achieved at a relatively low environmental burden, with several studies demonstrating high economic and environmental costs associated with repeated maintenance and replacement of steel structures.

- One of the less well-known uses for zinc is in nutritional supplements. It is estimated that almost 0.5 million undernourished children are at risk of dying each year from zinc deficiencies. Taking zinc regularly can treat stomach upsets, improve immunity, blood sugar levels and the function of the eyes, heart and skin.

LEAD

Usage

- Lead is an essential ingredient in the lead-acid storage batteries used in motor vehicles and over 80% of global lead demand is for batteries. Lead batteries are also very efficient at storing energy generated by clean, green power sources such as wind and solar.

- Currently, a billion vehicles worldwide use a lead-acid battery to start their engines, with such transportation of people and goods fostering economic growth and development around the world.

- Hybrid and fully electric vehicles also require lead-acid batteries in conjunction with other battery technologies such as lithium-ion.

- Lead batteries are also critical for fuel-saving technologies such as start-stop technology and powering exhaust-free industrial vehicles such as fork-lift trucks.

- About 60% of all copper demand is for electrics such as wires, cables and connectors as it is an excellent conductor of electricity. Approximately 20% of copper is used in construction for applications such as plumbing and copper tubes.

COPPER

Usage

- Copper plays a key role in information and communications technologies. Going forward, the need for copper in the electric vehicle revolution is expected to generate significant new demand as the world strives to reduce carbon emissions and arrest global warming.

- Where an internal combustion car uses approximately 22 kilograms of copper, the average electric vehicle contains almost four times that amount. In addition, each charging station also uses around 0.7 kilogrammes of copper.

- Copper has unique properties known to kill many germs on contact so many hospitals are moving to use copper door handles and taps for their antibacterial properties. Such developments are important for our health with the rise of antibiotic resistant superbugs. The human body also needs traces of copper, as it plays an essential role in generating red blood cells, maintaining the immune system and helping the body to absorb iron.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

BRUNDTLAND REPORT, 1987

If it’s not grown, it’s mined.

Sources: CIM, ICSG, ILZSG, E.A, World Bank

15
MARKET OVERVIEW CONTINUED

During 2019, Kazakhstan and North Macedonia continued to be stable jurisdictions for the mining industry. US-China trade tensions continued to be the dominant factor restricting, higher global growth, which is a vital driver for base metals demand and prices.

NORTH MACEDONIA

Despite the name change to North Macedonia in February 2019, which was a longstanding dispute with Greece that blocked the country from joining the EU and NATO, the EU leaders in October 2019 were unable to grant North Macedonia a date to start EU membership negotiations. On 17 March 2020, North Macedonia became 30th member of NATO after the Spanish Senate ratified its accession.

According to the IMF, North Macedonia’s real GDP is expected to have grown by 3.2% in 2019 and inflation, which is largely driven by Euro area inflation and energy prices, was low.

Global mine output rose by 189,000 tonnes or 0.9% in 2019, due to the ramp-up of key zinc mines, according to the International Lead and Zinc Study Group (ILZSG). For 2020, the ILZSG forecasts global mine growth of 4.7% due to significant ramp-ups and mine restarts.

As a result of the growing availability of concentrate, treatment charges have risen significantly. Chinese smelters have increased production back up to 100% of capacity after environmental restrictions were eased, which has increased the availability of refined metal and capped the zinc price. ILZSG reported a 2019 global refined zinc deficit of 189,000 tonnes, a contrast to the 522,000 tonne shortfall seen in 2018. The ILZSG currently forecasts a 2020 lead supply/demand is expected to be impacted by weak demand for refined metal from automotive industry, although supply disruptions are expected to be higher than usual.

ZINC 1 JAN 2019 $2,467/t -7.9%
31 DEC 2019 $2,772/t
Commodity market $/t Average $2,509/t

During 2019, lead treatment charges trended higher due to an increase in the availability of global recycled supply in China and the ability of top submerged lance (TSL) smelters to substitute up to 50% of concentrate with secondary lead. The H2 2019 temporary closure of Nyrstar’s Port Pirie resulted in the availability of additional lead concentrate which supported the treatment charge increases.

Continued tightness in the global refined lead market coupled with the already low inventory levels is expected to lend support to the metal’s price during 2020.

LEAD 1 JAN 2019 $2,021/t -4.7%
31 DEC 2019 $1,927/t
Commodity market $/t Average $2,005/t

KAZAKHSTAN

Nursultan Nazarbayev’s resignation was arguably the most significant political development in Central Asia in recent memory. New president Kassym-Jomart Tokayev continued to implement the country’s strategic goals of making Kazakhstan an open society and one of the world’s most competitive nations.

According to the National Bank of Kazakhstan, Kazakhstan’s GDP is expected to have grown by 4.5% during 2019. Inflation was 5.4%.

The global economic downturn and the US-China trade wars led to an overall underperformance in global copper consumption growth during 2019, although the price improved in Q4 2019 due to perceived progress in the ‘phase one’ trade negotiations.

While the COVID-19 pandemic brings significant market uncertainty, the International Copper Study Group (ICSG) has forecast that refined copper usage in 2020-21 will increase year on year by 1.5%, owing in part to sustained economic growth in the United States. The ICSG calculated that the global refined copper market was in a deficit of 320,000 tonnes last year. Its forecast for 2020 remains a surplus of 260,000 tonnes, although that surplus is expected to fall to five million tonnes in 2021.

In 2020 lead supply/demand is expected to be impacted by weak demand for refined metal from automotive industry, although supply disruptions are expected to be higher than usual.

COPPER 1 JAN 2019 $5,965/t +35%
31 DEC 2019 $6,174/t
Commodity market $/t Average $6,023/t

As in prior years, the copper price will continue to be affected by material speculative positions.

FINANCIAL MARKETS AND CAML SHARE PRICE

Since the Company’s IPO in September 2010, CAML’s share price has significantly outperformed the FTSE AIM All Share/Basic Resources Index, primarily due to CAML’s strong operational performance, low production costs and typically high dividend yield.

During 2019, the CAML share price closed at £2.20, which represents a 4.4% increase (31 December 2018: £2.17). The FTSE AIM All Share/Basic Resources Index performed in a similar manner and gained 1.8% during 2019 (see second graph).

CAML’s commodity diversification meant that weaknesses in zinc and lead prices throughout the year were to some extent offset by the copper price, although the average prices received for the commodities that CAML produces were lower than those achieved in 2018.

The CAML share price performance was also likely affected by investor concerns regarding the liquidity of small cap stocks in general and the economic uncertainty caused by protracted Brexit negotiations and the associated volatile exchange rates for Sterling. In December 2019, both the economy and the CAML share price responded favourably to the UK General Election result.

The graphs below show CAML’s share price performance against the FTSE AIM All Share/Basic Resources Index.

CAML versus AIM Basic Resources (IPO – 2019)

CAML versus AIM Basic Resources (2019)
During the year, Sasa’s operational performance was strong and production of 23,369 tonnes of zinc and 29,201 tonnes of lead in concentrates was delivered, which was at the top end of guidance for both metals. At $0.47 per pound, Sasa’s C1 zinc equivalent cost of production has remained low by industry standards and, despite sector-wide headwinds for treatment charges, the mine’s site-based costs should remain competitive.

The Kounrad operation performed well and, in 2019, produced 13,771 tonnes of high-quality copper cathode, which was above the guidance range. The operation continued to transition leaching activities from the Eastern Dumps to the Western Dumps as planned and, during the year, 68% of production was generated from the Western Dumps. By 2023, it is expected that all copper will be leached from the Western Dumps. Kounrad’s 2019 cost of copper production at $0.52 per pound remains amongst the lowest in the world.

In my first full year as CAML’s COO, I am pleased that we have delivered production in line with guidance at Sasa and above target at Kounrad. Costs at both operations remained very low by industry standards and capital expenditure at the sites was also well controlled.
2019 has been another productive year at Sasa, with strong metal output and cost control. During the year, we identified areas for improvement on-site to optimise production, including installing and commissioning our new crusher, and we completed our Life of Mine study, making a decision in principle to transition to a cut and fill stopping method.

### Operational Review Continued

**2019 Zinc Recovery**

86.5%

**2019 Lead Recovery**

94.5%

### How We Produce Zinc and Lead

**Sasa North Macedonia**

**Operations Review**

#### 2019 has been another productive year at Sasa, with strong metal output and cost control. During the year, we identified areas for improvement on-site to optimise production, including installing and commissioning our new crusher, and we completed our Life of Mine study, making a decision in principle to transition to a cut and fill stopping method.

#### Production Statistics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore mined</td>
<td>817,714</td>
<td>803,101</td>
<td>792,068</td>
<td>792,068</td>
</tr>
<tr>
<td>Plant feed</td>
<td>820,491</td>
<td>804,769</td>
<td>793,332</td>
<td>793,332</td>
</tr>
<tr>
<td>Zinc grade %</td>
<td>3.29</td>
<td>3.31</td>
<td>3.18</td>
<td>3.18</td>
</tr>
<tr>
<td>Zinc recovery %</td>
<td>86.5</td>
<td>84.6</td>
<td>85.5</td>
<td>85.5</td>
</tr>
<tr>
<td>Lead grade %</td>
<td>3.77</td>
<td>3.90</td>
<td>3.98</td>
<td>3.98</td>
</tr>
<tr>
<td>Lead recovery %</td>
<td>94.5</td>
<td>93.6</td>
<td>94.6</td>
<td>94.6</td>
</tr>
<tr>
<td>Zinc concentrate t (dry)</td>
<td>47,104</td>
<td>46,128</td>
<td>43,676</td>
<td>43,676</td>
</tr>
<tr>
<td>- Grade %</td>
<td>49.6</td>
<td>48.9</td>
<td>49.4</td>
<td>49.4</td>
</tr>
<tr>
<td>- Contained zinc t</td>
<td>23,369</td>
<td>22,532</td>
<td>21,581</td>
<td>21,581</td>
</tr>
<tr>
<td>Lead concentrate t (dry)</td>
<td>40,366</td>
<td>40,317</td>
<td>40,757</td>
<td>40,757</td>
</tr>
<tr>
<td>- Grade %</td>
<td>72.3</td>
<td>72.9</td>
<td>73.3</td>
<td>73.3</td>
</tr>
<tr>
<td>- Contained lead t</td>
<td>29,201</td>
<td>28,388</td>
<td>29,881</td>
<td>29,881</td>
</tr>
</tbody>
</table>

* CAML acquired Sasa in November 2017

#### Mining

The 817,714 tonnes of ore that were mined in 2019 were extracted from between the XIVb and 830 metre levels, using the sub level caving mining method. The underground operations during the year performed well, consistently producing over 2,250 tonnes of ore per day, which is hoisted and trucked to surface for processing.

Development during the year totalled 3,182 metres in ore and 2,070 metres in waste. Of the development in waste, 601 metres were on the lower 750 metre level, which provides access for the drilling team to continue to explore the down-dip extensions of the Svinja Reka orebody.

During 2019, Sasa installed internet stations underground, allowing for increased monitoring of and communication with machines and well in 2020 introduce the use of telemetry in order to better monitor availability and utilisation.

In the Golema Reka shaft area during Q4 2019, major repairs to wear and tear caused by abrasion at the main bunker were successfully completed over a vertical distance of 40 metres.

### Zinc and Lead Production

In 2019, Sasa mined 817,714 tonnes of ore and processed 820,491 tonnes of ore. The average head grades for the year were 3.29% zinc and 3.77% lead, resulting in a combined grade of 7.06%. Metallurgical recoveries for zinc and lead averaged 86.5% and 94.5% respectively.

Sasa produces a zinc concentrate and a separate lead concentrate that contains silver. Total 2019 production was 47,104 tonnes of zinc concentrate at an average grade of 49.6% and 40,366 tonnes of lead concentrate at an average grade of 72.3%.

Sasa typically receives from smelters approximately 84% of the value of its zinc in concentrate and approximately 95% of the value of its lead in concentrate. Accordingly, total payable production for 2019 was 19,601 tonnes of zinc and 27,741 tonnes of lead. Given the multiple daily dispatches of concentrate, payable base metal in concentrate sales for the year are very similar at 19,697 tonnes of zinc and 27,875 tonnes of lead.

During 2019, Sasa sold 346,258 ounces of payable silver to Osisko Gold Royalties, in accordance with its streaming agreement.
A full audit of Sasa’s underground mobile fleet has been undertaken with regards to overall availability, utilisation, suitability and cost. The analysis indicated that the ageing underground fleet is becoming less cost effective to run. A decision was made during Q4 2019 to undergo a phased process of replacement of the current underground mobile equipment with a new optimised fleet. The initial component of this replacement process will include the purchase of six new units in 2020, and nine additional units will also be purchased in 2021, 2022 and 2023 (three per year).

**PROCESsing**

The Sasa processing facility has continued to perform well with availability of 94.7% (2018: 95.3%) enabling throughput of 920,491 tonnes (2018: 804,749 tonnes) of ore against guidance of between 800,000 tonnes and 920,000 tonnes.

The lead recovery for 2019 was slightly higher than that achieved in 2018 at 94.5%. This improvement is largely attributed to the Sasa processing team’s efforts to maintain optimum process conditions.

Zinc recoveries were a significant improvement on those of 2018, reaching on average 96.5%. The recovery improvement is attributed to the installation of the stirred media detritor (SMD) mill, the additional technical support from the newly commissioned metallurgical laboratory and some minor process improvements within the flotation plant.

The processing team continues to innovate in order to continuously improve Sasa’s metallurgical performance to enhance recoveries and concentrate quality. The new on-site metallurgical testing facility was commissioned in early 2019 and has already proven to be a valuable resource enabling the team to swiftly investigate opportunities to optimise the Sasa flowsheet. It is intended to further enhance the technical capability of the facility in 2020 to undertake additional process improvement studies.

Sasa’s crushing facilities have been significantly improved during the year, initially with the installation of a new, higher capacity, secondary cone crusher. The feeding arrangements to this robust secondary crusher will be re-engineered in H2 2020, enabling the crusher to be choke-fed thus improving product quality, liner wear life and energy consumption. In December 2019, a third stage of crushing was installed providing dual benefits of improving the facility’s mechanical reliability plus allowing a finer product size to be generated thus allowing the grinding circuit to reach a capacity of 850,000 tonnes per year.

In early 2020, Sasa’s metallurgical team began submitting to an external laboratory monthly samples collected from various processing plant streams for mineralogical microscope analysis. The insight obtained from this routine analysis together with support from the on-site laboratory will enable the team to work towards superior lead and zinc concentrate products going forward.

**2020 PRODUCTION GUIDANCE**

The 2020 production guidance for Sasa has been increased to a mining and processing rate of between 825,000 and 850,000 tonnes, resulting in metal output of between 23,000 and 25,000 tonnes of zinc and between 30,000 and 32,000 tonnes of lead in concentrate.

TSF4

Much of 2019 was spent lining the new storage facility, TSF4, in accordance with North Macedonian standards. In H2 2019, construction was completed, and the facility was successfully commissioned in trial mode, in accordance with North Macedonian laws. The facility has a capacity of six to seven years assuming current mining methods and potentially the end of the current life of the operation once Sasa transitions to cut and fill stoping.

**LIFE OF MINE REVIEW**

During 2019, the CAML operations team, supported by external consultants where appropriate, materially completed its Life of Mine review, the purpose of which was two-fold. Firstly, it was to identify areas for improvement that could be implemented on-site to optimise productivity, and many such initiatives have been actioned during the year.

The second part of the rationale for the Life of Mine study was to ascertain whether the operation should continue utilising the current sub-level caving mining methodology at the Svinja Reka sub-body, or whether a change to cut and fill stoping would be more appropriate. Cut and fill mining is a more selective form of ore extraction, whereby voids created by mining are typically filled using a paste comprised, in part, of tailings.

Regarding Sasa’s mining method, pre-feasibility studies have been undertaken and, on this basis, the CAML Board has decided in principle to transition to cut and fill stoping at Svinja Reka. There are several reasons for this:

- Cut and fill is generally regarded as a safer mining method than sub-level caving.
- Cut and fill is a more flexible mining method better suited to the geometry of the three veins which comprise the Svinja Reka orebody and is therefore expected to result in higher recovery and reduced dilution of ore. This should lead to higher zinc and lead reserve grades increased metal production over the life of the mine.
- It is currently estimated that over 40% of Sasa’s tailings production would be placed underground as this forms part of the paste fill of the mined voids.
- Underground storage of tailings is widely viewed as a more environmentally acceptable solution to traditional surface tailings dams.
- In Sasa’s case, this approach could also mean that the construction of future downstream tailings storage facilities is not required, thereby saving significant capital expenditure over the life of the mine, and avoiding potential land purchases. The construction of TSF4 was completed during 2019 with a capacity of six to seven years using the current sub-level mining method, and capital expenditure for TSF4 totalled $16 million (pre and post CAML ownership).

TSF4 would be generated thus allowing the grinding circuit to reach a capacity of 850,000 tonnes per year. The necessity to eventually replace the ageing underground fleet has led to the installation of a new, higher capacity secondary cone crusher.

The need for increased support pillars, resulting in lower recovery of ore, would be eliminated due to the use of backfill within voids in the cut and fill mining method.

CAML has always been assured that long-term production from the Golema Reka resource area would be undertaken using the cut and fill mining method. Therefore, construction of a paste plant, which would have been required in the future, has simply been accelerated.

CAML will now complete detailed engineering studies and update the mineral resource estimate and ore reserve for Svinja Reka. It is anticipated that this work will be completed during H2 2020.

While detailed capital and operating cost expectations have yet to be finalised, the capital expenditure required to construct a paste plant should be spread over two years from 2021 onwards and is expected to be more than offset by the savings in not constructing further downstream tailings facilities over the life of the mine. CAML does not expect to incur any material capital expenditure for this transition during 2020.

**EXPLORATION**

During 2019, CAML undertook diamond drilling at both Svinja Reka, the location of current Sasa mining operations, and Kozja Reka, which was mined between 1936 and 1989, and from where 3.2 million tonnes of ore at a combined zinc and lead grade of 10.5% was extracted. A total of 4,536 metres were drilled at Svinja Reka, with the aim of verifying previous exploration programmes and converting a portion of the inferred Mineral Resources into the indicated category.
During the year a total of 812,235 tonnes of material was removed from the Ore Reserve model, equating to 32,571 tonnes of zinc and 37,262 tonnes of lead. Following the completion of the Svinja Reka infill drilling programme between the 830 and 750 levels and interpretation of the results, a total of 609,545 tonnes of Inferred Resources were converted to Indicated Resources.

A total of 1,368 metres were drilled at Kozja Reka to explore the potential mineralisation below the 830 level. The drilling programme will continue in 2020, and, while mineralisation has been intersected, it is not expected that the findings of this initial programme will as yet form part of a Mineral Resource Estimate as additional work would be required.

There were no exploration activities at Golema Reka during 2019.

**SASA MINERAL RESOURCES AND ORE RESERVES**

An updated Mineral Resource Estimate (MRE) for Svinja Reka deposit was completed by Jordan Angelov, the Mine Technical Services Manager. Jordan Angelov is a Member of the Australian Institute of Geoscientists and has some twenty years’ experience in the exploration, definition and mining of precious and base metal Mineral Resources, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the type of activity which he is undertaking to qualify as a ‘Competent Person’ as defined by JORC and as required by the June 2009 Edition of the AIM Note for Mining & Oil & Gas Companies. He has reviewed, and consents to, the inclusion in the Annual Report of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.


<table>
<thead>
<tr>
<th>Classification</th>
<th>Deposit</th>
<th>Tonnage (mt)</th>
<th>Pb grade (%)</th>
<th>Pb metal (kt)</th>
<th>Zn grade (%)</th>
<th>Zn metal (kt)</th>
<th>Ag grade (g/t)</th>
<th>Ag metal (koz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated Mineral Resources</td>
<td>Svinja Reka</td>
<td>12.3</td>
<td>4.76</td>
<td>587</td>
<td>3.70</td>
<td>456</td>
<td>24</td>
<td>9,438</td>
</tr>
<tr>
<td></td>
<td>Golema Reka</td>
<td>1.3</td>
<td>3.80</td>
<td>48</td>
<td>1.40</td>
<td>29</td>
<td>12</td>
<td>529</td>
</tr>
<tr>
<td>Total Indicated</td>
<td></td>
<td>13.6</td>
<td>4.66</td>
<td>635</td>
<td>3.50</td>
<td>476</td>
<td>23</td>
<td>10,965</td>
</tr>
<tr>
<td>Inferred Mineral Resources</td>
<td>Svinja Reka</td>
<td>2.0</td>
<td>3.18</td>
<td>63</td>
<td>3.33</td>
<td>47</td>
<td>16</td>
<td>1,011</td>
</tr>
<tr>
<td></td>
<td>Golema Reka</td>
<td>6.3</td>
<td>3.50</td>
<td>217</td>
<td>1.40</td>
<td>86</td>
<td>12</td>
<td>2,444</td>
</tr>
<tr>
<td>Total Inferred</td>
<td></td>
<td>8.3</td>
<td>3.38</td>
<td>280</td>
<td>1.60</td>
<td>133</td>
<td>13</td>
<td>3,455</td>
</tr>
<tr>
<td>Total Indicated and Inferred Resources</td>
<td></td>
<td>21.9</td>
<td>4.17</td>
<td>915</td>
<td>2.80</td>
<td>609</td>
<td>19</td>
<td>13,471</td>
</tr>
</tbody>
</table>

Notes:
- All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, Sasa does not consider them to be material.
- The Concession is wholly owned by and exploration is operated by Rudnik d.o.o.el, a wholly-owned subsidiary of CAM.
- The Competent Person for the calculation of Mineral Resources and Ore Reserves for the project is Msc. Scott Yelland – c.e ng, FIMMM, who is a full-time employee and Chief Operating Officer of Central Asia Metals. He has a mining engineering background and over 26 years’ experience in the mining and metals industry, including operational experience in underground zinc and lead mines, and as such qualifies as a ‘Competent Person’ as defined in the JORC Code (2012).

**Sasa Ore Reserves prepared in accordance with JORC Code (2012 edition)**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Deposit</th>
<th>Tonnage (mt)</th>
<th>Pb grade (%)</th>
<th>Pb metal (kt)</th>
<th>Zn grade (%)</th>
<th>Zn metal (kt)</th>
<th>Ag grade (g/t)</th>
<th>Ag metal (koz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probable</td>
<td>Svinja Reka</td>
<td>9.9</td>
<td>3.91</td>
<td>348</td>
<td>3.08</td>
<td>274</td>
<td>20.1</td>
<td>5,733</td>
</tr>
<tr>
<td>Total Ore Reserves</td>
<td>Svinja Reka</td>
<td>9.9</td>
<td>3.91</td>
<td>348</td>
<td>3.08</td>
<td>274</td>
<td>20.1</td>
<td>5,733</td>
</tr>
</tbody>
</table>

Notes:
- All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, Sasa does not consider them to be material.
- The Concession is wholly owned by and exploration is operated by Rudnik d.o.o.el, a wholly-owned subsidiary of CAM.
- The Competent Person for the calculation of Mineral Resources and Ore Reserves for the project is Msc. Scott Yelland – c.e ng, FIMMM, who is a full-time employee and Chief Operating Officer of Central Asia Metals. He has a mining engineering background and over 26 years’ experience in the mining and metals industry, including operational experience in underground zinc and lead mines, and as such qualifies as a ‘Competent Person’ as defined in the JORC Code (2012).
The Kounrad team were proud to exceed targets in terms of copper production for 2019. Leaching activities have been performing well in the Western Dumps, from where we expect to produce 75% of our 2020 copper.

KOUNRAD KAZAKHSTAN

2019 CATHODE PRODUCTION

During the year, the SX-EW plant produced 13,771 tonnes of copper cathode, a slight reduction from the previous year of 14,049 tonnes. Total Kounrad copper production since operations commenced in April 2012 is now 96,245 tonnes, averaging over 1,040 tonnes per month since start-up.

During 2019, copper was leached from the Eastern and Western Dumps, with both areas performing in line with forecasts. This combined approach will continue into 2020, with approximately 75% of copper production expected to be leached from the Western Dumps. From the end of 2020 onwards, the contribution from the Eastern Dumps will decline to less than 20% of total output. It should also be noted that production of copper from the Eastern Dumps during the winter period will cease as of March 2020, with future winter production being generated solely from the Western Dumps.

LEACHING OPERATIONS

Both the Eastern and Western Dumps were simultaneously leached during 2019. As well as leaching copper from the few remaining un-leached cells in the Eastern Dumps, the team also focused on irrigating previously leached blocks in order to maximise the recovery of copper. This technique was implemented on various blocks that had been allowed to rest for periods of, in some cases, almost two years. During this rest period, bacterial and chemical activity continued to solubilise copper mineralisation and this approach worked extremely well, resulting in total 2019 output from the Eastern Dumps of 4,449 tonnes. This takes the total quantity of copper recovered from this area since operations commenced to 72,376 tonnes or c.90% of that initially forecast at the time of the IPO. The average area under irrigation at the Eastern Dumps during the year was 27 hectares.
With the planned switch to almost all leaching being conducted at the Western Dumps by 2024, engineering studies are underway to implement a split irrigation and solution collection system to allow the operation an Intermediate Leach System (ILS), which should result in an increase in the copper grade of the PLS. The main purpose of this is to optimise the grade of PLS entering the SX facility at the maximum solution flow rate. It is likely this circuit will be constructed during 2021/2022 and be operational from 2023 onwards.

Application rates of solution to the dumps were maintained at approximately 2.4 litres per square metre per hour ('l/m²/hr') throughout the year. Direct field experience and recent detailed analysis of data has shown that maintaining this rate below 3l/m²/hr is a key parameter for optimum leaching operations.

CAML's external metallurgical consultant, PCMETS, continued with its valuable technical oversight of the operation, making two visits to Kounrad during the year. With two and a half years of direct field data for analysis, it has been possible to confirm that leaching of the Western Dumps is materially in line with our original data for analysis, it has been possible to confirm that leaching of the Western Dumps is materially in line with our original expectations, developed through the column and mini-plant tests undertaken in 2013/2014. However, during this latter phase of the leaching cycle, PLS grades would be lower and this is why the adoption of the ILS is being planned. Additionally, as the Western Dumps contain a higher proportion of sulphide and mixed copper species the use of 'rest' periods, as successfully proven at the Eastern Dumps, would be lower and this is why the Undertaken in 2013/2014. However, during this latter phase of the leaching cycle, PLS grades would be lower and this is why the adoption of the ILS is being planned.

Leach solutions flowing out from the Western Dumps contain significantly higher levels of soluble iron compared to the Eastern Dumps (~21 grammes per litre (gpl) versus ~15 gpl). This is related to the higher sulphide content of the material in the Western Dumps and is a positive indicator of strong bacterial and chemical leaching reactions within the dumps that assist the recovery of copper from non-oxidised copper mineral species. This also means that, as forecast, no additional acid needs to be added to the raffinate solution applied at the Western Dumps (although there is a possibility that this may change with the adoption of the ILS circuit).

Whilst there were no major capital programmes at Kounrad during 2019, there has been and will continue to be an ongoing programme of relatively minor works at the Western Dumps. During the year capital was expended on maintaining and extending the irrigation pipe network, an 850 metre extension of the interceptor trench around the edge of Dumps 21 and preparing the topography of dump areas for future irrigation. In addition, modifications to the E-W-E main transfer pipelines were completed, through the replacement of 2,420 metres of 350mm diameter line with 450mm diameter pipe, which resulted in a 17% improvement to solution flow rates. A study is now underway examining the costs of implementing the ILS circuit in 2021/2022, with the total cost expected to be less than $2.0 million.

SX-EW PLANT
The SX-EW plant continued to operate efficiently during 2019 and the overall operational availability throughout the year improved slightly to 99.6% from 99.5% last year.

With the average Western Dumps copper grade of around 0.1%, the average PLS grade for the year was 2.16 gpl, almost the same as 2018. The volume of PLS treated through the SX circuit averaged 985m³/h, again comparable to that of 992 m³/h achieved in 2018.

While the increased levels of iron in the Western Dumps generally has a positive impact on leaching as previously mentioned, the impact of this increased iron typically causes a reduction in the current efficiency of the plating process. This has resulted in a year-on-year increase in power consumed per tonne of copper plated of around 7%. With two EW sections operating, this higher level of iron has no detrimental impact in achieving planned production targets.

The main focus for the operations team has been on continued efficient plant operations and the tight control of all operating costs.

COPPER SALES
Throughout the year, the quality of CAML’s copper cathode product has once again been maintained at high levels both chemically and visually and there have been no negative quality claims. Throughout the year regular in-house and independent metallurgical analyses have consistently been reported at around 99.998% copper purity. The Company continues to sell the majority of its copper production through its off-take arrangements with Traxys, the terms of which are fixed until October 2022.

2020 PRODUCTION GUIDANCE
The 2020 guidance for Kounrad’s copper cathode production remains the same as 2019 at 12,500t to 13,500t, which reflects the transition to producing more copper from the Western Dumps.
SUSTAINABILITY

OVERVIEW
In addition to the overview of sustainability-related activities provided below, we are soon to publish our first standalone Sustainability Report for 2019 (available on our website at: www.centralasiametals.com). We see this as an important step in the Company’s development and are pleased to be able to increase our level of disclosure on sustainability efforts, challenges and achievements.

CAML has robust sustainability risk management systems in place and a strong framework to promote the ethical behaviour and strong corporate governance that are crucial for the effective running of our operations and the sustainability of our business.

Sustainability, which is fully integrated into our day-to-day operations, is an essential element of our strategy and is led from the top, by our Board. CAML has a Sustainability Committee, chaired by Non-Executive Director Dr Gillian Davidson, and further details of its composition and activities can be found on page 70.

We operate in full compliance in all material aspects with the laws and regulations of our host countries and are working towards compliance with best-practice international standards wherever possible. We adhere to IFC Performance Standards at both operations, are ISO 14001 and OHSAS18001 certified at Sasa and look to comply with ISO at Kounrad.

We have a number of policies in place which apply to all employees as well as consultants, agents, suppliers and representatives; these include the Code of Conduct, Anti-Bribery and Whistleblowing Policies and are available on the CAML website at: www.centralasiametals.com.

MAINTAINING HEALTH, SAFETY AND WELLBEING
We aim to provide a safe and healthy working environment for our people and determinedly work towards the goal of zero harm in the workplace.

We have fully integrated health and safety management systems at both sites and use employee feedback for continual improvement and development of working conditions. Safety has been a specific focus in 2019 and the Company has successfully implemented a number of initiatives which have led to a 88% reduction in lost-time injuries in 2019.

We believe that a healthy workforce is paramount in achieving high levels of productivity and have various programmes to promote wellbeing and monitor the health of our employees. Wherever possible, we look to eliminate occupational health risks brought about by our operations and commit to minimising and mitigating issues through the provision of the most appropriate PPE and healthcare.

All employees undergo annual medicals, specifically oriented to their occupation and undertaken by external medical specialists.

FOCUSING ON OUR PEOPLE
We recognise that a motivated, dedicated and skilled workforce is key to our success. We work hard to promote our Company culture and provide a positive, stimulating and productive workplace where the development of employees is encouraged, all people are treated fairly, human rights are upheld, the cultural values and customs of our employees and local stakeholders are respected and equal opportunities are supported.

Training is integral to the ongoing development of our employees. We recognise the importance of diversity, specifically when considering the breadth of thought, approach and opinion that can be fostered by a diverse group. We encourage meaningful workforce engagement and prioritise local recruitment at our operations, with 99% of Sasa employees being from the local municipality and 100% at Kounrad.

CARING FOR THE ENVIRONMENT
We take our environmental responsibilities seriously and have comprehensive environmental management systems. Central to CAML’s environmental work is the monitoring, measurement, analysis and evaluation of water, air quality, soils, biodiversity, hazardous material handling, waste generation and recycling, greenhouse gas (GHG) emissions and energy efficiency.

We recognise that GHG emissions are a major contributor to climate change and place strong focus on their control. Energy efficiency audits have been undertaken at both operations and consideration is being given to determine how further energy-saving measures can be identified.

SAFETY (LTIFR)

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.76</td>
</tr>
<tr>
<td>2019</td>
<td>0.42</td>
</tr>
</tbody>
</table>

SIGNIFICANT SPILLS AT EITHER OPERATION

2019 CAML CARBON EMISSION INTENSITY
3.46 tCO₂-e per tonne of copper equivalent production. 2018: 3.19

RECYCLED WATER USED AT SASA PROCESSING PLANT (% OF TOTAL WATER)

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled Water Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>47%</td>
</tr>
<tr>
<td>2019</td>
<td>0%</td>
</tr>
</tbody>
</table>

2019 TAXES PAID IN KAZAKHSTAN AND NORTH MACEDONIA

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax Paid (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>$35.1m</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>$44.1m</td>
</tr>
</tbody>
</table>

FOCUSING ON OUR PEOPLE
We recognise that a motivated, dedicated and skilled workforce is key to our success. We work hard to promote our Company culture and provide a positive, stimulating and productive workplace where the development of employees is encouraged, all people are treated fairly, human rights are upheld, the cultural values and customs of our employees and local stakeholders are respected and equal opportunities are supported.

Training is integral to the ongoing development of our employees. We recognise the importance of diversity, specifically when considering the breadth of thought, approach and opinion that can be fostered by a diverse group. We encourage meaningful workforce engagement and prioritise local recruitment at our operations, with 99% of Sasa employees being from the local municipality and 100% at Kounrad.

CARING FOR THE ENVIRONMENT
We take our environmental responsibilities seriously and have comprehensive environmental management systems. Central to CAML’s environmental work is the monitoring, measurement, analysis and evaluation of water, air quality, soils, biodiversity, hazardous material handling, waste generation and recycling, greenhouse gas (GHG) emissions and energy efficiency.

We recognise that GHG emissions are a major contributor to climate change and place strong focus on their control. Energy efficiency audits have been undertaken at both operations and consideration is being given to determine how further energy-saving measures can be identified.

We are committed to the responsible and efficient use of water and recently introduced a strategy to significantly increase the percentage of contract and recycled waters used in the flotation plant at Sasa.

We prioritise responsible tailings management at Sasa and have published complete disclosure in accordance with the Church of England Pensions Board request (see: https://www.centralasiametals.com/sustainability/tailings/).

UNLOCKING VALUE FOR OUR COMMUNITIES
Our licence to operate is largely dependent on the continued support of our local communities and host countries. We look to develop and maintain constructive, professional relationships with all our stakeholders and are committed to making a positive contribution and creating shared value.

CAML aims to integrate with and provide real benefits to local communities and host countries through the provision of employment, the payment of taxes and supporting social and economic development in the surrounding areas, both through social investment and local procurement. $0.6 million was spent on social projects in 2019 and each operation contributes 0.25% of its revenue on an annual basis.

We have an economically robust business that underpins our ability to generate profits and dividends for our shareholders and ensures that our successes are also felt by our other important stakeholders. CAML is proud of the value that it brings to the host countries of operation and works hard to be a good corporate citizen.

Promoting local economic development is an important way of providing benefits to society and we aim to support local businesses where possible. This is reflected in our preferential procurement practices which resulted in 50% of goods at Sasa being acquired on a national level and 11% on a local level, and 73% of all procurement at Kounrad from local suppliers.

Our primary strategic objective is to ensure that sustainability is integrated and embedded in every aspect of our business. Our goal is to create long-term value for all our stakeholders and therefore we take our responsibility for ensuring sustainable operations at CAML very seriously.

DELIVERING VALUE THROUGH RESPONSIBLE STEWARDSHIP

Our primary strategic objective is to ensure that sustainability is integrated and embedded in every aspect of our business. Our goal is to create long-term value for all our stakeholders and therefore we take our responsibility for ensuring sustainable operations at CAML very seriously.
SUSTAINABILITY CONTINUED

OUR SUSTAINABILITY FRAMEWORK - MATERIAL TOPICS

Driving benefits to all our stakeholders through our strategy.

Sustainability is an important part of the business, and we seek to create value for all of our stakeholders. Having a high standard of sustainability also enhances our reputation and our ability to do business in North Macedonia and Kazakhstan. This approach is supported by our Board and also helps us to attract and retain talented employees.

In 2019, we conducted a desk-based materiality assessment to identify the issues which are most important to our business. The strategic framework shown here is the outcome of our assessment, and is used to drive our sustainability strategy and priorities moving forward.

DELIVERING VALUE THROUGH STEWARDSHIP

We adhere to the highest standards of corporate and sustainability governance. We also recognise that through business success, we are able to generate and distribute economic value.

MAINTAINING HEALTH, SAFETY AND WELLBEING

The health, safety and wellbeing of our employees is of the upmost priority. We adhere to the highest standards and ensure that safety measures are taken to mitigate risk.

FOCUSING ON OUR PEOPLE

We are aware of the importance of our operations on our people’s lives and we are committed to making a positive impact on these individuals.

CARING FOR THE ENVIRONMENT

We are committed to preventing, mitigating and controlling the impacts of our activities on the environment. We recognise that as a business, we have a responsibility to the health of the environment.

UNLOCKING VALUE FOR OUR COMMUNITIES

Our focus on customers and communities aims to provide the highest product quality and drive social value in the communities we operate in.

MATERIAL TOPICS

- Corporate governance and business ethics
- Sustainability management
- Safety
- Occupational health and wellbeing
- Employee retention and development
- Diversity and inclusion
- Energy usage and climate change
- Air quality and pollution
- Water usage
- Waste management
- Rehabilitation and biodiversity
- Community engagement and development
- Social investment
- Economic value added
- Supply chain
The Board of Directors has always been mindful of the duties of directors under s172 of the Companies Act 2006.

All Directors act in a way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members. In doing so, they each have regard to a range of matters when making decisions for the long-term success of the Company. Key decisions and matters that are of strategic importance to the Company are appropriately influenced by the matters set out in s172.

We promote low cost, sustainable and ethical metal production to benefit our employees, investors, communities and governments. Through continually engaging formally and informally with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition. As part of the Board’s decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company’s operations on the community and environment, responsible business practices and the likely consequences of decisions in the long-term. Examples of this include the long-term planning for the operation of the Group’s key assets in Kazakhstan and North Macedonia to ensure that this continues to take account of the interests and views of our stakeholder groups. By careful consideration of these factors, we find that the interests of stakeholders can converge in a direction that we believe to be in the overall interests of the Group as a whole. Examples also include remuneration in the Group which takes account of the views of employees and their representatives and, at a senior level, the views of investors such as in the re-design of the Company’s long-term incentive plan. Each of these matters is important over the long term and help shape the success of the Group in achieving its long-term strategic aims in the interests of all stakeholders.

Illustrations of how s172 factors have been applied by the Board can be found throughout the Strategic Report. The table to the right sets out our key stakeholder groups and how we engaged with them during the year.
OVERVIEW

The Group generated 2019 EBITDA of $108.6 million (2018: $125.3 million), representing a decrease of 13% from the prior year notwithstanding a period of weak commodity prices. The EBITDA margin however remained broadly stable at 60% (2018: 61%), which reflects the Group’s ability to maintain low costs across the operations as well as a reduction in corporate administrative expenses.

EPS from continuing operations was 29.36 cents (2018: 31.33 cents), only 6% lower than the previous year, reflecting well controlled operational and corporate costs.

The Group generated $61.8 million (2018: adjusted: $73.9 million) of free cash flow. During 2019, debt repayments were $39.4 million (2018: $38.5 million), ending the year with net debt of $80.2 million (2018: $103.5 million).

Sasa’s 2019 EBITDA was $59.0 million (2018: $71.2 million), with a margin of 60% (2018: 64%). Zinc and lead prices declined during 2019, although continued cost control has ensured that this mine continues to operate at approximately the 25th percentile of global producers on a C1 zinc equivalent cash cost basis.

Kounrad’s 2019 EBITDA was $61.7 million (2018: $66.5 million), with a margin of 76% (2018: 72%). EBITDA margin increased despite the decline in copper price, due to effective cost control and a reduction of the local currency during the year. This enabled the project to continue producing copper at costs well within the lowest industry quartile.

GOING CONCERN

The Group meets its day to day working capital requirements through its profitable and cash generative operations at Kounrad and Sasa. The Group manages liquidity risk by maintaining adequate committed borrowing facilities and the Group has substantial cash balances as at 31 December 2019. The price of copper, zinc and lead have been impacted in 2020 by concerns over the outbreak of COVID-19 pandemic and this will impact on Group revenue for the year ended 31 December 2020. Whilst there has been little impact of COVID-19 to the Group’s operations at present, swing to the volatility of the commodity price environment, uncertainty regarding the future impact on operations and the uncertainty surrounding implementation of government policies to manage the outbreak it is difficult to determine and quantify the financial impact there may be on the business going forward. The CAML Board has considered and debated a range of substantial possible scenarios.

The Company has returned $176.4m to shareholders since the 2010 IPO listing.

GAVIN FERRAR, CHIEF FINANCIAL OFFICER

2019 EBITDA MARGIN

60% 2018: 61%

2019 EPS

29.36c 2018: 31.33c

2019 FREE CASH FLOW

$69.8m 2018: $73.6m (adjusted)

CAML has reported another strong set of financial results, which demonstrate consistent operational performance and effective cost control. The Group generated an EBITDA margin of 60%, which is broadly consistent with the prior year notwithstanding a period of weak commodity prices. The Company has continued to deleverage, having repaid debt of $39.4 million during the year.

FINANCIAL REVIEW

on the Group’s operations, financial position and forecasts covering a period of at least the next 12 months considering potential impacts associated with a) operational disruption that may be caused by restrictions applied by governments, illness amongst the workforce and disruption to supply chain and offtake arrangements; b) market volatility in respect of commodity prices; c) availability of existing credit facilities.

Further information on these forecasts is included in note 2 of the financial statements.

After review of these forecasts the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements. However, at the date of approval of these financial statements, the potential future impact of COVID-19 indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

INCOME STATEMENT

Profit before tax for the year was $67.8 million (2018: $72.7 million), a decrease of 7%. This was primarily as a result of decreased revenue due to falling commodity prices as low costs of production were maintained.

Revenue

The Group produced 2019 gross revenue of $180.8 million (2018: $204.2 million), which is reported after deduction of treatment charges but before deductions of offtaker’s fees, penalties, assay adjustments and silver purchases from the silver stream. Gross revenue under IFRS post these deductions was $171.7 million (2018: $194.4 million).

Kounrad

Kounrad’s annual production declined due to an 8% decrease in the average copper price received, which was $6,051 per tonne in 2019 (2018: $6,038 per tonne), coupled with lower copper production and sales. This generated gross revenue of Kounrad of $81.7 million (2018: $92.6 million). During 2019 the off-take’s fee for Kounrad was $2.4 million (2018: $2.5 million).

Sasa

Sasa’s cost of sales for the year was lower than the previous year at $52.9 million (2018: $53.3 million). These costs reflect a lower depreciation and amortisation charge as explained above of $25.1 million (2018: $27.7 million), and lower concession fees amounting to $2.6 million (2018: $2.8 million). This tax is calculated at the rate of 2% on the value of metal recovered during the year.

Kounrad

Kounrad cost of sales for the year was $20.3 million (2018: $22.1 million). The decrease compared with 2018 was partly due to a reduction in mineral extraction tax paid (MET). MET is charged by the Kazakhstani authorities at the
**FINANCIAL REVIEW CONTINUED**

**31 DEC 2019 NET DEBT**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$80.2m</td>
<td>$38.4m</td>
</tr>
</tbody>
</table>

**DEBT REPAID**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$110.3m</td>
<td>$39.5m</td>
</tr>
</tbody>
</table>

**31 DEC 2019 CASH**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$32.6m</td>
<td>$39.0m</td>
</tr>
</tbody>
</table>

---

**Central Asia Metals plc**

**Strategic Report**

**Financial Statements**

**Governance**

---

**ADMINISTRATIVE EXPENSES**

During the year, administrative expenses were lower at $19.3 million (2018: $24.0 million), largely due to a reduced share-based payment charge of $1.1 million (2018: $4.9 million). Options granted in 2019 had a change in the vesting date and vesting performance conditions compared to previous year grants, plus there was a one-off issue awarded upon the successful acquisition of Sasa, which vested on issue amounting to $1.9 million in the previous year.

**FINANCE COSTS**

The Group incurred lower finance costs of $12.2 million (2018: $15.0 million) given the reducing debt balance.

**DISCONTINUED OPERATIONS**

The Group continues to report the results of the Shuak and Copper Bay entities within discontinued operations. These assets were fully written off in prior years. In February 2020, the Group reduced its effective interest in Ken Shuak LLP from 85% to 10%. The Group will not be required to contribute towards future costs of the project.

**BALANCE SHEET**

During the year, there were additions to property, plant and equipment of $12.1 million (2018: $15.0 million). The additions include $1.9 million at Kounrad, primarily sustaining capital expenditure (2018: $1.4 million), $7.5 million at Sasa sustaining capital expenditure (2018: $6.8 million), and costs associated with the construction of TsF4 amounting to $1.9 million (2018: $6.6 million). TsF4 was completed during 2019 with a capacity of six to seven years. Capital expenditure for TsF4 totalled $16.0 million (pre and post CAML ownership). The costs of TsF4 will be transferred out of asset under construction during 2020 following receipt of the final operating permits.

Due to a change in accounting policy following the adoption of IFRS 16 Leases, a further $3.0 million has been capitalised in respect of finance leases, which primarily relate to the leasing of office space in London.

A full audit of Sasa’s underground mobile fleet was undertaken and a decision was made during Q4 2019 to undergo a phased process of replacing the current underground mobile plant with a new optimised fleet. The initial component of this replacement process will include the purchase of six new units in 2020, and three additional units will also be purchased each year in 2021, 2022 and 2023.

As at 31 December 2019, current trade and other receivables were $6.5 million (31 December 2018: $10.1 million) and non-current trade and other receivables were $3.4 million (31 December 2018: $2.1 million). Current trade and other receivables as at 31 December 2019, include trade receivables from the off-take sales of $1.5 million (2018: $3.7 million) and $2.2 million in relation to prepayments (2018: $1.5 million). As at 31 December 2019, a total of $3.1 million (2018: $2.8 million) of VAT receivable was still owed to the Group by the Kazakhstani authorities. Recovery is still expected through the local sales of cathode to offset these liabilities and a decision has been taken not to write off this balance.

---

**CASH FLOW**

<table>
<thead>
<tr>
<th>($m)</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.0</td>
<td>160.1</td>
</tr>
<tr>
<td>(14.0)</td>
<td>(31.0)</td>
</tr>
<tr>
<td>(32.2)</td>
<td>(24.4)</td>
</tr>
<tr>
<td>(3.5)</td>
<td>0.8</td>
</tr>
<tr>
<td>32.6</td>
<td>39.0</td>
</tr>
</tbody>
</table>

---

**Table:**

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1 cash cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sasa zinc equivalent C1 cash cost</td>
<td>$1b</td>
<td>$1b</td>
</tr>
<tr>
<td>Sasa MoM unit cost, $/t</td>
<td>0.47</td>
<td>0.46</td>
</tr>
<tr>
<td>Kounrad copper C1 cash cost, $/t</td>
<td>0.52</td>
<td>0.54</td>
</tr>
<tr>
<td>Cu equivalent production, t</td>
<td>31,233</td>
<td>31,465</td>
</tr>
<tr>
<td>Cu equivalent C1 costs, $/t</td>
<td>0.94</td>
<td>0.81</td>
</tr>
<tr>
<td>Fully inclusive, $/t</td>
<td>1.50</td>
<td>1.64</td>
</tr>
</tbody>
</table>

**Sasa**

Sasa’s C1 cash cost of zinc equivalent production for 2019 was $0.47 per pound (2018: $0.46 per pound) which is at the lower end of the second quartile of the zinc industry cost curve. This broadly similar C1 cash cost figure reflects higher treatment charges during the year compared to 2018 against higher zinc production compared to 2018. Certain production related costs have increased compared to 2018, such as an increase in payroll costs due to an agreed average 5% pay-rise for employees. This is reflected in on-site costs that amount to $40.3 per tonne of ore mined (2018: $38.8 per tonne). The 2018 on-site costs have been updated to include Sasa related costs incurred by other Group entities.

**Kounrad**

Kounrad’s 2019 C1 cash cost of production remains firmly in the lowest quartile of the industry cost curve for copper production at $0.52 per pound (2018: $0.54 per pound). The decrease in C1 cash cost is largely due to tight cost control and as a result of the devaluation of the Kazakhstani Tenge. Approximately 70% of the C1 cash cost base in Kazakhstan is denominated in Tenge. The average C1 cash cost since production commenced in 2012 is $0.55 per pound.

**Group**

CAML reports its Group C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa. The Group’s 2019 C1 copper cash cost was $0.94 per pound (2018: $0.67 per pound). This number is calculated based on Sasa’s annual zinc and lead production, which equates to 27,452 copper equivalent tonnes (2018: 17,450 copper equivalent tonnes), based on 2019 average commodity prices and added to Kounrad’s copper production of 13,771 tonnes (2018: 14,049 tonnes).

The Group C1 cash cost on a copper equivalent basis has increased largely as a result of higher production costs at Sasa, including treatment charges, and lower copper equivalent production units as a result of lower copper production.

CAML also reports a fully inclusive cost that includes capital expenditure, local taxes including MET and concession fees, interest on loans and corporate overheads associated with the Sasa and Kounrad projects. The Group’s fully inclusive copper equivalent unit cost for the year was lower than 2018 at $1.50 per pound (2018: $1.64 per pound). This was primarily due to lower capital expenditure of $11.0 million (2018: $16.7 million) as a result of reduced costs on the construction of Sasa’s TsF4.

The Group also incurred lower finance costs given the reducing debt balance and lower share-based payment charges recognised within corporate overheads.

---

**Tone:**

The decrease in C1 cash cost is largely due to tight cost control and as a result of the devaluation of the Kazakhstani Tenge. Approximately 70% of the C1 cash cost base in Kazakhstan is denominated in Tenge. The average C1 cash cost since production commenced in 2012 is $0.55 per pound. The Group continues to report the results of the Sasa and Copper Bay entities within discontinued operations. These assets were fully written off in prior years. In February 2020, the Group reduced its effective interest in Ken Shuak LLP from 85% to 10%. The Group will not be required to contribute towards future costs of the project.
FINANCIAL REVIEW CONTINUED

As at 31 December 2019, current trade and other payables were $12.3 million (31 December 2018: $20.9 million). The prior year balance included $6.5 million in relation to deferred consideration payable for the Sasa acquisition which was settled during 2019. In April 2019, a settlement agreement with the previous owners of CMK Resources Limited was finalised in respect of the $5.9 million withholding tax liability in North Macedonia paid in the prior year. The liability related to activities of CMK Europe prior to CAM's ownership. The settlement amounted to $15.5 million and accordingly, during 2019, CAM paid only the balancing $6.5 million due in respect of the $12.0 million deferred consideration owed to the previous owners.

During 2019, instalments of $20.2 million (2018: $25.7 million) were paid towards the Group’s 2019 corporate income tax liability of which $3.9 million was a non-cash payment offset against VAT receivable. The Group also received refunds of $1.4 million for corporate income tax overpaid in the prior year.

As at 31 December 2019, current and non-current borrowings were $69.5 million and $65.6 million respectively (2018: $39.4 million and $106.5 million). The reduction of $36.1 million reflects debt repaid during the year of $38.4 million, drawdowns on overdrafts of $0.9 million and finance charges of $1.4 million unwind directly attributable fees. The debt financing agreement with Traysys Europe S.A. has a final maturity date of 4 November 2022. The monthly repayment schedule is $3.2 million and interest is payable at LIBOR plus 4.75% and reduced to LIBOR plus 4.00% with effect from 27 March 2020. Security is provided over the shares in CAM Kazakhstan BV, certain bank accounts and the offtake agreements between Traysys and each operation. The debt is subject to financial covenants which include the monitoring of gearing, debt service ratios, and leverage ratios with which the Company has complied.

On 31 December 2019, the Group had cash of $32.6 million (31 December 2018: $39.0 million) including restricted cash of $4.0 million (31 December 2018: $4.4 million).

CASH FLOWS

The strong operational performance of Sasa and Kounrad and the associated low costs of production resulted in robust cash flows for the Group during the year, with cash generated from operations of $105.1 million (2018: $130.1 million).

Taking into account capital expenditure, CAM’s free cash flow for 2019 was $69.9 million (2019 adjusted: $73.8 million). During the year, $32.2 million (2018: $39.6 million) was returned to shareholders as the final 2018 dividend and 2019 interim dividend.

During the year, Group debt of $39.4 million was repaid (2018: $38.5 million) plus interest paid totalling $9.4 million (2018: $14.5 million). $3.0 million of North Macedonia corporate income tax was paid during the year (2018: $11.1 million) in addition to a $3.9 million non-cash payment offset against VAT receivable. Payments made during 2019 included $2.2 million towards the 2019 corporate income tax liability and $0.8 million of 2018 corporate income tax paid in April 2019. The Group also received refunds of $1.4 million for North Macedonia corporate income tax overpaid in the prior year.

$13.3 million of Kazakhstan corporate income tax was paid during 2019 (2018: $14.7 million). Payments made during 2019 included $12.5 million towards the 2019 corporate income tax liability and the final $0.8 million of 2018 corporate income tax paid in April 2019.

DIVIDEND

The final dividend for the year ended 31 December 2018 of 8.0 pence per Ordinary Share was paid to shareholders on 20 May 2019 amounting to $16.2 million. On 17 September 2019, the Company announced an interim dividend for the year ended 31 December 2019 of 6.5 pence per Ordinary Share and this was paid to shareholders on 25 October 2019 amounting to $14.0 million.

Dividend

The following non-IFRS alternative performance financial measures are used in this report:

EBITDA

EBITDA is a valuable indicator of the Group’s ability to generate liquidity and is frequently used by investors and analysts for valuation purposes. It is also a non-IFRS financial measure which is reconciled as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>$51,937</td>
<td>$46,586</td>
</tr>
<tr>
<td>+/(-)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>$15,911</td>
<td>$18,622</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>$30,080</td>
<td>$33,342</td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>$377</td>
<td>$3,679</td>
</tr>
<tr>
<td>Other income</td>
<td>$(212)</td>
<td>$(369)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$481</td>
<td>$1,030</td>
</tr>
<tr>
<td>Finance income</td>
<td>$(336)</td>
<td>$(264)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>$11,153</td>
<td>$14,999</td>
</tr>
<tr>
<td>Profit/(loss) from discontinued operations</td>
<td>$(5)</td>
<td>$7,274</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$108,584</td>
<td>$125,308</td>
</tr>
</tbody>
</table>

GROSS REVENUE

Gross revenue is presented as the total revenue received from sales of all commodities after deducting the directly attributable treatment charges associated with the sale of zinc, lead and silver. This figure is presented as it reflects the total revenue received from the smelters in respect of the zinc and lead concentrate.

In light of COVID-19, the CAML Board has taken the decision not to recommend a 2019 final dividend. This is due to the currently unquantifiable impact of the pandemic, and the Board’s current priority is to preserve the Company’s cash balances. Total dividends for the year therefore relate solely to the interim dividend and amount to 6.5 pence. The total amount returned to shareholders in dividends and share buy-backs since the 2010 IPO listing remains unchanged since the H1 2019 results at $176.4 million.

NET DEBT

Net debt is calculated as the total of the borrowings held with Traysys Europe S.A. and bank overdrafts less the cash and cash equivalents held at the end of the year. This balance does not include the restricted cash balance of $4.0 million.

FREE CASH FLOW

Free cash flow is a non-IFRS financial measure of the cash from operations less the capital expenditure and is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$108,768</td>
<td>$144,049</td>
</tr>
<tr>
<td>Net cash generated from operations</td>
<td>$(36,112)</td>
<td>$(80,853)</td>
</tr>
<tr>
<td>Less: Purchase of property, plant and equipment</td>
<td>$(10,422)</td>
<td>$(15,019)</td>
</tr>
<tr>
<td>Less: Purchase of intangible assets</td>
<td>$(21)</td>
<td>$(507)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$69,790</td>
<td>$67,862</td>
</tr>
</tbody>
</table>

GAVIN FERRAR

CHIEF FINANCIAL OFFICER

NON-IFRS FINANCIAL MEASURES

Free cash flow adjusted | $73,762 |
During 2019, the Board reviewed the approach to risk from the perspective of its reporting and management.

Previously, individual site risk committees were primarily made up of local management. These were disbanded and a single risk committee was formed whose membership includes Executive Directors and Senior Management.

This new Risk Committee reports to the Audit Committee for all risk management activities, in contrast to previously reporting to separate Board Committees depending on the type of risk.

Whilst the Board of Directors has ultimate accountability for risk management, the Audit Committee acts as the Board level risk committee and can report to the Board those areas of risk management which it assesses necessary to be elevated to the Board for further consideration.

The Audit Committee gives direction to the Risk Committee and reviews the higher level processes and policies escalated to it. Whilst the Risk Committee is responsible for development of risk management with the Group’s Risk Manager, the Audit Committee retains the ability to amend any such aspects of management’s risk management activities.

The Risk Committee is made up of Executive Directors and Senior Management. The Group’s General Counsel acts as the Group’s Risk Manager and chairs the Risk Committee. The Risk Committee is responsible for reviewing the principal risks of the business and advising Senior Management on the mitigation activities of such risks.

Senior Management is responsible for the day-to-day implementation of the risk management process and have a number of tools to assist in the process. Each site has a risk management coordinator on site who is able to assist with risk management, and can call upon the assistance of the Group Risk Manager.

The company assesses each risk and the requirement for mitigation, taking into account the appetite for the impact of the risks on the strategic objectives of the business.

High safety standards are the Group’s paramount objective and, as such, there is no appetite to accept risks which would materially impact the safety standards of the business.

The Company generally has a greater appetite for risks arising from non-sustainability related areas of the business. For instance, to date the Board and management have been generally willing to accept the risk that fluctuations in metal prices could have on revenue generation.
**PRINCIPAL RISKS AND UNCERTAINTIES**

Operating in the mining sector brings with it inherent risk in the extraction and processing of natural resources. The risks and uncertainties described are material risk factors which could impact CAML's ability to meet its strategic objectives.

### OPERATIONAL RISKS

<table>
<thead>
<tr>
<th>Leaching operations</th>
<th>Mining operations</th>
<th>Tailings storage facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KPIs</strong></td>
<td><strong>Responsibility</strong></td>
<td><strong>Risk and impact</strong></td>
</tr>
<tr>
<td></td>
<td><strong>COO</strong></td>
<td>The Basa operations currently require tailings storage facilities to manage the waste generated by the process. Tailings storage facilities which are not constructed or managed correctly can fail, leading to potentially significant damage to persons, property, the environment, and the Company’s reputation.</td>
</tr>
<tr>
<td></td>
<td><strong>Sustainability Director</strong></td>
<td></td>
</tr>
</tbody>
</table>

### COMMERCIAL RISKS

<table>
<thead>
<tr>
<th>Treatment risks</th>
<th>Permitting</th>
<th>Supply and logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KPIs</strong></td>
<td><strong>Responsibility</strong></td>
<td><strong>Risk and impact</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Sustainability Director</strong></td>
<td>An increase in zinc and/or lead treatment charges could have a material impact on Sasa’s profitability.</td>
</tr>
<tr>
<td></td>
<td><strong>General Counsel</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>General Directors</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Strategic goals key:

- Safe and efficient operations
- Maintain low production costs
- Maintain high sustainability standards
- Increase shareholder value
EXTERNAL RISKS

Commodity prices

**KPIs**

- **Responsibility**: CFO

**Risk and impact**

- A major decrease in commodity prices would have a significant impact on the revenue of the Group. The copper market has shown resilience during 2019 despite negative global economic indicators, however zinc and lead prices decreased during the course of 2019.

Mitigation

- The Board has determined that, whilst CAML cost structures allow the Company to take spot metal prices, mitigation plans should be put in place to ensure the fundamentals of the business. To this end, management are putting in place a hedging facility in order to hedge zinc and lead if deemed appropriate in the future.

Risk movement

- The general decrease in metal prices for zinc and lead during 2019 means that the profitability and cash flow of the Group has decreased.

Political risk

**KPIs**

- **Responsibility**: CEO

**Risk and impact**

- Governance of developing countries is ever-changing as industries, including mining, develop and expand. Investment into emerging markets is affected by evolving taxation laws and regulations relating to tax.

- Environmental constraints as they relate to permitting and licensing are taken into account as countries develop.

Mitigation

- In order to minimise the impact on the business to changes in policies, legislation and regulations, the Group makes a determined effort to engage with all levels of government. The aim of this interaction is to gain insight into any potential change in general laws, taxation, and regulations which may impact the business and to encourage a two-way dialogue so that CAML views can be understood and taken into account.

Risk movements

- Stable to slight increase.

- During 2019, the first President of the Republic of Kazakhstan, Nursultan Nazarbayev announced his resignation. Nazarbayev had been president since 1991. The transition of power to the Head of the Senate occurred in line with the country’s laws and was considered to be smooth following which the new president, Kassym-Jomart Tokayev, was called a presidential election, which he won. Given that this represented the first leadership change in Kazakhstan’s history, there was some uncertainty regarding the perception of stability for a short time.

- In 2019, North Macedonia’s name was changed amongst divided opinion. The rationale for the name change is seen to be politically motivated to aid in the accession to NATO and the EU. However, the EU rejected North Macedonia’s first steps towards joining the union, prior to parliamentary elections in 2020.

CHANGES IN RISK FROM 2018

Several risks which were disclosed in the previous year have been consolidated into other risks where their impacts and mitigation strategies are aligned and are therefore disclosed in composite form. For instance, ‘health and safety’ risks have been covered within leaching and mining operation risks as the primary concerns related to operational risks within each type of extraction. Tax has been included within political risk as taxation treaties and changes in law are seen to be largely either politically motivated or implemented through political means. External incidents along with ‘critical operational equipment’ have, where relevant, been restated within the more comprehensive ‘supply and logistics’ risk as they relate to the timely access and availability of relevant commercial goods and services.

The others were reviewed and are no longer considered material to the business and therefore have been excluded from the list. In the case of ‘key personnel’, recruitment of additional staff in 2018 and 2019 has led to a larger and more robust team of Senior Management, decreasing the risk that staff exits would affect operations.

In respect of ‘labour/community relations’, since acquiring Sasa in late 2017, CAML has now been present in the region and communities for over two full years. During this time, relationships with workers and union delegates have strengthened.

In respect of financial liquidity this is no longer considered a material risk as debt has been consolidated and gross debt reduced significantly since the acquisition.

Foreign exchange and inflation has also been mitigated such that it is no longer deemed a material risk. This is primarily due to the Company’s USD-based currency profile.

The potential for fire at the SX plant will always be a risk to the business, however, management consider that the risk, taking into account the original design features of the SX facility along with risk mitigation measures taken since construction is not a material risk when comparing to other material risks of the Company. The risk of ‘transactions and ventures’ has also been reduced as no acquisition has taken place in the last year and no future acquisition can be confirmed at this time.

Finally, following further drilling, ‘Mineral Resources’ are no longer deemed a significant risk.

EMERGING RISKS

The CAML team has noted an increase in the political risk associated with taxation in line with a trend in developing countries. CAML has good working relationships with government bodies, allowing us to have constructive discussions with them in order to ensure that any taxation increases on operations are fair and proportionate. Notwithstanding mitigation plans in place, CAML considers this area to be currently one of increasing business risk.

COVID-19

A significant emerging risk to the business is the worldwide impact of the COVID-19 pandemic. The management teams at the CAML sites are reviewing the potential impact to the welfare of the workforce and the business and are mitigating those areas as well as possible. The health, safety, and wellbeing of the employees and contractors comes first and will be prioritised over all other aspects of the business. There has been little impact to the operations at present, however it is difficult to determine what impact there may be on the business going forward whilst much uncertainty regarding the COVID-19 pandemic remains. The CAML Board has made the decision not to recommended a final 2019 dividend and the senior management team is examining all 2020 budget capital expenditures in order to preserve cash during this uncertain time.

Sustainability

Mining operations can have both an ecological and social impact on the environment in which they operate. Over the past 12–18 months, spurred on by a number of high-profile incidents in the industry, the focus on environment, sustainability, and governance has increased significantly. Investors are placing an increased focus on these areas which impacts investment choices. Should the Company not give significant attention to this area it may have a material impact on CAML’s ability to attract investment. Whilst the Company has always placed a great deal of importance on its intentions with the environment and the communities in which it operates, in 2019 there was an increased focus on these areas. The Company has prepared its first Sustainability Report to demonstrate its achievements and efforts in this regard.

Tailings Storage Facilities

Tailings storage facilities used in mining operations have faced increased scrutiny in recent times, particularly following high profile failures in recent years. Following the Sasa acquisition, external experts have been engaged to review the tailings storage facilities in order to give management and the Board comfort. The external experts have not raised any significant concerns and gave useful advice so as to ensure that management of the TSFs continues to be of a high standard.

The Strategic Report on pages 1 to 47 was approved by the Board of Directors on 31 March 2020 and was signed on its behalf by

GAVIN FERRAR
Chief Financial Officer
31 March 2020
INTRODUCTION TO CORPORATE GOVERNANCE

LETTER FROM THE CHAIRMAN

Dear Shareholder,

As I observed in my Chairman’s Statement earlier in this report, it is almost ten years since CAML listed on the AIM market of the London Stock Exchange. During this time, the past year has been the most active in governance terms. As I have confirmed in my reports in previous years, we have always considered good governance to be of fundamental importance to building and sustaining stakeholder value in CAML over the long term. We view the way the business is run to be critical to its success. And we see our style of leadership as key in setting the tone from the top. These beliefs have always been at the core of the way in which we have managed the CAML business.

Whilst the importance of good governance has always been recognised within CAML, the way it is communicated to our stakeholders has become of increasing importance as the Group has grown. This has been a key area in which we have sought to improve over the past year.

Non-Executive Chairman
NICK CLARKE

Whilst the importance of good governance has always been recognised within CAML, the way it is communicated to our stakeholders has become of increasing importance as the Group has grown. This has been a key area in which we have sought to improve over the past year. We are proud of our work in this area and want to share this with our stakeholders. In seeking to achieve this, this reflects our desire for continuous development in this area as well as in our business more generally.

Amongst the developments over the past year commented on later in this report, I particularly want to highlight the following.

1. 2019 was our first full year of reporting against the Quoted Companies Alliance Corporate Governance Code (the ‘QCA Code’). Further details of how we apply the QCA Code are commented on throughout the Governance Report as summarised in the table on page 51. For readers who may not be familiar with the principles of the QCA Code, we have included these on relevant pages of this Governance Report. Our website also has a principle by principle guide to our work in these areas.

2. 2019 was also the first year in which we undertook a governance roadshow of our major shareholders. This was undertaken by Robert Cathery our Remuneration Committee Chairman and myself as Chairman with the assistance of our Company Secretary and Director of Corporate Relations. This roadshow was both to update investors in developments in the Group’s governance and to seek feedback from them. We found the process invaluable and its results were reported to and discussed by both the Remuneration Committee and the full Board, helping inform our deliberations and decisions during the year.

3. Our Remuneration Committee commenced the transition of the Group’s Long-Term Incentive Plan (“LTIP”) with the introduction of a new three-year vesting structure implemented for the awards granted in 2019. This transition will continue in 2020 with the grant of LTIP awards with new tailored performance conditions taking account of the feedback received from shareholders. The development of the LTIP is further commented on in the Remuneration Committee Report commencing on page 62, and I would like to thank Bob Cathery as that Committee’s Chairman for all his work in this.

4. We re-named as our Sustainability Committee what had previously been our Corporate Social Responsibility Committee. We believe this better reflects its wider remit and underlying role, and re-emphasizes the importance we continue to place in this area. Indeed, this Committee was originally established in 2012, before many companies much larger than us had really focused on such responsibilities. I would like to thank Roger Davey for his sterling work as the Committee’s Chairman over the past four years.

5. As part of the ongoing succession planning for the Board, our Nomination Committee commenced a recruitment process for an additional Independent Non-Executive Director. This resulted in the successful appointment of Dr Gillian Davidson. Gillian has been appointed the new Chair of our Sustainability Committee, a role to which she brings extensive valuable experience.

6. In completion of another aspect of our succession planning, by the beginning of 2020 I transitioned my remaining executive responsibilities to our Chief Executive Officer Nigel Robinson and our Chief Financial Officer, Gavin Ferrar. Whilst I remain committed to CAML in my role of Non-Executive Chairman, it is right and proper that the day-to-day management of the business should be handled by Nigel and Gavin. I now focus on leading the Board in our support and oversight of Nigel and Gavin in the management of the business.

7. The Board and Nomination Committee have continued to plan for the succession of the Board. Whilst the other Directors do not believe length of tenure to be affecting their strongly independent approach to their roles, Nigel Hurst-Brown and Bob Cathery have both indicated their willingness to part of the progressive succession in the long-term interests of Board development. They have, though, at the request of the rest of the Board including myself, agreed to stay on the Board in their current roles while the Group navigates through the current period of global economic uncertainty. During this period, and the rest of the Board, believe it is appropriate we maintain the current Board membership of experienced and focused Directors. I have also particularly asked Bob to remain in his role until the new LTIP structure is fully bedded in.

8. Our Audit Committee conducted a tender of our Group Auditor. Whilst, as an AIM-quoted company, we are not required to undertake such tenders, we considered it good practice to do so after twelve years since the appointment of the incumbent firm. After a comprehensive tender process in which several audit firms including the incumbent firm participated, BDO were appointed as new Auditors to the Group. This is more fully reported on in the report of the Audit Committee commencing on page 58 and I would like to thank David Swan as that Committee’s Chairman for all his work in that area.

9. We conducted a follow up to the evaluation of the Board last year to determine progress against the areas identified last year and sought fresh feedback from Directors this year. The results of this review are more fully set out in the report of the Nomination Committee on page 51. I was reassured by the progress recognised and encouraged by the desire for ongoing development.

10. We refreshed the terms of reference of each of our Committees – Audit, Nomination, Remuneration and Sustainability which are now publicly available on the Company’s website.

I very much hope that the increased transparency of our reporting this year will provide an insight to shareholders and other readers into the extensive work our Board and its Committees undertake in our corporate governance. As well as Nigel and Gavin as Executive Directors, David, Bob, Gillian and myself as Board and Committee Chairs are committed to clear reporting of the work that we do on behalf of shareholders and other stakeholders. We are all available to shareholders should they have any questions or wish to discuss matters. With my colleagues, I look forward to continuing this dialogue as part of our commitment to building sustainable value for our stakeholders over the long term.

Non-Executive Chairman
NICK CLARKE
31 March 2020

QCA Code Principle:
¾ Maintain the board as a well-functioning, balanced team led by the chair

NICK CLARKE
NON-EXECUTIVE CHAIRMAN
31 March 2020
INTRODUCTION TO CORPORATE GOVERNANCE CONTINUED

OUR APPROACH TO GOVERNANCE

CAML draws from the principles of the QCA Code for guidance in structuring its governance framework. The Board is supported by four Committees, specifically the Audit, Remuneration, Nomination and Sustainability Committees. These standing Committees focus on the four areas of the Group’s operation which the Board views as having key importance to the Group’s shareholders and other stakeholders.

Our governance arrangements are summarised below:

- **Board**
  - A strong independent representation on the Board with five Independent Non-Executive Directors. The Board of Directors leads the Company in making key decisions about strategy, financial planning, investments and its Directors.

- **Audit Committee**
  - An Audit Committee consisting of three Independent Non-Executive Directors led by David Swan as its Chairman. The Audit Committee assists the Board in its oversight of the Company’s financial reporting, internal control and risk management.

- **Remuneration Committee**
  - A Remuneration Committee led by Robert Cathery comprised solely of independent Non-Executive Directors. The Remuneration Committee determines the remuneration of our Executive Directors, oversees the remuneration of our senior management and approves awards under the Company’s Long-Term Incentive Plan.

- **Nomination Committee**
  - A Nomination Committee chaired by Nick Clarke. The members of this Committee are our other six Non-Executive Directors. The Nomination Committee makes recommendations to the Board in relation to Director appointments, reviews the composition and structure of the Board, evaluates the balance of skills, knowledge and experience of the Directors and assists the Board with succession planning.

- **Sustainability Committee**
  - Although not a QCA Code requirement, we also have a Sustainability Committee, chaired by our newest Board member, Dr Gillian Davidson. This Committee comprises Executive and Non-Executive Directors and closely involves members of the senior management team. The Sustainability Committee enables us to maintain our strong focus on our people, their health and safety, environmental matters and the communities in which we operate.

- The Board’s Committees support the Board in ensuring the relevant level of focus on their specific areas of responsibility and each have their own terms of reference which provide the necessary authorities for them to operate as they consider appropriate.
- Each Committee reports to the Board through its respective Chair, providing invaluable contributions to the Board’s effectiveness through their work.
- On the following pages are further details of each of our individual Directors and separate reports of our Board, and its Audit, Nomination, Sustainability and Remuneration Committees. These are intended to provide an insight into the robust governance structure of the Company and the value that we continue to place on good corporate governance processes.

These arrangements form part of our ongoing commitment to shareholders and other stakeholders to sustainably increase and preserve shareholder value through the long-term success of the business.

THE QCA CORPORATE GOVERNANCE CODE

CAML complies with the Quoted Companies Alliance Corporate Governance Code for small and mid-sized companies and has incorporated a set of robust principles based on its guidelines into our corporate governance procedures. The Directors believe this reinforces the strong corporate governance systems and processes that are vital in building a successful business, maximising value and maintaining the high standards that we set for ourselves. Our QCA Code disclosures within this Annual Report are summarised in the table below. In addition, full details of how we have applied each of the ten principles of the QCA Code can be found on our website at https://www.centralasiametals.com/corporate-governance.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Disclosure within this report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establish a strategy and business model which promotes long-term value for shareholders</td>
</tr>
<tr>
<td>2</td>
<td>Seek to understand and meet shareholder needs and expectations</td>
</tr>
<tr>
<td>3</td>
<td>Take into account wider stakeholder and social responsibilities and their implications for long-term success</td>
</tr>
<tr>
<td>4</td>
<td>Embed effective risk management, considering both opportunities and threats, throughout the organisation</td>
</tr>
<tr>
<td>5</td>
<td>Maintain the board as a well-functioning, balanced team led by the chair</td>
</tr>
<tr>
<td>6</td>
<td>Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities</td>
</tr>
<tr>
<td>7</td>
<td>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</td>
</tr>
<tr>
<td>8</td>
<td>Promote a corporate culture that is based on ethical values and behaviours</td>
</tr>
<tr>
<td>9</td>
<td>Maintain governance structures and processes that are fit for purpose and support good decision making by the board</td>
</tr>
<tr>
<td>10</td>
<td>Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders</td>
</tr>
</tbody>
</table>

QCA Code Principle:
- Maintain governance structures and processes that are fit for purpose and support good decision making by the board
### BOARD OF DIRECTORS

#### Committee Leadership

- **Audit**: NIGEL ROBINSON, CHIEF EXECUTIVE OFFICER
- **Nomination**: GAVIN FERRAR, CHIEF FINANCIAL OFFICER
- **Remuneration**: NIGEL HURST-BROWN, DEPUTY CHAIRMAN
- **Sustainability Committee**: ROBERT CATHERY, NON-EXECUTIVE DIRECTOR
- **Chair of Committee**: NICK CLARKE, CHAIRMAN

#### Appointed

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NICK CLARKE</td>
<td>CHAIRMAN</td>
<td>April 2009</td>
</tr>
<tr>
<td>ROBERT CATHERY</td>
<td>NON-EXECUTIVE DIRECTOR</td>
<td>November 2006</td>
</tr>
<tr>
<td>GAVIN FERRAR</td>
<td>CHIEF FINANCIAL OFFICER</td>
<td>June 2006</td>
</tr>
<tr>
<td>DAVID SWAN</td>
<td>NON-EXECUTIVE DIRECTOR</td>
<td>September 2007</td>
</tr>
<tr>
<td>NURLAN ZHAKUPOV</td>
<td>NON-EXECUTIVE DIRECTOR</td>
<td>December 2007</td>
</tr>
<tr>
<td>DR GILLIAN DAVIDSON</td>
<td>NON-EXECUTIVE DIRECTOR</td>
<td>October 2013</td>
</tr>
</tbody>
</table>

#### Skills and experience

- **NICK CLARKE**, CHAIRMAN: Has over 40 years of mining experience, including 35 years within senior management positions in production and technical services in South Africa, Ghana and Saudi Arabia. Nick joined as managing director of Ortel Resources until its acquisition by OAO Mechel for $1.5 billion in 2008. In addition, Nick was managing director at Wardell Armstrong International where he managed numerous multidisciplinary consulting projects in the resource sector. In 2013, Nick was named CEO of the year at the Mining Journal outstanding achievements awards. He joined CAML in 2009 as Chief Executive Officer prior to the Company’s IPO in 2010, and assumed the role of Chairman in June 2019.

- **GAVIN FERRAR**, CHIEF FINANCIAL OFFICER: Has been involved in the mining sector for over 24 years. His career in the industry began with Anglo American in its New Mining Business Division where he worked in a target generation and due diligence team and subsequently managed projects from greenfields exploration through to a feasibility study on a gold project. He then spent 11 years in the London investment banking sector focusing on debt and derivative financing for mining clients of Barclays Capital and equity and debt investments for investors. After leaving the banking sector he advised a variety of private mining investors and junior companies on project development and funding before joining the Company in June 2014 as Business Development Director. He was appointed CFO on 30 April 2016 and Gavin continues to serve as the Business Development Director for the Company.

- **NURLAN ZHAKUPOV**, NON-EXECUTIVE DIRECTOR: Has previously held a number of positions in the Kazakhstani resources sector for over 24 years, including at Samruk (the national mining company), Chambishi Metals and Inco. He is a founder shareholder of the Company.

#### Education/qualifications

- **David Gillian Davidson**, NON-EXECUTIVE DIRECTOR: Holds a Bachelor of Commerce from the University of Waikato and a Master of Commerce from the Moscow State Institute for International Relations. He holds a Bachelor of Arts in Geography from the University of Glasgow, PhD in Development Economics and LLB from the University of Liverpool and is an alumnus of the Governor-General of Canada’s Leadership Conference.

#### External appointments

- **David Gillian Davidson**, NON-EXECUTIVE DIRECTOR: Is an independent sustainability advisor and currently serves as a non-executive director on the Board of New Gold. She is also chair of International Women in Mining.
**BOARD REPORT**

The Board is comprised of a diverse group of experienced Directors, both from the UK and abroad, each with a wealth of expertise and a depth of knowledge. Many have worked across a variety of jurisdictions and have extensive business and financial experience in the sector in which the Group operates. This ensures that each member of the Board is able to fully contribute to the effectiveness of the Board as a whole and in doing so, have collective responsibility for, and participation in, its decision making. We believe this leads to better performance, sustainable growth and value in the business for its shareholders and other stakeholders in the long term.

**KEY STRENGTHS**

The diagram below shows the range of our Board’s key strengths. In addition, further detailed biographies of each of our Directors are shown on pages 52 to 53:

![Key Strengths Diagram]

The Board is comprised of a diverse group of experienced Directors, both from the UK and abroad, each with a wealth of expertise and a depth of knowledge. Many have worked across a variety of jurisdictions and have extensive business and financial experience in the sector in which the Group operates. This ensures that each member of the Board is able to fully contribute to the effectiveness of the Board as a whole and in doing so, have collective responsibility for, and participation in, its decision making. We believe this leads to better performance, sustainable growth and value in the business for its shareholders and other stakeholders in the long term.

**THE ROLE OF OUR BOARD**

In leading the company, the Board defines the purpose of the company and makes key decisions in relation to strategic matters to deliver this. The Board is also responsible for making key decisions about financial planning, review of financial performance, setting the strategic direction of the company, and the selection and supervision of the company’s senior management.

**THE ATTENDANCE AT BOARD MEETINGS**

The attendance of current Board and Committee members at the scheduled meetings and calls, as compared with the number of meetings held during 2019 is shown below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Board (five meetings)</th>
<th>Audit (five meetings)</th>
<th>Remuneration (eight meetings)</th>
<th>Nomination (one meeting)</th>
<th>Sustainability (three meetings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nick Clarke</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Nigel Robinson</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Gavin Ferrar</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Nigel Hurst-Brown</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Robert Cathery</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Roger Davey</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>David Swan</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Nurlan Zhakupov</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Dr Gillian Davidson</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
</tbody>
</table>

Meetings attended Non attendance Non-committee member invited to attend some or all of a meeting

1 Director Chair status
2 Nick Clarke was unavoidably unable to attend two Sustainability Committee meetings due to the meetings being moved with the agreement of the Committee Chairman to a time when Mr Clarke’s schedule was interfering.
3 Appointed to the Board and as a member of the Nomination Committee and Chair of the Sustainability Committee, on 2 December 2019.
4 The members of the Nomination Committee also met informally during the year to consider specific matters.

**BOARD COMPOSITION**

We have a well-balanced Board, constituted as follows:

- Non-Executive Chairman: Nick Clarke.
- Two Executive Directors: Nigel Robinson and Gavin Ferrar.
- Six Non-Executive Directors: Five are considered fully independent: Nigel Hurst-Brown, Robert Cathery, Roger Davey and David Swan. This also includes our newest Board member, Gillian Davidson who joined the Board in December 2019.
- One is based in Kazakhstan: Nurlan Zhakupov. Nurlan Zhakupov has received share awards from the Company and is therefore not considered to be fully independent.

**QCA Code Principle:**

- Establish a strategy and business model which promotes long-term value for shareholders

![QCA Code Principle Diagram]
THE BOARD AND CULTURE

Of course, commitment to good corporate governance in the boardroom is just one part of setting and maintaining an appropriate culture that aligns with our strategic goals and values. The Board, and its Committees set the tone for, and promote a healthy culture of openness, honesty, engagement and respect throughout the Group and with all of its stakeholders. The Board welcomes an open dialogue with these stakeholders by holding investor meetings, engaging with our stakeholders, and seeking their views and expectations.

SHAREHOLDER ENGAGEMENT

As mentioned above, we have embedded into our culture as a Group that maintaining a continual, open and active dialogue with our shareholders and other stakeholders plays an essential part in understanding their views and ensuring the long-term success of the Company. Whilst most engagement with the Company’s institutional investors is through the Executive Directors and the Director of Corporate Relations, valuable feedback from shareholders is also communicated to, and discussed with, the other Board members. The Board as a whole recognises that the views of our investors should be considered as an important part of the Board’s deliberations and decision-making processes as the Board has a duty to safeguard the interests of all stakeholders.

SUPPORT TO DIRECTORS

All Directors on the Board have access to, and the support of, the Company Secretary who acts as secretary to the Board and its Committees, reporting directly to the Chair, advising on, and assisting in compliance with, relevant governance regulations and procedures. In addition, all Directors have unrestricted access to the Company’s external advisers. Resources and training for their personal development are also made available to Directors on an ongoing basis ensuring they have the necessary knowledge and skills to fulfill their roles effectively.

THE BOARD INDEPENDENCE

In line with the QCA Code, the Board has considered the independence of each Non-Executive Director, including assessment of their character, judgement, any business and other relationships which could significantly interfere with their ability to effectively discharge their duties. As part of this assessment, we also consider length of tenure. The Board considers that length of tenure alone is not necessarily a compromise to independence and is satisfied that the independence of none of the Non-Executive Directors has been compromised by this. As such, after taking account of all of these factors, the Board continues to consider Nigel Hurst-Brown, Robert Cathery, Roger Davey and David Swan to be independent Directors. Dr Gillian Davidson, who was appointed at the end of 2019, is also considered to be fully independent. The Board believes the addition of Dr Gillian Davidson as a new Independent Non-Executive Director along with our existing independent Board members, our other Non-Executive Director, Nurlan Zhakupov, and our Executive Directors provides an excellent balance of views, skills, personal qualities and depth of experience within the Board.

STAKEHOLDER ENGAGEMENT ACTIVITIES

- Q1 2019 Operations Update (10 April 2019)
- 2019 annual results announcement (27 September 2019) and London roadshow attended by Executive Directors and Director of Corporate Relations
- Chairman and Directors of corporate Relations
- ESG roadshow by Chairman and Director of Corporate Relations
- Executive Directors attend community events around the annual Miner’s Day celebrations in local town, Makedonska Kamenica, North Macedonia
- Investor roadshow to New York and Toronto with CEO and Director of Corporate Relations
- 2019 interim results announcement (19 February 2020)
- Site visit to Sasa, North Macedonia by Chairman of Sustainability Committee
- Investor roadshows to Paris, Madrid and Zurich with CEO and Director of Corporate Relations
- Chairman, CEO and CFO attended Mines and Money London conference
- Chairman, CEO and CFO attended Minex Eurasia 2019 conference
Dear Shareholder,

The primary role of the Audit Committee has been to assist the Board in the fulfilment of its responsibilities as they relate to external audit, financial reporting, and internal control. In the current period, the Audit Committee has also been assigned the responsibility for having the Risk Committee report to it. This is an evolving and continually improving area of our business. In the current public health situation it has been very gratifying to witness how swiftly the management of COVID-19 risk has been implemented.

**SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE IN RELATION TO THE 2019 FINANCIAL STATEMENTS**

- The Committee assessed management’s determination of cash-generating units and review of impairment triggers as at 31 December 2019. The Committee considered the key judgments made by management in relation to discount rates, commodity price forecasts, operating and capital expenditure, and the mineral reserves and resources estimates. The Committee reviewed disclosures related to impairment tests in note 19 of the financial statements.
- The Committee assessed management’s cash flow forecasts, potential risks as they may apply to the Group, resulting stress tests and the underlying assumptions which have been approved by the Board in relation to the uncertainty created by the COVID-19 pandemic. In doing so, the Committee was mindful of the regulatory guidance issued in recent days and weeks in this area. The Committee reviewed disclosures related to the going concern basis of preparation in note 2 of the financial statements.

**FINANCIAL REPORTING**

The Audit Committee safeguards the integrity of the financial statements by ensuring that they are balanced and duly considered, fair, and understandable to shareholders as well as compliant with regulatory requirements. Throughout this year and alongside ordinary business, the Audit Committee considered issues relating to the appropriateness of key accounting policies and key judgements and estimates. The Audit Committee considered new issues relating to the Group’s financial statements, within the areas of accounting standards, taxation and tax risks, materiality thresholds, and engaged in valuation of assets by reviewing impairment assessments.

**EXTERNAL AUDITORS/INDEPENDENCE OF THE AUDITOR**

The Audit Committee reviewed the position of the incumbent auditors as their tenure had extended from the early years of the Company’s existence and the decision was made to run a tender process, as follows.

**AUDIT TENDER PROCESS**

1. A review of potential audit firms was conducted.
2. Three firms were sent a formal request to tender.
3. The three proposals were evaluated against the criteria defined by the Audit Committee.
4. The Audit Committee discussed the results of the review with Senior Management.
5. A recommendation was made to the Board to appoint a new Auditor.

Following a review of potential audit firms, three firms were sent a formal request to tender. The bid documents were to cover the criteria areas of experience, capabilities in our operating markets, audit quality, and value for money. The three proposals were evaluated against the criteria areas and following review and discussion within the Audit Committee and with Senior Management, the recommendation was made to the Board to appoint BDO to audit the Group for the full year period ending 31 December 2019.

**COMMITTEE FUNCTION**

The members of the Audit Committee have the appropriate experience and skill sets to support the Company’s governance systems, oversee internal controls, and review the presentation of the financial statements.

- The Committee is made up of David Swan as the Committee Chairman, along with Roger Davey, and Nigel Hurst-Brown. David Swan is a qualified chartered accountant bringing a breadth of financial expertise to the role. Roger Davey is a mining engineer possessing wide sector-specific knowledge relevant to the business and Nigel Hurst-Brown has extensive finance and capital markets experience.

**INTERNAL CONTROL**

The Committee is responsible for oversight of the effectiveness of the Company’s systems of internal controls. The key areas which the Committee assists the Board in monitoring and review include:

- **Budgeting** – budgets for each upcoming financial year are reviewed by the Audit Committee before they are recommended to the Board in full. The budgets as well as the annual budgeting process itself is reviewed by the Audit Committee.
- **Long-term forecasts** – the Audit Committee ensures long-term forecasts and the underlying assumptions and are properly reported to the Board.

**RISK MANAGEMENT**

The Audit Committee reports into the Audit Committee. It is the Audit Committee’s responsibility to review those risks which are both high in consequence and likelihood of occurrence. The Audit Committee will consider the Risk Committee’s management of these risks and report its conclusions to the Board of Directors.

Audit Committee representatives work closely with Risk Committee members to monitor progress towards an efficient and effective management of the risks which are relevant to the Group’s business. Where applicable, the Audit Committee will ensure the annual audit plan appropriately tests the compliance of risk mitigation procedures.

**WHISTLEBLOWING**

The Group has an independently managed whistleblowing programme in operation, which extends to all employees across sites, allowing them to voice concerns confidentially on a wide range of matters. Our principles of transparency including “Speaking Out” have been incorporated into and reinforced by the recently implemented Code of Conduct. The role of the code affords tighter controls in our supply chains and reinforces our objective of maintaining a business which is free of bribery and corruption.

DAVID SWAN
CHAIRMAN OF THE AUDIT COMMITTEE
21 March 2020

QCA Code Principle:
- Embed effective risk management, considering both opportunities and threats, throughout the organisation.
NOMINATION COMMITTEE REPORT

The diagram below shows the selection process for the appointment of new Board members as followed by the Nomination Committee and concluding in the appointment of Dr Gillian Davidson to the Board at the end of 2019.

After a new Director is appointed, they receive an induction to familiarise themselves with the Company and its business. All Directors have unrestricted access to, and receive regular updates from, management to keep them abreast of the latest developments.

**SELECTION PROCESS FOR THE APPOINTMENT OF NEW BOARD MEMBERS**

1. **STEP 1**
   - Appropriate process was agreed for the recruitment utilising the assistance of the NZMAE in identifying and initiating contact with potential candidates.

2. **STEP 2**
   - A specification for candidates was prepared setting out the agreed key skills and character profile being sought to fit with the current balance, membership and dynamics of the Board.

3. **STEP 3**
   - A shortlist of candidates meeting the specification was identified.

4. **STEP 4**
   - A shortlist of candidates was then selected by the Nomination Committee.

5. **STEP 5**
   - Following interviews carried out by representatives of the Nomination Committee, the preferred candidate was recommended to the Board by the Nomination Committee. The preferred candidate also met with the CEO and CFO prior to Board approval for the appointment to be made.

**BOARDS DIVERSITY**

In making recommendations for appointment, the Nomination Committee considers suitably qualified candidates of any ethnic background or gender. It also considers having a diversity of personal attributes as well as skills on the Board to be another important factor when selecting potential candidates. Roles are awarded on merit using objective criteria. On the Board we have nationals of three countries other than the UK and now have a gender mix. The key strengths of our Board members are set out in the chart on page 54. We feel that the appointment of Dr Gillian Davidson with her specialist background in sustainability matters enables us to have the appropriate balance of skills on the Board, in particular with regard to emerging trends and key areas of focus in the sector in which we operate.

**SUCCESSION PLANNING**

The Nomination Committee assesses the developing needs of the Company, not just in relation to the periodic refreshment of the Board but also to ensure contingency plans are in place for unexpected changes in addition to those being planned for the longer term. Given the current global economic conditions and the Board needing to act as a highly experienced and focused unit to navigate through these, the Nomination Committee has recommended and the Board intends that the current Directors should remain in position at present. This will be kept under review as conditions change.

**EFFECTIVENESS REVIEW**

In line with the QCA Code, and following on from our first internal effectiveness review carried out last year, the Committee, led by me as Chairman, completed a further internal evaluation of the effectiveness of the Board as a unit, its Committees and of the individual Directors. In doing so, we have also taken into account the outcomes of last year’s review. The areas of focus arising from the 2018 evaluation and actions taken in response to these are shown in the table below:

<table>
<thead>
<tr>
<th>Areas of focus arising from outcomes of 2018 evaluation</th>
<th>Actions in 2019 in response to outcomes of 2018 evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued development of long-term strategy</td>
<td>Business development and strategy updates given to every man</td>
</tr>
<tr>
<td></td>
<td>Board meeting by management to ensure focus on this area is maintained</td>
</tr>
<tr>
<td>A two-day meeting involving operational management and including a specific strategy review</td>
<td>In July we held a highly successful two-day meeting in London involving operational management</td>
</tr>
<tr>
<td>Ongoing monitoring of risk management</td>
<td>Risk management monitoring processes were enhanced during 2019 with the introduction of a Risk Management Committee designated to oversee this area. Further details are set out in the report of the Audit Committee on page 59.</td>
</tr>
<tr>
<td>Succession planning for the Board over the coming years</td>
<td>This is an area of ongoing development for the Board. In 2019, supported by the Nomination Committee there was increased focus and review of succession planning, in particular in relation to the longer serving Non-Executive Directors as well as the appointment of Dr Gillian Davidson.</td>
</tr>
</tbody>
</table>

**OBJECTIVES FOR 2020**

- Continue the progressive refreshment of the Board.
- Ongoing development of succession planning.
- Continue the self-evaluation cycle and address any issues identified from this process.

**ACHIEVEMENTS IN 2019**

- Appointment of new Non-Executive Director, Dr Gillian Davidson.
- Focused on succession planning for longer serving Non-Executive Directors.
- Implemented the action points arising from our first internal effectiveness review carried out in 2018.

**MEMBERS**

Chairman - Nick Clarke
Nigel Hurst-Brown, Robert Cathery, Roger Davey, David Swan, Nurlan Zhakupov

**CENTRAL ASIA METALS PLC**

Annu A l Repo rt A nd Accounts 2019

**NICK CLARKE, CHAIRMAN OF THE NOMINATION COMMITTEE**

Dear Shareholder,

2019 was the Committee's first full year in operation since it was established in July 2018. The Nomination Committee is responsible for the review of the composition and balance of the Board and its committees. In carrying out this duty, the Committee makes recommendations to the Board in relation to the appointment and reappointment of Directors and the memberships of the Board's committees. The Nomination Committee is also responsible for the continuous refreshment of, and proactive succession planning for, the Board.

The 2019 internal evaluation process was again facilitated by the Company Secretary and followed a similar format to that of the prior year. This involved the completion of a confidential questionnaire by each Director covering the categories set out below. The assessment of my performance as Chairman of the Board was led by Nigel Hurst-Brown as Deputy Chairman. In line with the QCA Code, the Board's review of performance was based on clear and relevant objectives, seeking continuous improvement.

The questionnaire was structured to encourage thorough feedback which was then reported to the Board, on an unattributed basis, covering the following areas:

- Strategy
- Shareholders
- Stakeholders
- Risk Management
- Board Dynamics
- Succession Planning
- Individual Directors
- The Chairman
- Audit Committee
- Remuneration Committee
- Sustainability Committee
- Nomination Committee
- Any other matters Directors wished to raise

The report on the responses received was reviewed and discussed by the Board. The responses in relation to my performance as Chairman were provided to Nigel Hurst-Brown as Deputy Chairman to discuss with the other Non-Executive Directors.

As a result of the assessment, areas identified for focus over the coming year included:

- Continued development of clear long-term strategy;
- Continued enhancement of activities in relation to stakeholders;
- Ongoing development of risk management;
- Succession planning for the Board over the coming years.

NICK CLARKE

CHAIRMAN OF THE NOMINATION COMMITTEE

31 March 2020

QCA Code Principle:

- Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.
Dear Shareholder,

The role of the Committee is to decide the remuneration of the Executive Directors and the Chairman, to oversee wider remuneration, and to determine participation and award levels under the Group’s Long-Term Incentive Plan. The past year has been a particularly busy year for this Committee. Indeed, in 2019, we had eight Remuneration Committee meetings as well as numerous informal discussions between meetings.

In this report, I aim to give you an insight into our activities in the year which are driven by our aim to incentivise management in the interests of our shareholders and other stakeholders over the long term. I cover three key areas of our work:

1. The restructuring of our long-term incentives which we have substantially changed since my report last year.
2. The reporting format which we have newly adopted this year as part of CAM’s overall aim of increasing transparency in our governance work.
3. Other elements of the remuneration of our Executive Directors.

LONG-TERM INCENTIVE PLAN

Background

The Committee has been operating the current LTIP since 2011. The LTIP has helped incentivise the Executive Directors and senior managers and we believe that this has been reflected in the total shareholder returns (TSR), which combine share price changes and dividends. Obviously, TSR in the course of this year have been severely impacted by the global economic situation.

LTIP awards, up to and including 2018, were granted on the basis of one third of the grant amount vesting per annum, commencing around one year after the date of grant, subject to the achievement of business and operational performance conditions in the year of grant. Normally, such awards to Executive Directors were equivalent in face value at grant to 100% of their salary. Although that structure had served CAM well, as we entered 2019, we felt that this approach did not sufficiently align the CAM team’s remuneration with the Company’s shareholders and we should move towards more typical awards for public company long-term incentives. Accordingly, as I anticipated in last year’s Annual Report, we transitioned the structure of LTIP in 2019 and put in place arrangements to ensure this continued to act as an effective incentive for the management team.

2019 LTIP

For the LTIP awards granted in 2019, we made three key changes:

- Awards would vest only after three years rather than at the rate of one third per annum.
- Awards were made subject to a performance target of the compound annual growth rate of absolute TSR measured over three years on sliding scales up to a maximum of 20%, thereby seeking to address alignment with shareholders.
- The award level was increased from 100% of salary to 150% of salary to compensate management’s transition from awards vesting annually to vesting after three years.

We believe these were good first steps in the development of the LTIP during the year, whilst recognising there would be more work to do.

Goverance roadmap

As mentioned by Nick Clarke in his Chairman’s letter on page 5, he and I led a governance roadmap during 2019. This was partly to explain more fully to shareholders our governance arrangements, and partly to seek their feedback on how they would like to see these continue to be developed.

During this roadmap, we found universal support from shareholders for us having moved to the three-year vesting period for the 2019 awards onwards. In relation to performance conditions, most shareholders indicated they would prefer relative TSR as opposed to absolute TSR as a performance metric, and many shareholders expressed a preference for the introduction of longer-term business and operational targets as well.

2020 LTIP awards

Taking account of feedback received from shareholders, we were close to finalising the next stage of development for our 2020 awards. When these awards were granted, they were to be on performance conditions incorporating relative TSR, operational and sustainability targets. However, the current global economic turmoil resulting from the COVID-19 crisis has led us to the difficult decision to defer finalisation of the 2020 LTIP awards until the general economic outlook is clearer and we can determine targets that are meaningful and will act as a genuine incentive over the long term. The overall structure of the awards is unchanged, intended to remain similar to those issued in 2019.

Other elements of remuneration

As well as maintaining the same level of LTIP awards, there have been no significant changes in the other elements of the remuneration of Executive Directors.

Nigel Robinson and Gavin Ferrar have been awarded inflationary increases in salary with effect from 1 January 2020 in line with increases in staff pay across the Group as a whole. As a result, Nigel Robinson’s salary as CEO is now £365,000 per annum (2019: £350,000) and Gavin Ferrar’s salary as CFO is now £300,000 per annum (2019: £265,000).

The maximum possible 2020 bonus for Executive Directors remains at the same level as 2019 at 100% of salary. Details of the annual bonus for 2019 and 2020 are shown on page 67.

Nick Clarke has transitioned from Executive Chairman to Non-Executive Chairman with effect from 1 January 2020. As a result, he is now paid fees of £175,000 per annum plus, for 2020 only, an additional £10,000 as he relinquishes the executive benefit package. Nick will no longer receive an annual bonus (2019: up to 100% of salary) or new LTIP awards (2019: 150% of salary).

Increased transparency in reporting

This report aims to give shareholders insight into our considerations and reasoning in arriving at the current remuneration structure.

Following this letter is a table summarising our remuneration policy. Whilst variations are possible, this is the policy that we followed in 2019 and are following in 2020. We extend to continue with this approach going forward unless the Remuneration Committee considers variations are justified. We also include an implementation report giving more detail on how the policy has been applied both for 2019 and for 2020.

Conclusion

We hope that shareholders will find the increased transparency of our reporting this year to be helpful, and that they are supportive of the changes we have made in executive remuneration, particularly in relation to the LTIP.

We are grateful for the feedback from shareholders during the course of 2019. This has been shared with the Remuneration Committee as well as the Board and has helped inform our work. I always welcome such engagement and am happy to answer any questions or receive any further feedback that shareholders may have.
### DIRECTORS’ REMUNERATION POLICY

As an AIM quoted company following the QCA code, CAML is not required to have a binding remuneration policy for its Directors. Nonetheless both the Board and the Remuneration Committee believe that transparency of the policy under which Directors’ remuneration is structured is beneficial to shareholders. Accordingly, this remuneration policy is set out in the table below. It is subject to variation where the Remuneration Committee considers appropriate though no variations were made in 2019 and none are intended in 2020.

#### Remuneration Policy table

<table>
<thead>
<tr>
<th>Element and purpose</th>
<th>Policy and operation</th>
<th>Level</th>
<th>Performance measures</th>
<th>Benefits</th>
<th>Performance measures</th>
<th>Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>This is the core element of pay and reflects the individual’s role and responsibilities within the Group with some adjustment to reflect their capability and contribution.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Policy and operation</strong></td>
<td>Base salaries are determined each year by the Committee.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salary levels are reviewed by reference to public companies in the sector of a similar size and complexity. The Committee also has regard to other relevant factors including corporate and individual performance and any changes in an individual’s role and responsibilities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Base salary is paid monthly in cash.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Changes to base salaries normally take effect from 1 January.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td>The Remuneration Committee will apply the factors set out in the section above in considering any salary adjustments during the duration of this policy. Increases in base salaries for Executive Directors will be generally guided by any increases for the broader employee population, but an occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role. No increase will be made if it would take an Executive Director’s salary above the level the Committee considers is justified by these factors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance measures</strong></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>To provide benefits valued by recipients.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Policy and operation</strong></td>
<td>The Group provides benefits to all employees, including the Executive Directors. The Executive Directors receive private medical cover and insurance benefits. The Remuneration Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of CAML to do so, having regard to the particular circumstances and market practice. Where appropriate, the Company may meet certain costs relating to Executive Director relocations and (if appropriate) expatriate benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Remuneration Committee sets such benefits within overall market practice and ensures that the overall costs do not increase by more than the Remuneration Committee considers to be appropriate in all the circumstances.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td>The Remuneration Committee sets such benefits within overall market practice and ensures that the overall costs do not increase by more than the Remuneration Committee considers to be appropriate in all the circumstances.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance measures</strong></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td>To provide retirement benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Policy and operation</strong></td>
<td>Executive Directors receive pension contributions to Company or personal pension arrangements or the equivalent amount can be paid as a cash supplement in lieu of pension contributions (reduced for the impact of employers’ National Insurance Contributions).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td>The amount of employer’s contribution is approximately 6% of base salary per annum which is aligned with other employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance measures</strong></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Annual Bonus Plan

**Element and purpose**

To motivate employees and incentivise delivery of performance over a one-year operating cycle, focusing on the short/medium-term elements of our strategic aims.

**Policy and operation**

Annual Bonus Plan levels and the appropriateness of measures are reviewed annually to ensure they continue to support the Group’s strategy.

Annual Bonus Plan outcomes are calculated following the determination of achievement against performance measures and targets.

**Level**

The normal maximum of Annual Bonus Plan outcome for an Executive Director is 100% of base salary per annum.

**Performance measures**

The performance measures applied may be financial or non-financial, corporate, divisional or individual and in such proportions as the Remuneration Committee considers appropriate. They are typically a blend of corporate targets such as production, cost control and sustainability achievements as well as individual KPIS.

Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events (such as major transactions) where the Committee considers it necessary in its judgement to make appropriate adjustments to the targets applying before such event.

Long-term incentives

To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders’ interests, the Group operates a Long-Term Incentive Plan.

**Element and purpose**

Awards under the LTIP are typically granted as options which vest to the extent that performance conditions are satisfied over a period of at least three years.

Awards are normally granted at nominal cost ($0.00) per share although can be granted at nil-cost under the rules.

Under the LTIP rules, vested awards may also be settled in cash (although this will typically be the case only if decided appropriate by the Committee in particular circumstances).

If appropriate, dividend entitlements will accrue until the end of the holding period in respect of performance-vested shares and be delivered as additional vesting shares.

**Performance measures**

The Remuneration Committee may set such performance measures on LTIP awards as it considers appropriate (whether financial or non-financial, and whether corporate, divisional or individual).

Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee’s opinion, make it appropriate to alter the performance conditions in such manner as the Committee thinks fit. Performance conditions would only be altered this way for factors that could not be foreseen at the time of grant of the awards and significantly distort the operation of the intended performance conditions (positively or negatively). Performance may be measured over such periods as the Remuneration Committee selects at grant, which will not normally be less than, but may be more than, three financial years.
Chairman and other Non-Executive Director fees

To enable the Company to recruit and retain a Chairman and Non-Executive Directors of the highest calibre, at the appropriate cost.

Policy and operation

The fees paid to the Chairman and the fees of the other Non-Executive Directors are to be competitive with other listed companies of equivalent size and complexity and to take account of the time commitment of the Directors.

The fees payable to the Non-Executive Directors are determined by the Board. The fees payable to the Chairman are determined by the Remuneration Committee.

All fees will be subject to periodic review. For Non-Executive Directors, the fee structures may involve separate fees for chairing, for membership of Board Committees or for acting as Deputy Chairman or Senior Independent Director, or for performing specific services.

No benefits are normally envisaged for the Non-Executive Directors but the Company reserves the right to provide benefits (including travel and office support).

Fees are paid monthly in cash.

Level

The Chairman and Non-Executive Directors are paid fees comparable in relation to other companies taking account of their respective roles, responsibilities and time commitment. Any increases made will be appropriately disclosed.

Share awards

Share awards will normally be granted to Non-Executive Directors. If exceptional share awards are granted to Non-Executive Directors, those Non-Executive Directors shall not normally be counted amongst the independent Directors under the Quoted Companies Alliance ('QCA') Code.

Performance measures

No material changes.

IMPLEMENTATION REPORT

Directors' remuneration

The table below sets out the total remuneration in respect of qualifying services for both Executive and Non-Executive Directors for the financial year 2019:

<table>
<thead>
<tr>
<th>Executive Directors:</th>
<th>Basic salary £'000</th>
<th>Annual bonus £'000</th>
<th>Pension £'000</th>
<th>Benefits in kind £'000</th>
<th>2019 Total £'000</th>
<th>2018 Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nick Clarke</td>
<td>318</td>
<td>2918</td>
<td>19</td>
<td>13</td>
<td>648</td>
<td>808</td>
</tr>
<tr>
<td>Nigel Robinson</td>
<td>446</td>
<td>418</td>
<td>27</td>
<td>13</td>
<td>904</td>
<td>807</td>
</tr>
<tr>
<td>Gavin Ferrar</td>
<td>363</td>
<td>340</td>
<td>22</td>
<td></td>
<td>725</td>
<td>668</td>
</tr>
</tbody>
</table>

Non-Executive Directors:

Nigel Hurst-Brown 127 – – – 127 133
Robert Catlery 102 – – – 102 107
Nurlan Zhakupov 95 – – – 95 100
David Swan 102 – – – 102 107
Roger Davay 101 – – – 101 107
Dr Gillian Davidson2 8 – – – 8 –
Kengas Rakishev3 – – – – – 40

Directors' aggregate emoluments 1,662 1,056 68 26 2,812 2,874

1 Nick Clarke was Executive Chairman during the year. On 1 January 2020 he became Non-Executive Chairman.
2 Dr Gillian Davidson joined the Board on 2 December 2019.
3 Kengas Rakishev retired from the Board on 23 May 2019.

The benefits receivable by Executive Directors include private medical and dental insurance.

The aggregate emoluments of the highest paid Director totalled $904,000 (2018: $808,000). No Director has a service agreement with the Company that is terminable on more than six months' notice. Details of Executive Director service agreements are set out on the Remuneration Policy table on page 68.

Salaries for Executive Directors for 2020

The Executive Directors have each signed a service agreement with the Company. Under the terms of these service agreements, the Executive Directors are entitled to a salary (which is denominated in pounds Sterling) as set out below:

<table>
<thead>
<tr>
<th></th>
<th>2020 Salary £'000</th>
<th>2019 Salary £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigel Robinson (Chief Executive Officer)</td>
<td>365</td>
<td>300</td>
</tr>
<tr>
<td>Gavin Ferrar (Chief Financial Officer)</td>
<td>295</td>
<td>285</td>
</tr>
</tbody>
</table>

Annual bonus measures

The table below sets out the performance measures and weightings between these:

<table>
<thead>
<tr>
<th>Metric</th>
<th>2013 Weighting</th>
<th>2020 Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Financial/Operational</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Safety</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Directors' option awards

Executive Directors can earn up to a maximum bonus potential of 100% of salary based on these measures. In 2019, each Executive Director earned 91% (2018: 80%) of the maximum bonus potential.

The options in the table above have been granted to the Executive Directors under the Central Asia Metals Employee Share Plan 2011:

Options granted in 2019 are subject to a performance target. The performance target relates to the level of absolute total shareholder return compounded annual growth rate of the value of the Company’s shares over the performance period of three financial years ending 31 December 2021. Awards do not vest until the third year from the date of grant.

For the options granted in 2019, the performance conditions to which these awards were subject were substantially met to the extent of 80% of the total. The awards therefore vest in tranches of one-third per annum commencing on 31 March of the first, second and third years after grant.

Additional options were also granted to the Executive Directors in 2018 in connection with the acquisition of Sasa by the Group and are not subject to performance conditions other than continued service. The additional awards granted in 2018 therefore vest at the rate of one-third per annum commencing on 31 March 2019.

Annu A l Repo Rt A nd Accounts 2019

Central Asia Metals PLC

Strategic Report

Governance

Financial Statements

66

CENTRAL ASIA METALS PLC ANNUAL REPORT AND ACCOUNTS 2019

67

CENTRAL ASIA METALS PLC ANNUAL REPORT AND ACCOUNTS 2019
**REMUNERATION COMMITTEE REPORT CONTINUED**

**DIRECTORS’ INTERESTS**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements and their interest in the issued Share Capital of the Company during the year were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Shares held as at</th>
<th>Shares held as at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nick Clarke (Chairman)</td>
<td>1,342,887</td>
<td>1,342,887</td>
</tr>
<tr>
<td>Nigel Robinson (Chief Executive Officer)</td>
<td>646,715</td>
<td>646,715</td>
</tr>
<tr>
<td>Gavin Ferrar (Chief Financial Officer)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Nigel Hurst-Brown (Deputy Chairman)</td>
<td>909,065</td>
<td>909,065</td>
</tr>
<tr>
<td>Robert Cathery</td>
<td>2,105,254</td>
<td>2,105,254</td>
</tr>
<tr>
<td>Roger Davey</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr Gillian Davidson</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>David Swan</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Nurlan Zhakupov</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total Directors’ interests</td>
<td>5,006,921</td>
<td>5,006,921</td>
</tr>
</tbody>
</table>

1 These shares are held jointly with the Company’s LTIP under a joint share ownership plan. All share awards were made prior to the 2010 IPO and vested upon successful completion.
2 25/10/2010 (2016: 20/10/2016) share held by Elizabeth Cathery, the wife of Robert Cathery. 1,295,244 (2016: 1,295,244) shares held by Robert Cathery and 500,000 (2016: 500,000) shares held by Robert and Elizabeth Cathery are included in the above amounts.

**2020 LTIP KPIs**

The plans and performance measures for the LTIP grants planned to be made in 2020 are commented upon on page 63.

**Non-Executive Director remuneration**

The Non-Executive Directors, including the Chairman, have each signed a letter of appointment. Under the terms of these letters, the Non-Executive Directors are entitled to an annual fee (which is denominated in pounds Sterling) as set out below.

<table>
<thead>
<tr>
<th>Director</th>
<th>2020 and 2020 Fee £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nick Clarke (Non-Executive Chairman)</td>
<td>175</td>
</tr>
<tr>
<td>Nigel Hurst-Brown (Deputy Chairman)</td>
<td>100</td>
</tr>
<tr>
<td>Robert Cathery</td>
<td>80</td>
</tr>
<tr>
<td>Roger Davey</td>
<td>75</td>
</tr>
<tr>
<td>Gillian Davidson</td>
<td>80</td>
</tr>
<tr>
<td>David Swan</td>
<td>80</td>
</tr>
<tr>
<td>Nurlan Zhakupov</td>
<td>75</td>
</tr>
</tbody>
</table>

**SERVICE CONTRACTS**

**Executive Directors**

The Committee's policy is that each Executive Director’s service agreement should be of indefinite duration, subject to termination by the Company or the individual on six months’ notice. The service agreements of both Executive Directors comply with that policy. In addition, the Company has the discretion to pay them in lieu of their notice period or to place them on gardening leave. In the event of a change of control of the Company as defined in the service agreements, the Executive Directors shall be entitled to receive a compensation payment of 12 months’ basic salary. Other fixed elements of the Executive Directors’ remuneration comprise private medical insurance and Company pension contributions. The service agreements also contain customary post-termination restrictions.

The date of each Executive Director’s service agreement is:

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of service contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigel Robinson</td>
<td>24 September 2020</td>
</tr>
<tr>
<td>Gavin Ferrar</td>
<td>4 December 2017</td>
</tr>
</tbody>
</table>

The service agreements of the Executive Directors are available for inspection at the Company’s registered office during normal business hours and at the Company’s AGM, including the 15 minutes preceding the meeting.

**Chairman and Non-Executive Directors**

Each Non-Executive Director appointment is subject to periodic renewal, in terms of the Company’s Articles of Association, at the AGM. For Non-Executive Directors, other than the Chairman, these engagements can be terminated by either party on one month’s notice. For the Chairman, the appointment is subject to termination by the Company or the individual on six months’ notice.

The Chairman and Non-Executive Directors are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the notice periods referred to above.

The letters of appointment of the Non-Executive Directors are available for inspection at the Company’s registered office during normal business hours and at the Company’s AGM, including the 15 minutes preceding the meeting.

**TERMINATION POLICY SUMMARY**

It is appropriate for the Committee to consider treatment on a termination having regard for all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination (see ‘service contracts’ on page 68) and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan and the LTIP.

The potential treatments on termination under these plans are summarised in the table below.

<table>
<thead>
<tr>
<th>Incentives</th>
<th>If a leaver is deemed to be a ‘good leaver’, e.g. leaving through disability or otherwise, at the discretion of the Committee</th>
<th>If a leaver is leaving for other reasons</th>
<th>Other exceptional cases, e.g. change in control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Bonus Plan</td>
<td>The Committee has the discretion to determine the annual bonus which will typically be limited to the period actually worked.</td>
<td>No awards made.</td>
<td>The Committee has the discretion to determine the annual bonus.</td>
</tr>
<tr>
<td>LTIP</td>
<td>Receive a prorated award subject to the application of the performance conditions at the end of the normal vesting period.</td>
<td>All awards will normally lapse.</td>
<td>Receive a prorated award subject to the application of the performance conditions at the end of the event, subject to standard Committee discretions to vary time prorating.</td>
</tr>
</tbody>
</table>

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may pay a contribution towards that individual’s legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

**EXTERNAL APPOINTMENTS**

The Company’s policy is to permit an Executive Director to serve as a Non-Executive Director elsewhere when this does not conflict with the individual’s duties to the Company and, where an Executive Director takes such a role, they will be entitled to retain any fees which they earn from that appointment.

**STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP**

Pay and employment conditions generally in the Group are taken into account when setting Executive Directors’ remuneration. The Committee receives regular updates on overall pay and conditions in the Group.

The same reward principles guide reward decisions for all Group employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors in different areas of the business:

- **Annual bonus** – the majority of Group employees participate in an Annual Bonus Plan, although the quantum and balance of corporate to individual objectives varies by level.
- **LTIP** – key Group employees participate in the LTIP currently based on the same performance conditions as those for Executive Directors, although the Committee reserves the discretion to vary the performance conditions for awards made to employees below Board level.

**CONSIDERATION OF SHAREHOLDERS’ VIEWS**

The Remuneration Committee takes into account the approval levels of remuneration-related matters at our AGM in determining that the current Directors’ remuneration policy remains appropriate for the Company, and considers any specific representations made by our shareholders on pay matters.

The Remuneration Committee also seeks to build an active and productive dialogue with investors on developments on the remuneration aspects of corporate governance generally and any changes to the Company’s Executive pay arrangements in particular.

During 2019, the Chairman and Remuneration Committee Chairman engaged with shareholders on governance matters through a governance roadshow. The feedback from this roadshow was reported as appropriate to the Board and Remuneration Committee and was taken into account in their deliberations.
Dear Shareholder,

I joined the Committee as Chair at the end of 2019 and am pleased to be building on the achievements to date under Roger Davey’s leadership. I look forward to sharing my experience and expertise in this area as we build on our pledge to enhance and develop our performance as a sustainable business and, in doing so, progress with our new initiatives and enhanced reporting disclosures in the coming year.

The Board established the Corporate Social Responsibility Committee in 2012 in recognition of the importance of these activities. CAML’s long-standing commitment in this area supports our view that we consider, as an international and expanding company, these areas to be fundamental in the operation of an ethical and sustainable business. To reflect the ever-increasing focus on sustainability matters throughout the Group, we changed the Committee’s name to the Sustainability Committee in late 2019. Following an ESG roadshow undertaken by Nick Clarke and our Director of Corporate Relations, we took on board feedback from our major shareholders and committed to shortly publishing our first Sustainability Report. This is an important milestone for us as a business and demonstrates our openness to discussing our achievements, experiences and challenges in the sustainability field. The report is structured around a desk-based materiality assessment which identified key sustainability topics for us as a business, and we give granularity on these areas in this forthcoming document. CAML’s Sustainability Report will be available on the Company’s website: www.centralasiametals.com.

THE ROLE OF OUR SUSTAINABILITY COMMITTEE

The Committee met three times during 2019. At every meeting the Committee receives and reviews regular reports for both Sasa and Kounrad in relation to health and safety, environmental and social matters. The Committee is responsible for the review of the Group’s corporate ESG performance, in particular in relation to governance. This includes overseeing diversity in the Group as a key part of Company sustainability. The Committee also reviews and makes recommendations to the Board in relation to the Group’s local community projects where we place a strong focus on health and education in partnership with local organisations. The Committee also receives presentations from members of operational management as appropriate. The Sustainability Committee liaises closely with the Sustainability Director to ensure that the Board is updated on matters from every meeting.

We are proud of the Group’s achievements to date in terms of corporate social responsibility, particularly in relation to our ongoing partnership with the communities in which we work and of our efforts to minimise the impact to the environment in which we operate. CAML continues to believe that the health and safety of our employees and contractors, preserving the environment and supporting vibrant and sustainable communities are extremely important matters. A more detailed summary of sustainability matters in the Group is given on pages 30 to 33 and, as mentioned above, in our separate Sustainability Report.

These core areas will remain the focus of the Sustainability Committee and across the Group as a whole as we continuously strengthen our processes in order to conduct our business in the most ethical and sustainable way possible.

SCOPE AND TERMS OF REFERENCE

We have adopted formal terms of reference defining the scope and responsibilities of the Sustainability Committee. These have been closely aligned with that of the Audit Committee to ensure both Committees are able to operate together as efficiently as possible, each covering their relevant areas of responsibility to minimise overlap in their duties. This enables the Sustainability Committee to focus on the health and safety, environmental, social and corresponding governance aspects of its remit. The Committee’s terms of reference can be found on the Group’s website together with the Group’s Sustainability Policy.

STAKEHOLDER ENGAGEMENT

The Sustainability Committee supports the Board as it seeks to build good relationships with stakeholders including workforce, local communities, investors, supply chain and customers, NGOs and governments and continuously aims to understand their needs, interests and expectations. The Directors meet with shareholders and stakeholders, including workforce representatives, community leaders and government officials where appropriate. Details of stakeholder engagement activities can be found on page 57.

THE FUTURE FOR SUSTAINABILITY

I am enthusiastic about building on the strong sustainability foundations embedded into the business by the Committee’s previous Chairman, Roger Davey, our Sustainability Director, Nick Shirley, and the Board. I thank Roger Davey for his efforts leading this important part of our business to date, and look forward to creating in the future an even stronger and more integrated focus on sustainability for our business, and for our communities and the environment in which we live.

DR GILLIAN DAVIDSON
CHAIR OF THE SUSTAINABILITY COMMITTEE
31 March 2020

As part of CAML’s commitment to reducing the impact of its activities on the environment, shareholders can help us by choosing to receive future communications in electronic format by visiting our Registrar Computershare’s website at www.investorcentre.co.uk/econtacts and providing an email address.

Dr Gillian Davidson, Chair of the Sustainability Committee

MEMBERS
Chair – Dr Gillian Davidson
Nick Clarke, Nigel Robinson, Roger Davey, Nurlan Zhakupov

ACHIEVEMENTS IN 2019

→ Updated the Committee’s name and mandate to focus on sustainability matters throughout the Group
→ Produced a separate Sustainability Report for the 2019 financial year to enhance reporting and disclosure in this area of critical importance
→ Reviewed the scope and responsibilities of the Committee and put in place formal terms of reference
→ Full disclosure on tailings storage facilities in line with the Church of England Pensions Board ‘Investor Mining and Tailings Safety Initiative’
→ The appointment of a new Committee Chair, an industry leader in sustainability, with significant experience in the extractives and natural resources sectors

OBJECTIVES FOR 2020

→ Further develop reporting on sustainability matters, building on the enhancements to disclosures made during 2019
→ Further develop CAML’s sustainability strategy and targets
→ Move to electronic communications where possible
→ Maintain ongoing stakeholder engagement

ENVIRONMENTAL IMPACT

As part of CAML’s commitment to reducing the impact of its activities on the environment, shareholders can help us by choosing to receive future communications in electronic format by visiting our Registrar Computershare’s website at www.investorcentre.co.uk/econtacts and providing an email address.

QCA Code Principles:
→ Take into account wider stakeholder and social responsibilities and their implications for long-term success
→ Promote a corporate culture that is based on ethical values and behaviours
The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2019.

Details of significant events since the balance sheet date are contained in note 37 to the financial statements.

PRINCIPAL ACTIVITIES
Central Asia Metals plc (‘CAM’ or the ‘Company’) is the holding company for a group of companies (the ‘Group’). CAML owns 100% of the Kounrad SK Gum copper project in Kazakhstan and 100% of the Sasa zinc-lead mine in North Macedonia. The Company also owns 60% of the Shuak copper exploration property in northern Kazakhstan.

CAML is domiciled and incorporated in the UK with the registration number 5559627 and the registered office is Masters House, 107 Hammersmith Road, London, W14 0QH.

REVIEW OF BUSINESS
A review of the current and future development of the Group’s business is given in the Strategic Report on pages 1 to 47 which forms part of, and by reference is incorporated in, this Directors’ Report.

Financial risk management has been assessed within note 3 to the financial statements.

BIODIVERSITY
CAML has embarked on a biodiversity programme across all the mining sites held by the Group with the objective of enhancing biodiversity levels over the long term. CAML is committed to enhancing biodiversity levels over the long term.

DIVIDENDS
The final 2019 dividend of 8 pence per Ordinary share of $0.01 each [‘Share’] was paid on 20 May 2019 and a 2019 interim dividend of 6.5 pence per Share was paid on 25 October 2019.

The Company’s dividend policy is to return to shareholders a target of 50% to 55% of cash generated from operating activities less capital expenditure. In addition, any Director appointed by the Board since last year’s AGM retires and if, and as far as he or she is aware, there is no relevant audit information and to establish that the Company’s Auditors are aware of that information.

The Group’s Auditors, BDO LLP have indicated their willingness to continue in office and, on the recommendation of the Audit Committee and in accordance with section 493 of the Act, a resolution for their reappointment will be put to the 2020 AGM. The audit tender process undertaken during 2019 is summarised in the Audit Committee Report on page 59.

POLITICAL DONATIONS
During the year the Group did not make any political donations.

CORPORATE GOVERNANCE
The Governance Report can be found on pages 48 to 71. The Governance Report forms part of this Directors’ Report and is incorporated by cross reference.

Approved by the Board of Directors and signed on its behalf

GAVIN FERRAR
CHIEF FINANCIAL OFFICER
31 March 2020

In January 2020, 40,000 Shares were moved out of treasury to satisfy the exercise of options under the Company’s share option schemes. At the date of this report, 471,647 Shares are held in treasury pending their cancellation or possible use in the Company’s share option schemes.

AGM NOTICE
A separate communication will be sent to shareholders and published on the Company’s website regarding the Company’s 2020 AGM.

GREENHOUSE GAS EMISSION REPORTING
Reporting on emission sources as required under the Energy and Carbon Report Regulations 2019 is included in our separate Sustainability Report to be available on the Company’s website at www.centralasiametals.com.

SECTION 172 STATEMENT
A statement of how the Board has performed its duties under section 172 of the Companies Act 2006 (‘the Act’) can be found on pages 34 to 35 of the Strategic Report.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS
Each Director in office at the date of approval of this report has confirmed that:

- so far as he or she is aware, there is no relevant audit information of which the Company’s Auditors are unaware; and
- he or she has taken all reasonable steps that he ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company’s Auditors are aware of that information.

The Group’s Auditors, BDO LLP have indicated their willingness to continue in office and, on the recommendation of the Audit Committee and in accordance with section 493 of the Act, a resolution for their reappointment will be put to the 2020 AGM. The audit tender process undertaken during 2019 is summarised in the Audit Committee Report on page 59.

The Company received no notifications of interests indicating a different whole percentage holding at 31 December 2019 other than as shown in the footnotes to the table above.

CHANGES IN SHARE CAPITAL
There were no transactions during the year ended 31 December 2019 that increased the share capital of the Company and there were no movements of Shares into or out of treasury.

As at 31 December 2019, 176,498,266 Shares were in issue including 511,647 Shares held in treasury.
STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (‘United Kingdom Accounting Standards’, comprising FRS 101 ‘Reduced Disclosure Framework’, and applicable law). 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 of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

GAVIN FERRAR
CHIEF FINANCIAL OFFICER
31 March 2020

INDEPENDENT AUDITORS’ REPORT

to the members of Central Asia Metals plc

OPINION
We have audited the financial statements of Central Asia Metals plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 December 2019 which comprise the consolidated income statement, consolidated statement of comprehensive income, the Group and Company statements of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated 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 the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (‘IFRS’) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 ‘Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 which sets out the Directors’ considerations of the potential impact on the Group’s business of the COVID-19 pandemic. As stated in note 2, these events or conditions, along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have highlighted going concern as a key audit matter as a result of the uncertainty created by the COVID-19 pandemic and resulting potential implications for our audit strategy.

Our audit procedures in response to this key audit matter included:

- 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, customer takeoff and commodity market prices that are relevant to the Group’s business model and operations. We formed our own assessment of risks and uncertainties based on our understanding of the business and mining sector;
- we obtained management’s reverse stress testing analysis which was performed to determine the point at which covenants and liquidity breaks and considered whether such scenarios, including significant reductions in commodity prices and production were possible given the potential impacts of COVID-19 and the level of uncertainty;
- we critically assessed management’s base case cash flow forecasts and the underlying assumptions which have been approved by the Board. Our testing included a comparison of forecast prices to spot prices together with consideration of broker consensus pricing ranges;
- we evaluated the forecast production levels against 2019 actuals, the life of mine plan and considered the impact of recent plant upgrades on the achievability of forecasts;
- we compared forecast refinery treatment charges to third party agreements. We compared the other forecast operational expenditure to 2019 actuals and confirmed that planned capital expenditure is consistent with the life of mine plan;
- we compared the Group’s operational results to the budget for 2019 to assess the quality of management’s budgetary process;
- we reviewed and considered the adequacy of the disclosure within the financial statements relating to the Directors’ assessment of the going concern basis of preparation.

Key audit matters
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) 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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.
We evaluated management’s impairment model against the Board approved life of mine plan and our understanding of the operations.

Risk that judgments and estimates in the impairment test on the carrying value of the Sasa mining assets are inappropriate and the assets require impairment

The Sasa cash generating unit (“CGU”) includes goodwill of $21.7m and therefore the Group must perform an annual impairment test. As detailed in note 19, management prepared a discounted cash flow valuation model which indicated a recoverable amount above the carrying value of the CGU with headroom of 13%.

The appropriateness of estimates and judgments applied in the determination of the recoverable amount represented a significant focus area for our audit, including forecast commodity prices, refinery treatment costs, production and discount rates, together with forecast operating and capital costs given the planned transition from a sub level caving mining method to cut and fill mining.

How we addressed the key audit matter in our audit

➔ We evaluated management’s impairment model against the Board approved life of mine plan and our understanding of the operations. We critically challenged the key estimates and assumptions used by management, including commodity pricing, treatment charges, production, operational and capital expenditure and the discount rate.

➔ We compared the forecast price assumptions to 2019 actuals, independently sourced broker consensus data and other third party industry commentators.

➔ We compared the forecasted operating charges in the short term to agreements with the Group’s refineries and evaluated management’s longer term forecast reduction in treatment charges considering analyst reports, market commentary and the historical relationship between pricing and treatment charges.

➔ We compared the forecast production to the internal Competent Person’s Reserves and Resources Statement, met with the Group’s geologists and consultants engaged by the Group and considered the consistency of production forecasts and planned capital expenditure.

➔ We assessed the appropriateness of the forecasted operating costs and capital expenditure associated with the cut and fill mining method. In doing so we met with operational management to evaluate the basis of management’s assumptions, reviewed reports by consultants engaged by the Group and considered the consistency of production forecasts and planned capital expenditure.

➔ We used our valuation experts to evaluate the discount rate used by management and the structure of the valuation model.

➔ We reviewed management’s sensitivity analysis and performed our own sensitivity analysis over individual key inputs to include pricing, treatment charges, expenditure and discount rate together with a combination of sensitivities over such inputs.

➔ We evaluated management’s conclusion that the potential impact of Covid-19 represented a non-adjusting subsequent event against the relevant accounting standards.

➔ We evaluated the disclosures given in note 19 and 37 and found them to be relevant and informative.

Our observations

In respect of the recoverable amount of Sasa mining assets, we found the Group’s conclusion that the recoverable amount at 31 December 2019 exceeded the carrying value of the cash generating unit to be appropriate. We found the disclosures in note 19 to be appropriate. We found the conclusion of the Group’s discounted cash flow model, under the assumption of sales volume of 2019+10% and a 15% discount rate, which indicated a recoverable amount above the carrying value of the CGU with headroom of 13%, to be appropriate.

Our application of materiality

We applied 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 these levels 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. We consider profit before tax to be the financial metric of the most interest to shareholders and other users of the financial statements given the Group and significant components are profit orientated entities. This was our first year as auditors of the Group.

Materiality for the Parent Company was set at $1,700,000 being approximately 50% of Group materiality.

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 65% of the above materiality levels for both Group ($2,200,000) and Company ($1,100,000).

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of $70,000. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.
INDEPENDENT AUDITORS’ REPORT CONTINUED

to the members of Central Asia Metals plc

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors’ responsibilities statement 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

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 Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

RYAN FERGUSON (SENIOR STATUTORY AUDITOR) For and on behalf of BDO LLP, Statutory Auditor London 31 March 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

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>171,748</td>
<td>194,379</td>
</tr>
<tr>
<td>6</td>
<td>180,815</td>
<td>204,152</td>
</tr>
<tr>
<td>6</td>
<td>(5,556)</td>
<td>(6,023)</td>
</tr>
<tr>
<td>6</td>
<td>(2,511)</td>
<td>(3,751)</td>
</tr>
<tr>
<td>6</td>
<td>171,748</td>
<td>194,379</td>
</tr>
<tr>
<td>7</td>
<td>(73,098)</td>
<td>(76,419)</td>
</tr>
<tr>
<td>8</td>
<td>(1,823)</td>
<td>(2,045)</td>
</tr>
<tr>
<td></td>
<td>96,827</td>
<td>115,916</td>
</tr>
<tr>
<td>9</td>
<td>(18,223)</td>
<td>(23,950)</td>
</tr>
<tr>
<td>10</td>
<td>(481)</td>
<td>(1,030)</td>
</tr>
<tr>
<td></td>
<td>109</td>
<td>369</td>
</tr>
<tr>
<td></td>
<td>377</td>
<td>(879)</td>
</tr>
<tr>
<td></td>
<td>78,612</td>
<td>87,416</td>
</tr>
<tr>
<td>14</td>
<td>336</td>
<td>264</td>
</tr>
<tr>
<td>15</td>
<td>(11,163)</td>
<td>(14,999)</td>
</tr>
<tr>
<td>16</td>
<td>67,795</td>
<td>72,861</td>
</tr>
<tr>
<td></td>
<td>(15,911)</td>
<td>(18,822)</td>
</tr>
<tr>
<td>21</td>
<td>51,884</td>
<td>53,859</td>
</tr>
<tr>
<td>21</td>
<td>51,937</td>
<td>48,585</td>
</tr>
<tr>
<td>21</td>
<td>51,937</td>
<td>48,585</td>
</tr>
<tr>
<td></td>
<td>51,937</td>
<td>48,585</td>
</tr>
<tr>
<td></td>
<td>51,937</td>
<td>48,585</td>
</tr>
<tr>
<td>17</td>
<td>29.39</td>
<td>29.36</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>26.57</td>
<td>26.57</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>28.65</td>
<td>28.65</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>28.54</td>
<td>28.54</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>29.39</td>
<td>29.39</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>28.57</td>
<td>28.57</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>28.65</td>
<td>28.65</td>
</tr>
<tr>
<td>0.03</td>
<td>(4.12)</td>
<td>(4.12)</td>
</tr>
<tr>
<td>0.03</td>
<td>28.65</td>
<td>28.65</td>
</tr>
</tbody>
</table>
### STATEMENTS OF FINANCIAL POSITION

as at 31 December

Registered no. 5559627

<table>
<thead>
<tr>
<th>Note</th>
<th>Group 2019</th>
<th>Group 2018</th>
<th>Company 2019</th>
<th>Company 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>18</td>
<td>406,387</td>
<td>429,601</td>
<td>838</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>19</td>
<td>58,676</td>
<td>61,311</td>
<td>–</td>
</tr>
<tr>
<td>Deferred income tax asset</td>
<td>36</td>
<td>266</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investments</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>5,491</td>
</tr>
<tr>
<td>Other non-current receivables</td>
<td>22</td>
<td>3,389</td>
<td>2,120</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>468,718</td>
<td>493,032</td>
<td>6,329</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>23</td>
<td>7,283</td>
<td>7,529</td>
<td>–</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>22</td>
<td>6,276</td>
<td>10,078</td>
<td>342,083</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>24</td>
<td>4,013</td>
<td>4,376</td>
<td>3,834</td>
</tr>
<tr>
<td>Cash and cash equivalents (excluding bank overdrafts)</td>
<td>24</td>
<td>28,566</td>
<td>34,649</td>
<td>17,834</td>
</tr>
<tr>
<td><strong>Total assets of disposal group classified as held for sale</strong></td>
<td></td>
<td>40,138</td>
<td>56,632</td>
<td>363,741</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>46,357</td>
<td>56,693</td>
<td>363,741</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the parent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Shares</td>
<td>25</td>
<td>1,765</td>
<td>1,765</td>
<td>1,765</td>
</tr>
<tr>
<td>Share premium</td>
<td>25</td>
<td>191,184</td>
<td>191,184</td>
<td>191,184</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>25</td>
<td>(6,526)</td>
<td>(6,526)</td>
<td>(6,526)</td>
</tr>
<tr>
<td>Currency translation reserve</td>
<td>26</td>
<td>(100,473)</td>
<td>(89,454)</td>
<td>–</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>250,480</td>
<td>230,281</td>
<td>370,070</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>336,430</td>
<td>327,260</td>
<td>256,509</td>
</tr>
</tbody>
</table>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>30</td>
<td>69,473</td>
</tr>
<tr>
<td>Silver streaming commitment</td>
<td>29</td>
<td>20,755</td>
</tr>
<tr>
<td>Deferred income tax liability</td>
<td>36</td>
<td>26,089</td>
</tr>
<tr>
<td>Lease liability</td>
<td>748</td>
<td>–</td>
</tr>
<tr>
<td>Provisions for other liabilities and charges</td>
<td>31</td>
<td>9,027</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>126,092</td>
<td>162,193</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>30</td>
<td>39,295</td>
</tr>
<tr>
<td>Silver streaming commitment</td>
<td>29</td>
<td>2,140</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>28</td>
<td>12,305</td>
</tr>
<tr>
<td>Provisions for other liabilities and charges</td>
<td>31</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53,786</td>
<td>61,666</td>
</tr>
<tr>
<td><strong>Liabilities of disposal group classified as held for sale</strong></td>
<td>21</td>
<td>91</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>53,877</td>
<td>61,666</td>
</tr>
<tr>
<td><strong>Total assets and liabilities</strong></td>
<td>178,969</td>
<td>223,859</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>515,075</td>
<td>549,725</td>
</tr>
</tbody>
</table>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company Income Statement or Statement of Comprehensive Income. The profit for the parent company for the year was $38,637,000 (2018: $42,830,000).

The financial statements on pages 79 to 115 were authorised for issue by the Board of Directors on 31 March 2020 and were signed on its behalf by Gavin Ferrar.

---

**GAVIN FERRAR**

CHIEF FINANCIAL OFFICER
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December

<table>
<thead>
<tr>
<th>Company</th>
<th>Ordinary Shares</th>
<th>Share premium</th>
<th>Treasury shares</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January 2018</td>
<td>1,765</td>
<td>191,184</td>
<td>(7,780)</td>
<td>56,195</td>
<td>241,364</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>42,830</td>
<td>42,830</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>42,830</td>
<td>42,830</td>
</tr>
<tr>
<td>Transactions with owners</td>
<td>Share based payments</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>4,904</td>
</tr>
<tr>
<td>Sales of EBT shares</td>
<td>–</td>
<td>–</td>
<td>55</td>
<td>–</td>
<td>55</td>
</tr>
<tr>
<td>Exercise of options</td>
<td>27</td>
<td>–</td>
<td>1,199</td>
<td>(1,199)</td>
<td>–</td>
</tr>
<tr>
<td>Dividends</td>
<td>34</td>
<td>–</td>
<td>–</td>
<td>(39,603)</td>
<td>(39,603)</td>
</tr>
<tr>
<td>Total transactions with owners, recognised directly in equity</td>
<td>–</td>
<td>–</td>
<td>1,254</td>
<td>(36,818)</td>
<td>(34,644)</td>
</tr>
<tr>
<td>Balance as at 31 December 2018</td>
<td>1,765</td>
<td>191,184</td>
<td>(6,526)</td>
<td>63,127</td>
<td>249,550</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>38,637</td>
<td>38,637</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>38,637</td>
<td>38,637</td>
</tr>
<tr>
<td>Transactions with owners</td>
<td>Share based payments</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>1,085</td>
</tr>
<tr>
<td>Exercise of options</td>
<td>27</td>
<td>–</td>
<td>–</td>
<td>(599)</td>
<td>(599)</td>
</tr>
<tr>
<td>Dividends</td>
<td>34</td>
<td>–</td>
<td>–</td>
<td>(32,164)</td>
<td>(32,164)</td>
</tr>
<tr>
<td>Total transactions with owners, recognised directly in equity</td>
<td>–</td>
<td>–</td>
<td>31,678</td>
<td>(31,678)</td>
<td>(31,678)</td>
</tr>
<tr>
<td>Balance as at 31 December 2019</td>
<td>1,765</td>
<td>191,184</td>
<td>(6,526)</td>
<td>70,086</td>
<td>256,509</td>
</tr>
</tbody>
</table>

The above Company Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>105,143</td>
<td>130,131</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(9,445)</td>
<td>(14,510)</td>
</tr>
<tr>
<td>Corporate income tax paid (net of refunds)</td>
<td>(14,845)</td>
<td>(31,833)</td>
</tr>
<tr>
<td>Cash flow generated from operating activities</td>
<td>80,853</td>
<td>83,788</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balancing receipt from CMK Group acquisition</td>
<td>–</td>
<td>3,300</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>18</td>
<td>(11,042)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>18</td>
<td>233</td>
</tr>
<tr>
<td>Deferred consideration paid</td>
<td>(6,500)</td>
<td>–</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>19</td>
<td>(21)</td>
</tr>
<tr>
<td>Interest received</td>
<td>14</td>
<td>336</td>
</tr>
<tr>
<td>Decrease/(increase) in restricted cash</td>
<td>24</td>
<td>363</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(16,631)</td>
<td>(13,926)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>30</td>
<td>60,809</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>30</td>
<td>(38,400)</td>
</tr>
<tr>
<td>Dividends paid to owners of the parent</td>
<td>34</td>
<td>(32,164)</td>
</tr>
<tr>
<td>Settlement on exercise of share options</td>
<td>27</td>
<td>(899)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(71,153)</td>
<td>(78,084)</td>
</tr>
<tr>
<td>Effect of foreign exchange gain/(loss) on cash and cash equivalents</td>
<td>1</td>
<td>(244)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(6,930)</td>
<td>(8,466)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>24</td>
<td>34,707</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>24</td>
<td>27,777</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at 31 December 2019 includes cash at bank and on hand included in assets held for sale of $106,000 (31 December 2018: $58,000) (note 21) and bank overdrafts of $895,000 (2018: nil) (note 30). The Consolidated Statement of Cash Flows does not include the restricted cash balance of $4,013,000 (2018: $4,376,000) (note 24).

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 32 includes disclosures of major non-cash flows during the period relating to investing activities.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1. GENERAL INFORMATION

Central Asia Metals plc (‘CAML’ or the ‘Company’) and its subsidiaries (the ‘Group’) are a mining and exploration organisation with operations primarily in Kazakhstan and North Macedonia and a parent holding company based in the United Kingdom (‘UK’).

The Group’s principal business activities are the production of copper cathode at its Kounrad operations in Kazakhstan and the production of lead, zinc and silver at its Sasa operations in North Macedonia. CAML owns 100% of the Kounrad SX-EW copper project in Kazakhstan and 100% of the Sasa zinc-lead mine in North Macedonia. The Company also owns two further operations which are currently held for sale and includes 98% of the Shuak copper exploration property in northern Kazakhstan and a 75% equity interest in Copper Bay Limited. See note 21 for details.

CAML is a public limited company, which is listed on the AIM market of the London Stock Exchange and incorporated and domiciled in England, UK. The address of its registered office is Masters House, 107 Hammersmith Road, London, W14 0QH. The Company’s registered number is 5559627.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting standards (‘IFRS’) and IFRS Interpretations Committee (‘IFRIC’) interpretations as adopted by the European Union, and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention with the exception of assets held for sale which have been held at the lower of fair value less costs to sell and carrying value. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. The Group financial statements are presented in US dollars ($) and rounded to the nearest thousand.

The parent company meets the definition of a qualifying entity under FRS 100 (‘Financial Reporting Standard 100’) issued by the Financial Reporting Council. The parent company financial statements have therefore been prepared in accordance with FRS 101 ‘Reduced Disclosure Framework’ as issued by the Financial Reporting Council. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, fair value measurements, capital management, presentation of a cash flow statement, new standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group financial statements of Central Asia Metals plc.

The preparation of the Group financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are explained in note 4.

Going concern

The Group sells and distributes its copper cathode product primarily through an off-take arrangement with Traxys Europe S.A. with a minimum of 95% of the SX-EW plant’s forecasted output committed as sales for the period up until October 2022. The Group sells Sasa’s zinc and lead concentrate product through an off-take arrangement with Traxys which has been fixed through to 31 December 2022. The commitment is for 100% of the Sasa concentrate production.

The Group meets its day to day working capital requirements through its profitable and cash generative operations at Kounrad and Sasa. The Group manages liquidity risk by maintaining adequate committed borrowing facilities and the Group has substantial cash balances as at 31 December 2019.

The price of copper, zinc and lead have been impacted in 2020 by concerns over the outbreak of the COVID-19 pandemic and this will impact on Group revenue for the year ended 31 December 2020. Whilst there has been little impact of COVID-19 to the Group’s operations at present, owing to the volatility of the commodity price environment, uncertainty regarding the future impact on operations and the uncertainty surrounding implementation of government policies to manage the outbreak it is difficult to determine and quantify the financial impact there may be on the business going forward. The CAML Board has considered and debated a range of substantial possible scenarios on the Group’s operations, financial position and forecasts covering a period of at least the next 12 months considering potential impacts associated with:

a) Operational disruption may be caused by restrictions applied by governments, illness amongst our workforce and disruption to supply chain and off-take arrangements;

b) Market volatility in respect of commodity prices;

c) Availability of existing credit facilities.

These scenarios include the potential for significant downside to commodity prices and production levels at Sasa and Kounrad which may include periods with minimal or no revenue. Under these scenarios possible mitigations within the Group’s control or which can reasonably be achieved have been considered by the Board to maintain liquidity and service debt and in light of COVID-19. As a result of the current market uncertainty the CAML Board has taken the decision not to recommend a 2019 final dividend. Under the forecast scenarios the Group is able to maintain liquidity and service debt assuming minimal or no revenue for a period of approximately 3–4 months, reflecting its current cash resources. However, certain of the scenarios considered indicate a breach to the one of the Group’s short-term loan covenants. However, management have engaged in continued dialogue with the lender and, whilst there can be no guarantee, anticipate that existing facilities would remain available where there is a covenant breach. Should there be a period without production or sales in excess of the above scenarios the Group would require additional funding in the form of debt or equity the availability of which cannot be guaranteed.

After review of these forecasts the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements. However, at the date of approval of these financial statements, the potential future impact of COVID-19 and the resulting forecast breach of covenants should such adverse scenarios materialise 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. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Please refer to notes 6, 24 and 28 for information on the Group’s revenues, cash balances and trade and other payables.

New and amended standards and interpretations adopted by the Group

The Group has adopted the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019.

IFRS 16 Leases has been applied from 1 January 2019. IfRS 16 requires a leasee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group has reviewed all leasing arrangements and contracts in light of the new standard to determine whether the arrangements fall under the definition of a lease per IFRS 16. The Group has applied the simplified transition approach from 1 January 2019 and therefore does not require to restate the comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019 amounting to $853,000. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which have been classified as operating leases under IAS 17. The lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. All other right-of-use assets will continue to be measured at the amount of the lease liability on adoption.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

→ applying a single discount rate to a portfolio of leases with reasonably similar characteristics

→ accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

→ using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

IFRIC 23 Uncertainty over Income Tax Treatments was introduced from 1 January 2019 and clarifies the accounting for uncertainties in income taxes which is to be applied to determination of taxable profit and uncertainty over income tax treatments under IAS 12. The Group will assess its judgements and estimates if facts and circumstances change. The Group operates in jurisdictions which necessarily require judgment 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.

The following amendments did not have any impact on the amounts recognised in prior years or the current year and on foreseeable future transactions:

→ Annual Improvements to IFRS Standards 2015–2017 Cycle

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective that would be expected to have a material impact on the Group.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Basis of consolidation
The Group financial statements consolidate the financial statements of CAML and the entities it controls drawn up to 31 December 2019. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised losses/gains on transactions between Group companies are eliminated. Unrealised losses/gains are also eliminated but considered an impairment indicator of the asset transferred.
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and reported within other expenses.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. If the impairment test is failed, the asset is derecognised from the statement of financial position and the difference between the consideration transferred and the carrying amount is charged to profit or loss.

Goodwill and other intangible assets generated in a business combination are amortised over a period determined by management and the amount so amortised is charged to profit or loss. Goodwill is not amortised but is subject to annual impairment testing.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and reported within other expenses.

Non-controlling interests
Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the Consolidated Statement of Financial Position distinct from parent shareholder’s equity. Where losses are incurred by a partially owned subsidiary, they are consolidated such that the non-controlling interests’ share in the losses is apportioned in the same way as profits. Where profits are then made in future periods, such profits are then allocated to the parent company until all unrealised losses attributable to the non-controlling interests but absorbed by the parent are recovered at which point, profits are allocated as normal.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is considered to be the Board.

Foreign currency translation
The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in US Dollars, which is the Group’s and Company’s presentation currency. The functional currency of the Company is US Dollars. Transactions in foreign currencies are translated into the functional currency at the rate at the reporting date. The functional currency rate of exchange is determined as the rate at the balance sheet date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the date of the statement of financial position.

The results and financial position of all the Group entities that have a functional currency different from the US Dollar presentation currency are translated into the US Dollar presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the reporting date;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement. Goodwill and fair value adjustments arising on the disposal of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leases continued
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group leases offices and equipment. Rental contracts are typically made for fixed periods of six months to five years and have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Intangible assets

a) Exploration and evaluation expenditure

Capitalised costs include costs directly related to any Group exploration and evaluation activities in areas of interest for which there is a high degree of confidence in the feasibility of the project. Exploration and evaluation expenditure capitalised includes acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and activities in relation to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets are measured at cost less provision for impairment, where required.

b) Mining licences, permits and computer software

The historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives with charges included in either cost of sales or administrative expenses.

Computer software – over two to five years

Mining licences and permits – over the duration of the legal agreement

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment of non-financial assets

The Group carries out impairment testing on all assets when there exists an indication of an impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell or its value in use.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Income Statement.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The best evidence of an asset’s fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value may be estimated using the income approach by discounting the estimated future cash flows based on the appropriate discount rate.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the Income Statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

Goodwill is also reviewed annually, as well as whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets other than goodwill which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. These steps are as follows: identification of the customer contract; identification of the contract performance obligations; determination of the contract price; allocation of the contract price to the contract performance obligations; and revenue recognition as performance obligations are satisfied.

Under IFRS 15, revenue is recognised when the performance obligations are satisfied and the customer obtains control of the goods or services, usually when title has passed to the buyer and the goods have been delivered in accordance with the contract delivery terms.

Revenue is measured at the fair value of consideration received or receivable from sales of metal to an end user, net of any buyers discount, treatment charges and value added tax. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

The value of consideration is fair value which equates to the contractually agreed price. The off-take agreements provide for provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer. Such a provisional sale contains an embedded derivative which is not required to be separated from the underlying host contract, being the sale of the commodity. At each reporting date, if any sales are provisionally priced, the provisionally priced copper cathode, zinc and lead sales are marked-to-market using forward prices, with any significant adjustments (both gains and losses) being recorded in revenue in the Income Statement and in trade receivables in the Statement of Financial Position.

The Company may mitigate commodity price risk by fixing the price in advance for its copper cathode, zinc and lead sales with the off-take partner and also its zinc and lead sales with the banks where a facility has been set up and agreed. The price fixing arrangements are outside the scope of IFRS 9 Financial Instruments: Recognition and Measurement and do not meet the criteria for hedge accounting.

The Group reports both a gross revenue and revenue line. Gross revenue is reported after deductions of treatment charges but before deductions of off-takers fees and silver purchases under the Silver Stream.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises raw materials, direct labour and all other direct costs associated with mining the ore and processing it to a salable product.

Net realisable value is the estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion. Provision is made, if necessary, for slow-moving, obsolete and defective inventory.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The carrying amount of the asset is reduced to the lower of its carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

Current and deferred income tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the reporting date in the countries where the Group’s subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short term is regarded as being probable.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash

Restricted cash is cash with banks that is not available for immediate use by the Group. Restricted cash is shown separately from cash and cash equivalents on the Statement of Financial Position.

Investments

Investments in subsidiaries are recorded at cost less provision for impairment.

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasuries shares

Where any Group company purchases the Company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued. Where such Ordinary Shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

Share based compensation

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement with a corresponding adjustment to equity.

Trade and other receivables

Trade and other receivables are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

Impairment of financial assets

The Group and the Company has adopted the general expected credit loss model for financial assets, e.g. trade receivables and intercompany receivables. The allowance for expected credit losses for trade receivables is established by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The allowance is the sum of these probability weighted outcomes. The allowance and any changes to it are recognised in the Statement of Comprehensive Income within net operating expenses. A provision matrix is used to calculate the allowance for expected credit losses on trade receivables which is based on historical default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net operating expenses in the Statement of Comprehensive Income.

The Company assesses on a forward looking basis the expected credit losses associated with its intercompany balances carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Silver stream commitment

The silver stream arrangement has been accounted for as a commitment as the Group has obligations to deliver silver to a third party at a price below market value. On acquisition, following completion of the business combination, the silver stream commitment was identified as an unfavourable contract and recorded at fair value. Payments received under the arrangement prior to the acquisition by the Group were not considered to be a transaction with a customer. Management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. silver commodity from the Company’s production), rather than cash or financial assets. Subsequent to initial recognition the silver stream commitment is not revalued and is amortised on a units of production basis to cost of sales.

The fair value of consideration received for delivered silver under the agreement is recorded as revenue. In addition, silver produced in conjunction with the Group’s lead and zinc production and sold under the off-take agreement is recorded in gross revenue with a corresponding deduction for silver purchased to deliver under the silver stream recorded in arriving at net revenue.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

An amendment in a loan facility gives rise to a modification gain or loss to reflect the amended terms under the new facility. In 2018, the Group consolidated and restructured its borrowings into one corporate debt package. The total available amount under the facility was increased by £601,000,000. The refinancing resulted in the recognition of a modification gain of £936,000 which was recognised in the Income Statement during 2018.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Provisions

a) Asset retirement obligation

Provisions for environmental restoration of mining operations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of expected expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the cash flows incorporate assessments of risk. The increase in the provision due to passage of time is recognised as interest expense.

b) Employee benefits – pension

The Group, in the normal course of business, makes payments on behalf of its employees for pensions, health-care, employment and personal tax, which are calculated based on gross salaries and wages according to legislation. The cost of these payments is charged to the Consolidated Statement of Comprehensive Income in the same period as the related salary cost.

c) Employee benefits – retirement benefits and jubilees awards

Pursuant to the labour law prevailing in the North Macedonian subsidiaries, the Group is obliged to pay retirement benefits for an amount equal to two average monthly salaries, at their retirement date. According to the collective labour agreement, the Group is also obliged to pay jubilee anniversary awards for each 10 years of continuous service of the employee. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. In addition, the Group is not obliged to provide further benefits to current and former employees.

Retirement benefit obligations arising on severance pay are stated at the present value of expected future cash payments towards the qualifying employees. These benefits have been calculated by an independent actuary in accordance with the prevailing rules of actuarial mathematics. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss over the employees’ expected average remaining working lives.

92 CENTRAL ASIA METALS PLC ANNUAL REPORT AND ACCOUNTS 2019

CENTRAL ASIA METALS PLC ANNUAL REPORT AND ACCOUNTS 2019 93
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

3. FINANCIAL RISK MANAGEMENT
The Group’s activities expose it to a variety of financial risks; market risk (including foreign currency exchange risk, commodity price risk and interest rate risk), liquidity risk, capital risk and credit risk. These risks are mitigated wherever possible by the Group’s financial management policies and practices described below. The Group’s risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units.

Foreign currency exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The primary Group currency requirements are US Dollar, British Pound, Kazakhstan Tenge, Euro and North Macedonian Denar.

The following table highlights the major currencies the Group operates in and the movements against the US Dollar during the course of the year:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Average rate 2019 2018 Movement</th>
<th>Reporting date end rate 2019 2018 Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan Tenge</td>
<td>382.75 344.71 38.04</td>
<td>381.18 384.20 (3.02)</td>
</tr>
<tr>
<td>Macedonian Denar</td>
<td>54.96 52.12 2.84</td>
<td>54.95 53.69 1.26</td>
</tr>
<tr>
<td>Euro</td>
<td>1.12 1.15 (0.03)</td>
<td>1.12 1.18 (0.06)</td>
</tr>
<tr>
<td>British Pound</td>
<td>0.79 0.75 0.04</td>
<td>0.79 0.79 0.03</td>
</tr>
</tbody>
</table>

Foreign exchange risk does not arise from financial instruments that are non-monetary items or financial instruments denominated in the functional currency. Kazakhstan Tenge and North Macedonian Denar denominated monetary items are therefore not reported in the tables below, as the functional currency of the Group’s Kazakhstan-based and North Macedonian-based subsidiaries is the Tenge and Denar respectively.

The Group’s exposure to foreign currency risk based on US Dollar equivalent carrying amounts at the reported date:

<table>
<thead>
<tr>
<th>In £’000 equivalent</th>
<th>Group 2019</th>
<th>Group 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>EUR</td>
<td>GBP</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,419 94 2,220</td>
<td>1 -</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1 -</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(809) [429]</td>
<td>(809) [429]</td>
</tr>
<tr>
<td>Net exposure</td>
<td>2,420 [510]</td>
<td>1,791 [449]</td>
</tr>
</tbody>
</table>

Trade and other receivables excludes prepayments and VAT receivable and trade and other payables excludes corporation tax, social security and other taxes as they are not considered financial instruments.

At 31 December 2019, if the foreign currencies had weakened/strengthened by 10% against the US Dollar, post-tax Group profit for the year would have been $34,000,000 lower/higher (2018: $32,000,000 lower/higher).

Commodity price risk
The Group has a hedging policy in place to allow us to manage commodity price risk however the Directors elected not to hedge during 2019.

The following table details the Group’s sensitivity to a 10% increase and decrease in the copper, zinc and lead price against the invoiced price. 10% is the sensitivity used when reporting commodity price internally to management and represents management’s assessment of the possible change in price. A positive number below indicates an increase in profit for the year and other equity where the price increases.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Effect on Group profit</th>
<th>Year end 2019</th>
<th>Year end 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>$18,853</td>
<td>$20,526</td>
<td>$20,526</td>
</tr>
<tr>
<td>Zinc</td>
<td>$18,853</td>
<td>$20,526</td>
<td>$20,526</td>
</tr>
<tr>
<td>Lead</td>
<td>$18,853</td>
<td>$20,526</td>
<td>$20,526</td>
</tr>
</tbody>
</table>

Liquidity risk
Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities as and when they fall due. The Group currently has sufficient cash resources to facilitate the debt and a material income stream from the Kounrad and Sasa projects. The Group has no undrawn borrowings as at 31 December 2019 (2018: nil).

Capital risk
The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

The Group manages its capital in order to provide sufficient funds for the Group’s activities. Future capital requirements are regularly assessed and Board decisions taken as to the most appropriate source for obtaining the required funds, be it through internal revenue streams, external fund-raising, issuing new shares or selling assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The debt is subject to financial covenants which include the monitoring of gearing and leverage ratios and these are all currently complied with.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

**Net debt**

<table>
<thead>
<tr>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>24</td>
<td>28,566</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>30</td>
<td>(895)</td>
</tr>
<tr>
<td>Borrowings, variable interest rates – repayable within one year</td>
<td>30</td>
<td>(38,400)</td>
</tr>
<tr>
<td>Borrowings, variable interest rates – repayable after one year</td>
<td>63,473</td>
<td>106,549</td>
</tr>
<tr>
<td>Net debt</td>
<td>(80,262)</td>
<td>(110,300)</td>
</tr>
<tr>
<td>Total equity</td>
<td>335,106</td>
<td>325,866</td>
</tr>
<tr>
<td>Net debt to equity ratio</td>
<td>24%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Changes in liabilities arising from financing activities
The total borrowings as at 1 January 2019 were $144,949,000 (1 January 2018: $181,934,000). During the year, total repayments were $139,400,000 (2018: $199,365,000) with nil (2018: $50,805,000) drawings during the year. There was a drawdown of an unscheduled overdraft of $895,000 (2018: nil). Other changes amounted to $1,324,000 (1 January 2018: $1,493,000) leading to a closing debt balance of $108,768,000 (2018: $144,949,000). See note 30 for more details.

The cash and cash equivalents including cash at bank and on hand in assets held for sale brought forward were $34,707,000 (2018: $99,265,000) with nil (2018: $60,809,000) drawdowns during the year. There was a drawdown of an unsecured overdraft of $895,000 (2018: nil). Other changes amounted to $1,324,000 (1 January 2018: $1,493,000) leading to a closing debt balance of $108,768,000 (2018: $144,949,000). See note 30 for more details.

Credit risk
Credit risk refers to the risk that the Group’s financial assets will be impaired by the default of a third party. The Group is exposed to credit risk primarily on its cash and cash equivalents as set out in note 24 and on its trade and other receivables as set out in note 22. The Group sells a minimum of 95% of Kounrad’s copper cathode production to a credit-worthy off-taker and during the year 100% of Sasa’s zinc and lead concentrate was sold to credit-worthy customers. The Group sells Sasa’s zinc and lead concentrate product through an off-take arrangement with Traxys which has been fixed through to 31 December 2022. The commitment is for 100% of the Sasa concentrate production.

For banks and financial institutions, only parties with a minimum rating of BBB- are accepted. 24% of the Group’s cash and cash equivalents including restricted cash at the year end and were held by an A-rated bank (2018: 15% by an A-rated bank). The rest of the Group’s cash was held with a mix of institutions with credit ratings between A to BBB (2018: A to BBB-).

The Directors have considered the credit exposures and do not consider that they pose a material risk at the present time. The credit risk for cash and cash equivalents is managed by ensuring that all surplus funds are deposited only with financial institutions at the present time. The credit risk for cash and cash equivalents is managed by ensuring that all surplus funds are deposited only with financial institutions at the present time.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk
The Group’s main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2019, the Group’s borrowings at variable rates were denominated in US Dollars. The Group’s borrowings are carried at amortised cost. The Group has borrowings at variable interest rates and a 1% point rise in market interest rate would have caused the interest paid to increase by $1,343,000 (2018: $1,666,000) while a similar decrease would have caused the same decrease in interest paid. The Group does not hedge its exposure to interest rate risk.

The Group had $14,494,000 of cash balances on short-term deposit as at 31 December 2019 (2018: $13,044,000). The average fixed interest rate on short-term deposits during the period was 0.6% (2018: 1.2%).

Categories of financial instruments

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and receivables</td>
<td>$32,579</td>
<td>$39,025</td>
</tr>
<tr>
<td>Cash and cash equivalents including restricted cash (note 24)</td>
<td>$2,980</td>
<td>$6,629</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>35,559</td>
<td>45,634</td>
</tr>
</tbody>
</table>

Trade and other receivables excludes prepayments and VAT receivable as they are not considered financial instruments. All trade and other receivables are receivable within one year for both reporting years.

Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured at amortised cost:</td>
<td>$8,981</td>
<td>$17,637</td>
</tr>
<tr>
<td>Trade and other payables within one year (note 30)</td>
<td>39,296</td>
<td>38,402</td>
</tr>
<tr>
<td>Borrowings payable later than one year</td>
<td>69,473</td>
<td>106,549</td>
</tr>
<tr>
<td>Lease liability later than one year but not later than five years</td>
<td>746</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>118,497</td>
<td>162,586</td>
</tr>
</tbody>
</table>

Trade and other payables exclude the silver streaming commitment, corporation tax, social security and other taxes as they are not considered financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group has the following key areas where critical accounting estimates and judgements are required that could have a material impact on the financial statements.

Impairment of non-current assets

Significant accounting judgements

The carrying value of the goodwill generated by accounting for the business combination of the Group acquiring an additional 40% in the Kounrad project in May 2014 (the “Kounrad Transaction”) and the CMK Resources Limited acquisition in November 2017 requires an annual impairment review. This review determines whether the value of the goodwill can be justified by reference to the carrying value of the business assets and the future discounted cash flows of the business. The key assumptions used in the Group’s impairment assessments are disclosed in note 13.

Key sources of estimation uncertainty

Estimates are required periodically to assess assets for impairment. The critical accounting estimates are future commodity prices, treatment charges, future ore production, discount rates and projected future costs of development and production. Ore reserves and resources included in the forecasts include certain resources considered to be sufficiently certain and economically viable. The Group’s resources statements include additional resources which are not included in the life of mine plan or impairment test.

Decommissioning and site rehabilitation estimates

Significant accounting judgements

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Judgement and experience is used in determining the expected timing, closure and decommissioning methods, which can vary in response to changes in the relevant legal requirements or decommissioning technologies.

Key sources of estimation uncertainty

The discounted provision recognised represents management’s best estimate of the costs that will be incurred, and many of these costs will not crystallise until the end of the life of the mine. Estimates are reviewed annually and are based on current contractual and regulatory requirements and the estimated useful life of mines. Engineering and feasibility studies are undertaken periodically and in the interim management make assessments for appropriate changes based on the environmental management strategy; however significant changes in the estimates of contamination, restoration standards, timing of expenditure and techniques will result in changes to provisions from period to period.

A 1% change in the discount rate on the Group’s rehabilitation estimates would result in an impact of $781,000 (2018: $473,000) on the provision for environmental rehabilitation, and an impact of $781,000 (2018: $473,000) on the statement of comprehensive income. A 5% change in cost on the Group’s rehabilitation estimates would result in an impact of $420,000 (2018: $208,000) on the provision for environmental rehabilitation, and an impact of $48,000 (2018: $21,000) on the statement of comprehensive income.

Mineral reserves and resources

Key sources of estimation uncertainty

The major value associated with the Group is the value of its mineral reserves and resources. The value of the reserves and resources have an impact on the Group’s accounting estimates in relation to depreciation and amortisation, impairment of assets and the assessment of going concern. These sources are the Group’s best estimate of product that can be economically and legally extracted from the relevant mining property. The Group’s estimates are supported by geological studies and drilling samples to determine the quantity and grade of each deposit.

Ore resource estimates may vary from period to period. This judgement has a significant impact on impairment consideration and the period over which capitalised assets are depreciated within the financial statements. The Kounrad resources were classified as JORC Compliant in 2013 and mineral resources were estimated in June 2017 and the Sasa JORC ore reserves and mineral resources were estimated in December 2019.

5. SEGMENTAL INFORMATION

The segmental results for the year ended 31 December 2019 are as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Total</th>
<th>Kounrad</th>
<th>Sasa</th>
<th>Unallocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>81,708</td>
<td>99,107</td>
<td>180,815</td>
<td></td>
</tr>
<tr>
<td>Silver stream purchases</td>
<td>-</td>
<td>(5,556)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Off-take buyers’ fees</td>
<td>(2,424)</td>
<td>(1,087)</td>
<td>(3,511)</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>79,284</td>
<td>92,464</td>
<td>171,748</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>61,720</td>
<td>59,564</td>
<td>(12,700)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange (loss)/gain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas (19)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses (note 10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income (note 14)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs (note 15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) before income tax</td>
<td>57,063</td>
<td>34,281</td>
<td>(23,845)</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year after tax from continuing operations</td>
<td>51,884</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from discontinued operations</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>51,937</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of $19.4m.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

5. SEGMENTAL INFORMATION CONTINUED
The segmental results for the year ended 31 December 2018 are as follows:

Kounrad Sasa Unallocated Group $'000 $'000 $'000 $'000
Gross revenue 92,644 111,508 – 204,152
Silver stream purchases (6,023) (6,023) – (6,023)
Off-take buyers’ fees (2,627) – (1,823) (3,450)
Revenues 79,988 109,505 – 189,493
Depreciation and amortisation 19,676 109,451 – 129,127
Other expenses (40) (100) (133) 173
EBITDA 60,286 99,016 – 159,292
Less: Depreciation and amortisation (19,676) 109,451 – 129,127
EBIT (203) 1,565 – 1,762

Kounrad
The Group sells and distributes its copper cathode product primarily through an off-take arrangement with Traxys, which has been retained as CAML’s off-take partner through to September 2023. The off-take arrangements are for a minimum of 95% of the SX-EW plant’s output. Revenue is recognised at the Kounrad mine gate when the goods have been delivered in accordance with the contractual delivery terms.

The off-take agreement provides for the option of provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer; however during 2019 all sales prices were calculated at the LME price on the date of dispatch. The Company may mitigate commodity price risk by fixing the price in advance for its copper cathode sales with the off-take partner (see note 3).

The costs of delivery to the end customers have been effectively borne by the Group through means of an annually agreed buyer’s fee which is deducted from the selling price.

During 2019, the Group sold 13,100 tonnes (2018: 13,696 tonnes) of copper through the off-take arrangements. Some of the copper cathodes are also sold locally and during 2019, 500 tonnes (2018: 386 tonnes) were sold to local customers.

Sasa
The Group sells Sasa’s zinc and lead concentrate product to two European smelters through an off-take arrangement with Traxys which has been fixed through to 31 December 2022. For one of the smelters, revenue is recognised at the Sasa mine gate when the goods have been delivered in accordance with the contractual delivery terms and for the other smelter revenue is recognised on delivery to the smelter in accordance with the contractual delivery terms. The commitment is for 100% of the Sasa concentrate production. The agreements with the smelters provides for provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer and subject to final adjustment for assaying results. The impact of mark-to-market adjustments for forward prices on provisional sales was not significant in the current or prior year.


The revenue arising from silver relates to a contract with Osisko Gold Royalties where the Group has agreed to sell all of its silver at a fixed price of $5.58/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 29).


The revenue arising from silver relates to a contract with Osisko Gold Royalties where the Group has agreed to sell all of its silver at a fixed price of $5.58/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 29).

6. REVENUE

KOUNRAD

<table>
<thead>
<tr>
<th>Segmental assets</th>
<th>Additions to non-current assets</th>
<th>Segmental liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 18</td>
<td>31 Dec 19</td>
<td>31 Dec 18</td>
</tr>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Kounrad</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,995</td>
<td>1,995</td>
<td>1,995</td>
</tr>
<tr>
<td>Sasa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>73</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Unallocated including corporate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>219</td>
<td>61</td>
<td>219</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,996</td>
<td>2,996</td>
<td>2,996</td>
</tr>
</tbody>
</table>

The assets and liabilities of the Copper Bay and Shuak entities were classified as assets held for sale during the comparative year ended 31 December 2018 (note 21).

7. COST OF SALES

Reagents, electricity and materials 29,499 25,407
Depreciation and amortisation (2,285) (2,627)
Silver stream commitment (note 29) (2,285) (2,627)
Royalties 7,721 7,721
Employee benefit expense 12,862 12,862
Consulting and other services 5,398 5,412
Taxes and duties 422 502
Total 63,878 67,519

The above distribution and selling costs are those incurred at Kounrad and Sasa in addition to the costs associated with the off-take arrangements.

8. DISTRIBUTION AND SELLING COSTS

Freight costs 1,550 1,670
Transportation costs 108 184
Employee benefit expense 61 76
Depreciation and amortisation 20 16
Materials and other expenses 84 100
Total 1,823 2,045

The revenue arising from silver relates to a contract with Osisko Gold Royalties where the Group has agreed to sell all of its silver at a fixed price of $5.58/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 29).
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

9. ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>2019 ($'000)</th>
<th>2018 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>14,856</td>
<td>14,856</td>
</tr>
<tr>
<td>Social security costs</td>
<td>4,484</td>
<td>4,484</td>
</tr>
<tr>
<td>Staff healthcare and other benefits</td>
<td>2,266</td>
<td>2,266</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>497</td>
<td>497</td>
</tr>
<tr>
<td>Share based payments</td>
<td>469</td>
<td>469</td>
</tr>
<tr>
<td>Total employee benefit expense</td>
<td>21,274</td>
<td>21,274</td>
</tr>
</tbody>
</table>

10. OTHER EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>2019 ($'000)</th>
<th>2018 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>14,856</td>
<td>14,856</td>
</tr>
<tr>
<td>Social security costs</td>
<td>4,484</td>
<td>4,484</td>
</tr>
<tr>
<td>Staff healthcare and other benefits</td>
<td>2,266</td>
<td>2,266</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>497</td>
<td>497</td>
</tr>
<tr>
<td>Share based payments</td>
<td>469</td>
<td>469</td>
</tr>
<tr>
<td>Total employee benefit expense</td>
<td>21,274</td>
<td>21,274</td>
</tr>
</tbody>
</table>

11. AUDITORS’ REMUNERATION

The monthly average number of staff employed by the Company during the year was 15 (2018: 14).

12. EMPLOYEE BENEFIT EXPENSE

The total employee benefit expense includes an amount of $1,316,000 (2018: $1,137,000) which has been capitalised within property, plant and equipment. The 2018 comparative has been reclassified due to the reallocation of costs to ensure consistent presentation of employee benefit expense.

13. MONTHLY AVERAGE NUMBER OF PEOPLE EMPLOYED

14. FINANCE INCOME

15. FINANCE COSTS

16. INCOME TAX

Taxation for each jurisdiction is calculated at the rates prevailing in the respective jurisdictions.
16. INCOME TAX

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2019 '000</th>
<th>2018 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation including loss from discontinued operations</td>
<td>67,794</td>
<td>65,407</td>
</tr>
<tr>
<td>Tax calculated at domestic tax rates applicable to profits in the respective countries</td>
<td>23,287</td>
<td>27,410</td>
</tr>
<tr>
<td>Tax effects of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses not deductible for tax purposes</td>
<td>19,854</td>
<td>2,982</td>
</tr>
<tr>
<td>Non-taxable income</td>
<td>(21194)</td>
<td>(5,827)</td>
</tr>
<tr>
<td>Movement on unrecognised deferred tax – tax losses</td>
<td>1,287</td>
<td>5,826</td>
</tr>
<tr>
<td>Movement on recognised deferred tax (note 36)</td>
<td>(1,323)</td>
<td>(5,569)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>15,911</td>
<td>18,822</td>
</tr>
</tbody>
</table>

Corporate income tax is calculated at 19% (2018: 19%) of the assessable profit for the year for the UK parent company. 20% for the operating subsidiaries in Kazakhstan (2018: 20%) and 10% (2018: 10%) for the operating subsidiaries in North Macedonia.

Expenses not deductible for tax purposes includes share-based payment charges, transfer pricing adjustments in accordance with local tax legislation and depreciation and amortisation charges. Non-taxable income includes intercompany dividend income. The 2018 comparative has been reclassified to ensure consistent presentation with the current year.

Deferred tax assets have not been recognised on tax losses primarily at the parent company as it remains uncertain whether this entity will have sufficient taxable profits in the future to utilise these losses.

17. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the year excluding Ordinary Shares purchased by the Company and held as treasury shares (note 25).

<table>
<thead>
<tr>
<th>Group</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from continuing operations attributable to owners of the parent</td>
<td>51,824</td>
<td>55,298</td>
</tr>
<tr>
<td>Profit/(loss) from discontinued operations attributable to owners of the parent</td>
<td>53</td>
<td>(724)</td>
</tr>
<tr>
<td>Profitable attributable to owners of the parent</td>
<td>51,877</td>
<td>48,024</td>
</tr>
</tbody>
</table>

(b) Diluted

The diluted earnings/(loss) per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding after assuming the conversion of all outstanding granted share options.

<table>
<thead>
<tr>
<th>Group</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from continuing operations attributable to owners of the parent</td>
<td>51,824</td>
<td>55,298</td>
</tr>
<tr>
<td>Profit/(loss) from discontinued operations attributable to owners of the parent</td>
<td>53</td>
<td>(724)</td>
</tr>
<tr>
<td>Profitable attributable to owners of the parent</td>
<td>51,877</td>
<td>48,024</td>
</tr>
</tbody>
</table>

18. PROPERTY, PLANT AND EQUIPMENT

19. SHARE OPTIONS

Adjusted for:

- Share options | 5,076,397 | 3,937,283 |

Weighted average number of Ordinary Shares for diluted earnings per share | 181,574,663 | 180,435,549 |

Diluted earnings/(loss) per share

<table>
<thead>
<tr>
<th>Group</th>
<th>2019 '000</th>
<th>2018 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>From continuing operations</td>
<td>28.54</td>
<td>30.65</td>
</tr>
<tr>
<td>From discontinued operations</td>
<td>0.03</td>
<td>(4.12)</td>
</tr>
<tr>
<td>From profit for the year</td>
<td>28.57</td>
<td>26.53</td>
</tr>
</tbody>
</table>

The Company had $838,000 of office equipment at net book value as at 31 December 2018 (2018: $290,000).

The increase in estimate in relation to the Kouroul asset retirement obligation of $793,000 (2018 reduction of $159,000) is due to a combination of adjusting the provision recognised to the net present value of future expected costs using latest assumptions on inflation rates and discount rates as well as updating the provision for management’s best estimate of the costs that will be incurred based on current contractual and regulatory requirements and the estimated useful life of mine (note 30).
The Company had nil of computer software and website costs at net book value as at 31 December 2019 (2018: $3,000).

At 31 December 2018 – 7,537 484 8,021
Exchange differences – (325) (8) (333)
Disposals – – (6) (6)
Provided during the year – 2,134 433 2,567
Depreciation charge of right-of-use assets
Office
Other
Additions – – 28 28
Disposals – – (6) (6)
Exchange differences (2,285) (4,026) (2,176) (6,487)
At 31 December 2018 31,179 37,634 519 69,332
Disposals – – (6) (6)
At 31 December 2019 30,672 37,494 529 68,695
Depreciation charge of right-of-use assets
Office
Other
Additions – – 303 303
Disposals – – (12) (12)
Exchange differences 6(17) 105 4(66)
At 1 January 2018 33,464 41,730 514 75,708
Additions – – 21 21
Disposals – – (12) (12)
Exchange differences 6(17) 105 4(66)
At 31 December 2018 31,179 37,634 519 69,332
Disposals – – (6) (6)
At 31 December 2019 30,672 37,494 529 68,695
Cost
Mining and processing
$’000
54
54

As at 31 December 2019 there are no indications of impairment with the fair value of the assets exceeding the net book value.

19. INTANGIBLE ASSETS

Group
Goodwill
$’000
Mining and processing
$’000
Computer software and website
$’000
Total $’000

Cost

At 1 January 2018
33,464
41,730
514
75,708
Additions
–
–
28
28
Disposals
–
–
(6)
(6)
Exchange differences
(2,285)
(4,026)
(2,176)
(6,487)

At 31 December 2018
31,179
37,634
519
69,332
Additions
–
–
21
21
Disposals
–
–
(12)
(12)
Exchange differences
6(17)
105
4(66)

At 31 December 2019
30,672
37,494
529
68,695
Accumulated amortisation

At 1 January 2018
–
5,728
65
5,793
Provided during the year
–
2,134
433
2,567
Disposals
–
–
(6)
(6)
Exchange differences
–(325)
(8)
(333)

At 31 December 2018
–
7,537
484
8,021
Provided during the year
–
1,940
55
1,995
Disposals
–
–
(12)
(12)
Exchange differences
–
–
15
15

At 31 December 2019
–
9,492
527
10,019
Net book value at 31 December 2018
31,179
30,097
36
61,311
Net book value at 31 December 2019
30,672
28,002
2
58,676

The key economic assumptions used in the review were a five-year forecast average nominal copper price of $6,372 per tonne (2018: $6,396) and a long-term price of $6,505 per tonne (2018: $7,472) and a discount rate of 8% (2018: 8%). Assumptions in relation to operational and capital expenditure are based on the latest budget approved by the Board. The carrying value of the net assets is not currently sensitive to any reasonable changes in key assumptions. Management concluded and the net present value of the asset is significantly in excess of the net book value of assets, and therefore no impairment has been identified.

As at 31 December 2019, the Group reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources’ estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9% (2018: 12%) was applied to calculate the present value of the CGU. The reduction in the discount rate from the prior year was supported by a detailed WACC calculation and due to the reduced country risk profile and asset specific risk factors through operational improvements, environmental and social plans having owned and operated the asset for over two years. The key economic assumptions used in the review were a five-year forecast average nominal copper price and lead price of $2,220 (2018: $2,441) and $1,986 (2018: $2,200) per tonne respectively and a long-term price of $1,358 (2018: $2,604) and $1,900 (2018: $2,264) per tonne respectively. Zinc and lead treatment charges are forecast to rise significantly in 2020 with a significant reduction from these return to historic averages by 2022.

As at 31 December 2019, the Group reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources’ estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9% (2018: 12%) was applied to calculate the present value of the CGU. The reduction in the discount rate from the prior year was supported by a detailed WACC calculation and due to the reduced country risk profile and asset specific risk factors through operational improvements, environmental and social plans having owned and operated the asset for over two years. The key economic assumptions used in the review were a five-year forecast average nominal copper price and lead price of $2,220 (2018: $2,441) and $1,986 (2018: $2,200) per tonne respectively and a long-term price of $1,358 (2018: $2,604) and $1,900 (2018: $2,264) per tonne respectively. Zinc and lead treatment charges are forecast to rise significantly in 2020 with a significant reduction from these return to historic averages by 2022.

Management then performed sensitivity analyses whereby certain parameters were flexed downwards by reasonable amounts for the purposes of the impairment review, with the result that the net present value of the asset, measured in accordance with IFRS 3, is not considered to be lower than the value in use (ViU). The ViU is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions.

The discount rate reflects equity risk premiums over the risk-free rate, the impact of the remaining economic life of the CGU and the risks associated with the related cash flows based on the country in which the CGU is located. These risk adjustments are based on observed equity risk premiums, historical country risk premiums and average credit default swap spreads for the period.

The Company reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources’ estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9% (2018: 12%) was applied to calculate the present value of the CGU. The reduction in the discount rate from the prior year was supported by a detailed WACC calculation and due to the reduced country risk profile and asset specific risk factors through operational improvements, environmental and social plans having owned and operated the asset for over two years. The key economic assumptions used in the review were a five-year forecast average nominal copper price and lead price of $2,220 (2018: $2,441) and $1,986 (2018: $2,200) per tonne respectively and a long-term price of $1,358 (2018: $2,604) and $1,900 (2018: $2,264) per tonne respectively. Zinc and lead treatment charges are forecast to rise significantly in 2020 with a significant reduction from these return to historic averages by 2022.

The Company reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources’ estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9% (2018: 12%) was applied to calculate the present value of the CGU. The reduction in the discount rate from the prior year was supported by a detailed WACC calculation and due to the reduced country risk profile and asset specific risk factors through operational improvements, environmental and social plans having owned and operated the asset for over two years. The key economic assumptions used in the review were a five-year forecast average nominal copper price and lead price of $2,220 (2018: $2,441) and $1,986 (2018: $2,200) per tonne respectively and a long-term price of $1,358 (2018: $2,604) and $1,900 (2018: $2,264) per tonne respectively. Zinc and lead treatment charges are forecast to rise significantly in 2020 with a significant reduction from these return to historic averages by 2022.

The Company reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources’ estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9% (2018: 12%) was applied to calculate the present value of the CGU. The reduction in the discount rate from the prior year was supported by a detailed WACC calculation and due to the reduced country risk profile and asset specific risk factors through operational improvements, environmental and social plans having owned and operated the asset for over two years. The key economic assumptions used in the review were a five-year forecast average nominal copper price and lead price of $2,220 (2018: $2,441) and $1,986 (2018: $2,200) per tonne respectively and a long-term price of $1,358 (2018: $2,604) and $1,900 (2018: $2,264) per tonne respectively. Zinc and lead treatment charges are forecast to rise significantly in 2020 with a significant reduction from these return to historic averages by 2022.
19. INTANGIBLE ASSETS CONTINUED

Impairment assessment continued

In addition, none of the changes set out above would result in an impairment. This sensitivity analysis also does not take into account any of management's mitigation factors should these changes occur or the planned production optimisation in future years. The Board considers the base case forecasts to be appropriate and balanced best estimates.

20. INVESTMENTS

Shares in Group undertakings:

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Registered office address</th>
<th>Activity</th>
<th>CAML % 2018</th>
<th>CAML % 2019</th>
<th>Date of incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAML Kazakhstan BV</td>
<td>Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands</td>
<td>Holding Company</td>
<td>100</td>
<td>100</td>
<td>23 Jun 08</td>
</tr>
<tr>
<td>Shua BV</td>
<td>Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands</td>
<td>Holding Company</td>
<td>80</td>
<td>80</td>
<td>20 Sep 16</td>
</tr>
<tr>
<td>Sary Kazna LLP</td>
<td>Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan</td>
<td>Kounrad project</td>
<td>100</td>
<td>100</td>
<td>6 Feb 06</td>
</tr>
<tr>
<td>Kounrad Copper Company LLP</td>
<td>Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan</td>
<td>Kounrad project</td>
<td>100</td>
<td>100</td>
<td>29 Apr 08</td>
</tr>
<tr>
<td>Ken Shua LLP</td>
<td>Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan</td>
<td>Shua project (exploration)</td>
<td>80</td>
<td>80</td>
<td>5 Oct 16</td>
</tr>
<tr>
<td>Copper Bay Limited</td>
<td>Masters House, 107 Hammersmith Road, London, W14 ODH, United Kingdom</td>
<td>Holding Company</td>
<td>75*</td>
<td>75*</td>
<td>29 Oct 10</td>
</tr>
<tr>
<td>Copper Bay (UK) Ltd</td>
<td>Masters House, 107 Hammersmith Road, London, W14 ODH, United Kingdom</td>
<td>Holding Company</td>
<td>75*</td>
<td>75*</td>
<td>9 Nov 11</td>
</tr>
<tr>
<td>Copper Bay Chile Limited</td>
<td>Ebro 2740, Oficina 803, Las Condes, Santiago, Chile</td>
<td>Holding Company</td>
<td>75*</td>
<td>75*</td>
<td>12 Oct 11</td>
</tr>
<tr>
<td>Minera Plata Verde Limited</td>
<td>Ebro 2740, Oficina 603, Las Condes, Santiago, Chile</td>
<td>Exploration – Copper</td>
<td>75*</td>
<td>75*</td>
<td>20 Oct 11</td>
</tr>
<tr>
<td>CAML MK Limited</td>
<td>Masters House, 107 Hammersmith Road, London, W14 ODH, United Kingdom</td>
<td>Seller of zinc and lead concentrate</td>
<td>100</td>
<td>100</td>
<td>5 Sep 17</td>
</tr>
<tr>
<td>CMK Resources Limited</td>
<td>Cannon's Court, 22 Victoria St, Hamilton HM22, Bermuda</td>
<td>Holding Company</td>
<td>100</td>
<td>100</td>
<td>19 Jun 15</td>
</tr>
<tr>
<td>CMK Mining B.V.</td>
<td>Prins Bernhardplein 202, 1097 JB Amsterdam, The Netherlands</td>
<td>Holding Company</td>
<td>100</td>
<td>100</td>
<td>30 Jun 15</td>
</tr>
<tr>
<td>CMK Europe S PLLC</td>
<td>Ivo Lola Ribar no. 5-7/1-6, 1050 Skopje, North Macedonia</td>
<td>Holding Company</td>
<td>100</td>
<td>100</td>
<td>10 Jul 15</td>
</tr>
<tr>
<td>Rudnik SADA DODEL</td>
<td>28 Rudarska Str, Makodonska Kamenica, 23034, North Macedonia</td>
<td>Sasa project</td>
<td>100</td>
<td>100</td>
<td>22 Jun 05</td>
</tr>
</tbody>
</table>

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid, less impairment.

21. ASSETS HELD FOR SALE

The assets and liabilities of the Shuaik entities continue to be presented as held for sale in the Statement of Financial Position. During the prior year, the exploration assets and property, plant and equipment held in Shuaik were impaired in full. In February 2020, the Group reduced its effective interest in the Shuaik project from 80% to 10%. The Group will not be required to contribute towards future costs of the project.

The assets and liabilities of the Copper Bay entities continue to be presented as held for sale in the Statement of Financial Position following the decision of the CAML Board to sell the project in August 2017 and the Company progresses it’s sale process. The results of the Copper Bay entities for the year ended 31 December 2019 and the comparative year ended 31 December 2018 are shown within discontinued operations in the Consolidated Income Statement. During the prior year, the exploration assets and property, plant and equipment held in Copper Bay were impaired in full as although the Group is confident of making a sale in the near future, it is not clear of the cash generative abilities of these assets.

Assets of disposal group classified as held for sale:

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>106</td>
<td>59</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>113</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
<td>68</td>
</tr>
</tbody>
</table>

Liabilities of disposal group classified as held for sale:

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>73</td>
<td>40</td>
</tr>
<tr>
<td>Provisions</td>
<td>18</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>40</td>
</tr>
</tbody>
</table>

During the year the following have been recognised in discontinued operations:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) from discontinued operations</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(170)</td>
<td>(55)</td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>–</td>
<td>(13)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(57)</td>
<td>–</td>
</tr>
<tr>
<td>Impairment of exploration and evaluation assets</td>
<td>–</td>
<td>(619)</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>53</td>
<td>(726)</td>
</tr>
</tbody>
</table>

Cash flows of disposal group classified as held for sale:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows</td>
<td>48</td>
<td>59</td>
</tr>
<tr>
<td>Total cash flows</td>
<td>48</td>
<td>59</td>
</tr>
</tbody>
</table>

CAML MK

For the period ended 31 December 2019, CAML MK Limited [registered number: 10946728] has opted to take advantage of a statutory exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of CAML MK Limited have not required it to obtain an audit of their financial statements for the period ended 31 December 2019. In order to facilitate the adoption of this exemption, Central Asia Metals plc, the parent company of the subsidiaries concerned, undertakes to provide a guarantee under Section 479C of the Companies Act 2006 in respect of CAML MK Limited.

Shuaik

In February 2020, the Group reduced its effective interest in Kien Shuaik LLP from 80% to 10%. The Group will not be required to contribute towards future costs of the project. The asset has been fully impaired.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

22. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>341,005</td>
<td>371,182</td>
</tr>
<tr>
<td>Prepayments</td>
<td>1,493</td>
<td>3,746</td>
</tr>
<tr>
<td>VAT receivable</td>
<td>381</td>
<td>215</td>
</tr>
<tr>
<td>Other receivables</td>
<td>387</td>
<td>395</td>
</tr>
<tr>
<td></td>
<td>190</td>
<td>2,893</td>
</tr>
<tr>
<td></td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td></td>
<td>2,142</td>
<td>2,120</td>
</tr>
<tr>
<td>Total</td>
<td>39,025</td>
<td>34,649</td>
</tr>
</tbody>
</table>

The carrying value of all the above receivables is a reasonable approximation of fair value. There are no amounts past due at the end of the reporting period that have not been impaired apart from the VAT receivable balance as explained below. Trade and other receivables and loans due from subsidiaries are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit loss.

There are two loans due from subsidiaries. One loan is owed by CAML MK Limited, a directly owned subsidiary for $301,179,000 (2018: $58,067,000) which accrues interest at a rate of 4.75% per annum and is repayable on demand. There is another loan which is owed by CMK Mining B.V, a subsidiary, for $318,806,000 (2018: $58,067,000) which accrues interest at a rate of 4.75% per annum and is repayable on demand. These loans have been assessed for expected credit loss under IFRS 9, however as the Group’s strategies are aligned there is no realistic expectation that repayment would be demanded. The expected future cash flows arising from the asset exceed the intercompany loan values under various scenarios considered so it is believed these loans can be repaid and the expected credit loss is immaterial.

As at 31 December 2019, the total Group VAT receivable was $4,013,000 (2018: $4,376,000) which includes an amount of $3,048,000 (2018: $2,813,000) of VAT owed to the Group by the Kazakhstan authorities. In 2019, the Kazakhstan authorities refunded $403,000 and a balance of $2,948,000 (2018: $2,813,000) remains outstanding.

23. INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Raw materials</td>
<td>6,431</td>
<td>6,301</td>
</tr>
<tr>
<td>Finished goods</td>
<td>652</td>
<td>628</td>
</tr>
<tr>
<td></td>
<td>7,083</td>
<td>6,929</td>
</tr>
</tbody>
</table>

The Group did not have any slow-moving, obsolete or defective inventory as at 31 December 2019 and therefore there were no write-offs to the Income Statement during the year (2018: nil). The total inventory recognised through the Income Statement was $4,355,000 (2018: $4,668,000).

24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The restricted cash amount of $4,013,000 (2018: $4,376,000) is held at bank to cover debt service compliance and Kounrad SUC licence requirements. Short-term deposits are held at call with banks.

The Group holds an overdraft facility in Sasa and these amounts are disclosed in note 30 Borrowings.

Reconciliation to cash flow statements

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Cash and cash equivalents as above (excluding restricted cash)</td>
<td>28,566</td>
<td>34,649</td>
</tr>
<tr>
<td>Bank overdrafts (note 30)</td>
<td>895</td>
<td>(895)</td>
</tr>
<tr>
<td>Cash at bank and on hand in assets held for sale (note 23)</td>
<td>106</td>
<td>58</td>
</tr>
<tr>
<td>Balance per statement of cash flows</td>
<td>27,777</td>
<td>34,702</td>
</tr>
</tbody>
</table>

25. SHARE CAPITAL AND PREMIUM

The par value of Ordinary Shares is $0.01 per share and all shares are fully paid.

26. CURRENCY TRANSLATION RESERVE

Currency translation differences arose primarily on the translation on consolidation of the Group’s Kazakhstan-based and North Macedonian-based subsidiaries whose functional currency is the Tenge and North Macedonian Denar respectively. In addition, currency translation differences arose on the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction and CMK Resources acquisition which are denominated in Tenge and Denar respectively. During 2019, a non-cash currency translation loss of $31,019,000 (2018: $30,998,000) was recognised within equity.

27. SHARE BASED PAYMENTS

The Company provides rewards to staff in addition to their salaries and annual discretionary bonuses, through the granting of share options in the Company. The Company effectively has two such option schemes in place, the Old Scheme and the New Scheme.

Old Scheme

The first share option plan was introduced by the Company in February 2008 and initially had an exercise price of $6.42. On the recommendation of the Remuneration Committee, the exercise price for the participants was reduced to $6.68 in February 2010 to reflect the changed economic circumstances and the need to retain employees with the Group. Only those still employed by the Group at this time benefited from this decision and those participants who had left the Group maintained an exercise price of $6.42 on their options. The vesting of share options in the plan is purely conditional upon time served by the participant and as at 31 December 2019, all options have fully vested.

New Scheme

The Company introduced the second share option plan in October 2011. This scheme has an exercise price of effectively nil for the participants. The share options granted during 2012 until 2018 under this scheme were based on the achievement by the Group and the participants of the performance targets as determined by the CAML Remuneration Committee that are required to be met in any one year and then options could be exercised one third annually from the end of year one. Options granted during 2012 to 2018 had straight forward conditions attached and were valued using a Black-Scholes model.

Share options granted in 2019 vest after three years depending on achievement of the Group of performance target relating to the level of absolute total shareholder return compounded annual growth rate of the Company’s shares over the performance period of three financial years ending 31 December 2021. The fair value at grant date is independently determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the share price.

The assessed fair value at grant date of options granted during the year ended 31 December 2019 was $1,450,000 in total with an amount of $362,000 expensed for the year ended 31 December 2019. An additional dividend related share option charge of $723,000 (2018: $689,000) was also recognised. The number of shares covered by such awards is increased by up to the value of dividends declared as these were reinvested in Company shares at the dates of payment. The outstanding share options included in the calculation of diluted earnings/(loss) per share (note 17) includes these additional awards but they are excluded from the disclosures in this note.
27. SHARE BASED PAYMENTS

New scheme continued

In total, an amount of $1,085,000 (2018: $4,904,000) has been credited to retained earnings and expensed within employee benefits expense from continuing operations for the grant of stock options for the year ended 31 December 2019.

The model inputs for options granted during the year ended 31 December 2019 included:

Vesting period: 3 years
Vested options are exercisable for a period of 7 years after vesting
Exercise price: $0.01
Grant date: 30 May 2019
Expiry date: 29 May 2029
Share price at grant date: $2.71
Expected price volatility of the Company’s shares: 15%
Risk-free interest rate: 1.84%
Expected price volatility of the Company’s shares: 15%

As at 31 December 2019, nil (2018: 16,000) Old Scheme options and 4,182,729 (2018: 3,295,600) New Scheme options (including those issued to Nurlan Zhakupov) were outstanding. Share options are granted to Directors and selected employees. The exercise price of the granted options is presented in the table below for every grant. The Company has the option but not the legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average price are as following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average exercise price per share option</td>
<td>Options (number)</td>
</tr>
<tr>
<td>At 1 January</td>
<td>0.01</td>
<td>3,311,600</td>
</tr>
<tr>
<td>Granted</td>
<td>0.01</td>
<td>1,124,877</td>
</tr>
<tr>
<td>Exercised</td>
<td>0.08</td>
<td>(156,627)</td>
</tr>
<tr>
<td>Expired</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-vesting</td>
<td>0.01</td>
<td>(97,121)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>0.01</td>
<td>4,182,729</td>
</tr>
</tbody>
</table>

Non-vesting shares relate to options granted for which the performance targets were not met. Out of the outstanding options of 4,182,729 (2018: 3,311,600), 2,149,192 options (2018: 1,505,830) were exercisable as at 31 December 2019 excluding the value of additional share options for dividends declared on those outstanding. The related weighted average share price at the time of exercise was $2.73 (2018: $3.73) per share.

Share options exercised by the Directors during the year are disclosed in the Remuneration Committee Report.

28. TRADE AND OTHER PAYABLES

The carrying value of all the above payables is equivalent to fair value.

In April 2019, an agreement with the previous owners of CMK Resources Limited for receipt of $5,500,000 was finalised relating to the $5,900,000 withholding tax liability in North Macedonia that relates to the activities of CMK Europe prior to CAML ownership. During the year, the Group has paid the remaining $650,000 of deferred consideration.

The Group made a provision for the 2019 Kazakhstan corporate income tax liability of $424,000 (2018: $773,000) having paid an amount of $13,294,000 in advance during the year (2018: $13,588,000). $841,000 was also paid during the year in relation to 2018 corporate income tax (2018: $2,840,000) in relation to 2017.

The Group made a provision for the 2019 North Macedonian corporate income tax liability of $11 (2018: $2,193,000) having paid an amount of $6,211,000 in advance during the year which exceeded the final liability (2018: $8,191,000). $792,000 was also paid during the year in relation to 2018 corporate income tax (2018: $2,840,000) in relation to 2017.

All Group and Company trade and other payables are payable within less than one year for both reporting periods.

29. SILVER STREAMING COMMITMENT

The carrying amounts of the silver streaming commitment for silver delivery are as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Current</td>
<td>2,140</td>
<td>2,263</td>
</tr>
<tr>
<td>Non-current</td>
<td>20,755</td>
<td>22,905</td>
</tr>
<tr>
<td>Total</td>
<td>22,895</td>
<td>25,168</td>
</tr>
</tbody>
</table>

On 1 September 2016, the CMK Group entered into a Silver Purchase Agreement. The Group acquired this agreement as part of the acquisition of the CMG Group and inherited a silver streaming commitment related to the production of silver during the life of the mine. The reduction in the silver streaming commitment is recognised in the Income Statement within cost of sales as the silver is delivered based on the units of production.

30. BORROWINGS

The carrying value of loans approximates fair value.

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 19</th>
<th>31 Dec 18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Carryings</td>
<td>31 Dec 19</td>
<td>31 Dec 18</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Secured - Non-current</td>
<td>69,473</td>
<td>106,549</td>
</tr>
<tr>
<td>Secured - Current</td>
<td>38,400</td>
<td>38,400</td>
</tr>
<tr>
<td>Unsecured - Current</td>
<td>38,400</td>
<td>38,400</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total carryings</td>
<td>108,768</td>
<td>144,949</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>107,873</td>
<td>144,949</td>
</tr>
<tr>
<td>Total loans</td>
<td>216,641</td>
<td>293,913</td>
</tr>
</tbody>
</table>
30. BORROWINGS CONTINUED

The movement on borrowings can be summarised as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January</td>
<td>144,949</td>
<td>181,914</td>
</tr>
<tr>
<td>Drawdown of borrowings</td>
<td>89,500</td>
<td>60,809</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>38,400</td>
<td>(99,265)</td>
</tr>
<tr>
<td>Finance charge interest</td>
<td>9,455</td>
<td>12,065</td>
</tr>
<tr>
<td>Finance charge unwinding of directly attributable fees</td>
<td>1,264</td>
<td>2,323</td>
</tr>
<tr>
<td>Interest paid</td>
<td>9,455</td>
<td>(12,065)</td>
</tr>
<tr>
<td>Gain on modification of the debt facility</td>
<td>– (832)</td>
<td>– (832)</td>
</tr>
<tr>
<td>Overdraft drawdown</td>
<td>895</td>
<td>–</td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>108,768</td>
<td>144,949</td>
</tr>
</tbody>
</table>

During the year, $38,400,000 (2018: $38,500,000) of the principal amount of Group debt was repaid as well as a further $3,456,000 (2018: $12,065,000) interest. As at 31 December 2019, non-current and current borrowings were $59,473,000 and $38,400,000 respectively (2018: $126,549,000 and $38,400,000 respectively).

The Group holds one corporate debt package with Traxys Europe S.A, repayable on 4 November 2022. Interest is payable at LIBOR plus 4.75% and reduced to LIBOR plus 4.00% with effect from 27 March 2020. Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts and the Kournal off-take agreement as well as the Sasa off-take agreement.

The debt is subject to financial covenants which include the monitoring of gearing and leverage ratios and these are all currently complied with.

In August 2019, an overdraft facility was agreed with Komerčijalna Banka AD Skopje with a fixed interest rate of 3.80% denominated in Macedonian Denar. The overdraft was utilised for the first time in December 2019.

As at 31 December 2019, the Group measured the fair value using techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2). The different levels have been defined as follows:

- **Level 1**: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2**: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

### 31. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

#### At 1 January 2018

<table>
<thead>
<tr>
<th></th>
<th>Asset retirement obligation</th>
<th>Employee benefits</th>
<th>Other employees benefits</th>
<th>Legal claims</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Change in estimate</td>
<td>(196)</td>
<td>55</td>
<td>21</td>
<td>–</td>
<td>(83)</td>
</tr>
<tr>
<td>Settlements of provision</td>
<td>–</td>
<td>(11)</td>
<td>(10)</td>
<td>–</td>
<td>(21)</td>
</tr>
<tr>
<td>Unwinding of discount (note 15)</td>
<td>489</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>489</td>
</tr>
<tr>
<td>Exchange rate difference</td>
<td>(478)</td>
<td>(6)</td>
<td>(7)</td>
<td>(20)</td>
<td>(513)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,576</td>
<td>180</td>
<td>154</td>
<td>455</td>
<td>5,365</td>
</tr>
</tbody>
</table>

#### At 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>Asset retirement obligation</th>
<th>Employee benefits</th>
<th>Other employees benefits</th>
<th>Legal claims</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Change in estimate</td>
<td>3,664</td>
<td>39</td>
<td>30</td>
<td>–</td>
<td>3,733</td>
</tr>
<tr>
<td>Settlements of provision</td>
<td>–</td>
<td>(12)</td>
<td>(11)</td>
<td>(30)</td>
<td>(73)</td>
</tr>
<tr>
<td>Unwinding of discount (note 15)</td>
<td>329</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>329</td>
</tr>
<tr>
<td>Exchange rate difference</td>
<td>(23)</td>
<td>(4)</td>
<td>(4)</td>
<td>(7)</td>
<td>(38)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,428</td>
<td>156</td>
<td>165</td>
<td>327</td>
<td>5,116</td>
</tr>
</tbody>
</table>

#### At 31 December 2019

<table>
<thead>
<tr>
<th></th>
<th>Asset retirement obligation</th>
<th>Employee benefits</th>
<th>Other employees benefits</th>
<th>Legal claims</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Non-current</td>
<td>8,398</td>
<td>199</td>
<td>186</td>
<td>290</td>
<td>9,073</td>
</tr>
<tr>
<td>Current</td>
<td>8,398</td>
<td>199</td>
<td>186</td>
<td>290</td>
<td>9,073</td>
</tr>
</tbody>
</table>

### a) Asset retirement obligation

The Group provides for the asset retirement obligation associated with the mining activities at Kourard, estimated internally to be required in 2034. The provision is recognised at the net present value of future expected costs using a discount rate of 8.07% (2018: 8.07%). The increase in estimate in relation to the asset retirement obligation of $750,000 (2018: reduction of $115,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 4.13% (2018: 5.59%) as well as updating the provision for management’s best estimate of the costs that will be incurred based on current contractual and regulatory requirements and the estimated useful life of mine to 2034.

Under current legislation entities operating mining and related activities in North Macedonia are required to take remedial action for the land where such activities have occurred based on a plan approved by the Ministry of the Environment as well as in accordance with international best practices. In 2017, the Group engaged an independent expert to conduct an independent assessment on the environment of the mining activities of the Group and to prepare an assessment of the restoration and the relevant costs connected with the mine, and the mining properties and in 2019, the Group engaged the University of Strp to assess future costs in relation to TSF3 and TSF4. The final asset retirement obligation used these external assessment as well as the Group’s own internal calculations to estimate the future potential obligations. The expected current cash flows were projected over the useful life of the mining sites and discounted to 2019 terms using a discount rate of 7.25% (2018: 7.78%). The cost of the related assets are depreciated over the useful life of the assets and are included in property, plant and equipment. The increase in estimate in relation to the asset retirement obligation of $2,914,000 (2018: reduction of $10,000) is from updating the provision for management’s best estimate of the costs that will be incurred based on current contractual and regulatory requirements and the estimated useful life of mine to 2034.

### b) Employee retirement benefit

All employers in North Macedonia are obliged to pay employees minimum severance pay on retirement equal to two months of the average monthly salary applicable in the country at the time of retirement. The retirement benefit obligation is stated at the present value of expected future payments to employees with respect to employment retirement pay. The present value of expected future payments to employees is determined by an independent authorised actuary in accordance with the prevailing rules of actuarial mathematics.

### c) Other employee benefit

The Group is also obliged to pay jubilee anniversary awards in North Macedonia for each ten years of continuous service of the employees. Provisions for termination and retirement obligations are recognised in accordance with actuary calculations. Basic 2019 actuary assumptions are used as follows:

- **Discount rate**: 3.0%
- **Expected rate of salary increase**: 2.2%

### d) Legal claims

The Group is party to certain legal claims and the recognised provision reflects management’s best estimate of the most likely outcome.

### 32. CASH GENERATED FROM OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Non-current</th>
<th>Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Profit before income tax including discontinued operations</td>
<td>67,847</td>
<td>33,342</td>
<td>34,506</td>
<td></td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>30,080</td>
<td>(2,285)</td>
<td>27,795</td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>10</td>
<td>491</td>
<td>501</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>(375)</td>
<td>3,879</td>
<td>3,504</td>
<td></td>
</tr>
<tr>
<td>Share based payments</td>
<td>27</td>
<td>1,085</td>
<td>1,112</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>14</td>
<td>(336)</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>15</td>
<td>11,153</td>
<td>11,168</td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>10</td>
<td>–</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Impairment of held for sale assets</td>
<td>–</td>
<td>619</td>
<td>619</td>
<td></td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>23</td>
<td>246</td>
<td>269</td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>22</td>
<td>(1,740)</td>
<td>(1,518)</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>28</td>
<td>(940)</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>Provisions for other liabilities and charges</td>
<td>31</td>
<td>(73)</td>
<td>(48)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>105,143</td>
<td>130,131</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2019

33. COMMITMENTS
Significant expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>At 31 Dec 19 $'000</th>
<th>At 31 Dec 18 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>851</td>
<td>475</td>
</tr>
<tr>
<td>Other</td>
<td>340</td>
<td>570</td>
</tr>
<tr>
<td></td>
<td>1,191</td>
<td>1,045</td>
</tr>
</tbody>
</table>

34. DIVIDEND PER SHARE
In line with the Company dividend policy, the Company paid $32,164,000 in 2019 (2018: $39,603,000) which consisted of a 2019 interim dividend of 6.5 pence per share and a final dividend for 2018 of 8.0 pence per share (2018: interim dividend of 6.5 pence per share and a final dividend for 2017 of 10.0 pence per share).

35. RELATED PARTY TRANSACTIONS

35.1 Key management remuneration
Key management remuneration comprises the Directors’ remuneration, including Non-Executive Directors, disclosed in the Remuneration Committee Report.

During the year, the group paid consultancy fees of nil (2018: $13,261) to Nural Zhakupov, a Non-Executive Director of the Company, under a consultancy agreement in terms of which Mr Zhakupov provides services over and above his normal duties.

The Kounrad foundation, a vehicle through which Kounrad donates to the community, was advanced $195,000 (2018: $226,000). This is a related party by virtue of common Directors.

36. DEFERRED INCOME TAX ASSET AND LIABILITY

36.1 Group

<table>
<thead>
<tr>
<th></th>
<th>At 31 Dec 19 $'000</th>
<th>Currency translation differences $'000</th>
<th>(Debit)/credit to income statement $'000</th>
<th>At 31 Dec 18 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other timing differences</td>
<td>(77)</td>
<td>(11)</td>
<td>12</td>
<td>(290)</td>
</tr>
<tr>
<td>Deferred tax liability on fair value adjustment on Kounrad Transaction</td>
<td>(6,681)</td>
<td>(51)</td>
<td>304</td>
<td>(6,428)</td>
</tr>
<tr>
<td>Deferred tax liability on fair value adjustment on CMK acquisition</td>
<td>(20,912)</td>
<td>575</td>
<td>1,132</td>
<td>(19,205)</td>
</tr>
<tr>
<td>Deferred tax liability, net</td>
<td>(27,670)</td>
<td>524</td>
<td>1,232</td>
<td>(25,823)</td>
</tr>
</tbody>
</table>

Reflected in the statement of financial position as:

<table>
<thead>
<tr>
<th></th>
<th>At 31 Dec 19 $'000</th>
<th>At 31 Dec 18 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax asset</td>
<td>266</td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>(26,089)</td>
<td>(27,670)</td>
</tr>
</tbody>
</table>

A taxable temporary difference arose as a result of the Kounrad Transaction and CMK Resources Limited acquisition, where the carrying amount of the assets acquired were increased to fair value at the date of acquisition but the tax base remained at cost. The deferred tax liability arising from these taxable temporary differences has been reduced by $1,436,000 during the year (2018: $1,535,000) to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets during the year.

37. EVENTS AFTER THE REPORTING PERIOD

On 6 February 2020, the Group liquidated CMK Resources Limited, a wholly owned subsidiary.

The price of copper, zinc and lead have been impacted in 2020 by concerns over the outbreak of the COVID-19 pandemic and this will also contribute towards future costs of the project.

On 7 February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10%. The Group will not be required to contribute towards future costs of the project.

All deferred tax assets are due after 12 months.

Where the realisation of deferred tax assets is dependent on future profits, the Group recognises losses carried forward and other deferred tax assets only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise other potential deferred tax assets arising from losses of $7,417,000 (2018: $8,465,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2019, the Group had other deferred tax assets of $2,810,000 (2018: $2,085,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits within the entities concerned.

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries at 31 December 2019 and 2018, respectively.

Company

At 31 December 2019 and 2018 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2019, the Company had not recognised potential deferred tax assets arising from losses of $7,417,000 (2018: $8,465,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2019, the Group had other deferred tax assets of $2,810,000 (2018: $2,085,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

37. EVENTS AFTER THE REPORTING PERIOD

On 6 February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10%. The Group will not be required to contribute towards future costs of the project.

On 7 February 2020, the Group liquidated CMK Resources Limited, a wholly owned subsidiary.

The price of copper, zinc and lead have been impacted in 2020 by concerns over the outbreak of the COVID-19 pandemic and this will also contribute towards future costs of the project.

On 7 February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10%. The Group will not be required to contribute towards future costs of the project.

The Group did not recognise other potential deferred tax assets arising from losses of $7,417,000 (2018: $8,465,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2019, the Group had other deferred tax assets of $2,810,000 (2018: $2,085,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits within the entities concerned.

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries at 31 December 2019 and 2018, respectively.

Company

At 31 December 2019 and 2018 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2019, the Company had not recognised potential deferred tax assets arising from losses of $7,417,000 (2018: $8,465,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2019, the Group had other deferred tax assets of $2,810,000 (2018: $2,085,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.
GLOSSARY OF TECHNICAL TERMS

Ag Chemical symbol for silver
Assay Laboratory test conducted to determine the proportion of a mineral within a rock or other material
Grade The proportion of a mineral within a rock or other material. For zinc and lead mineralisation this is usually reported as a percentage of zinc and lead per tonne of rock

g/t Grammes per tonne

Indicated Mineral Resource An Indicated Mineral Resource is 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 and is sufficient to assume geological and grade or quality continuity between points of observation. 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 Proved Ore Reserve.

Inferred Mineral Resource An Inferred Mineral Resource is 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. 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.

JORC The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia

Mineral Resource A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade 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

NSR cut off The lowest net smelter return (NSR) value of mineralised material that qualifies as potentially economically mineable

Ore Reserve An Ore Reserve is 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.

Pb Chemical symbol for lead
Probable Ore Reserve A Probable Ore Reserve is 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

Zn Chemical symbol for zinc

DIRECTORS, SECRETARY AND ADVISORS

BOARD OF DIRECTORS
Nick Clarke, Non-Executive Chairman
Nigel Robinson, Chief Executive Officer
Gavin Ferrar, Chief Financial Officer
Nigel Hurst-Brown, Deputy Chairman
Robert Cathery, Non-Executive Director
Roger Davey, Non-Executive Director
Dr Gillian Davidson, Non-Executive Director
David Swan, Non-Executive Director
Nurlan Zhakupov, Non-Executive Director

PRINCIPAL PLACES OF BUSINESS
UK
Sackville House
40 Piccadilly
London W1U 0DR
United Kingdom

Kazakhstan
Business Centre No.2
4 Mira Street
Balkhash
Kazakhstan

North Macedonia
Sasa Docel
28 Rudarska Street
Makedonska Kamenica
North Macedonia

COMPANY SECRETARY
Tony Hunter

REGISTERED ADDRESS
Masters House
107 Hammersmith Road
London W4 1QH
United Kingdom

REGISTERED NUMBER
05585627

COMPANY WEBSITE
www.centralasiametals.com

NOMINATED ADVISOR AND JOINT BROKER
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET
United Kingdom

JOINT BROKER
BMO Capital Markets
95 Queen Victoria Street
London EC4V 4HS
United Kingdom

LEGAL ADVISORS
As to English Law
Fieldfisher LLP
Riverbank House
2 Swan Lane
London EC4 3JT
United Kingdom

As to Kazakh Law
Hallor Lomax LLP
6/1 Kabanbai Batyr Ave.
16th Floor
Kaskkad Business Center
Astana
Kazakhstan

As to North Macedonian Law
Karanovic Partners
Bulevar Pantazanski (Odrod) 14
“Aura” Business Center III/5
Skopje
North Macedonia

INDEPENDENT AUDITORS
BDO London
55 Baker Street
London W1U 7EU
United Kingdom

PUBLIC RELATIONS
Blytheweigh
4 J Castle Court
London EC3V 5DL
United Kingdom

REGISTRARS
Computershare Investor Services
The Pavilions
Bridge Road
Bristol BS3 6AE
United Kingdom

CENTRAL ASIA METALS PLC
2019 ANNUAL REPORT AND ACCOUNTS