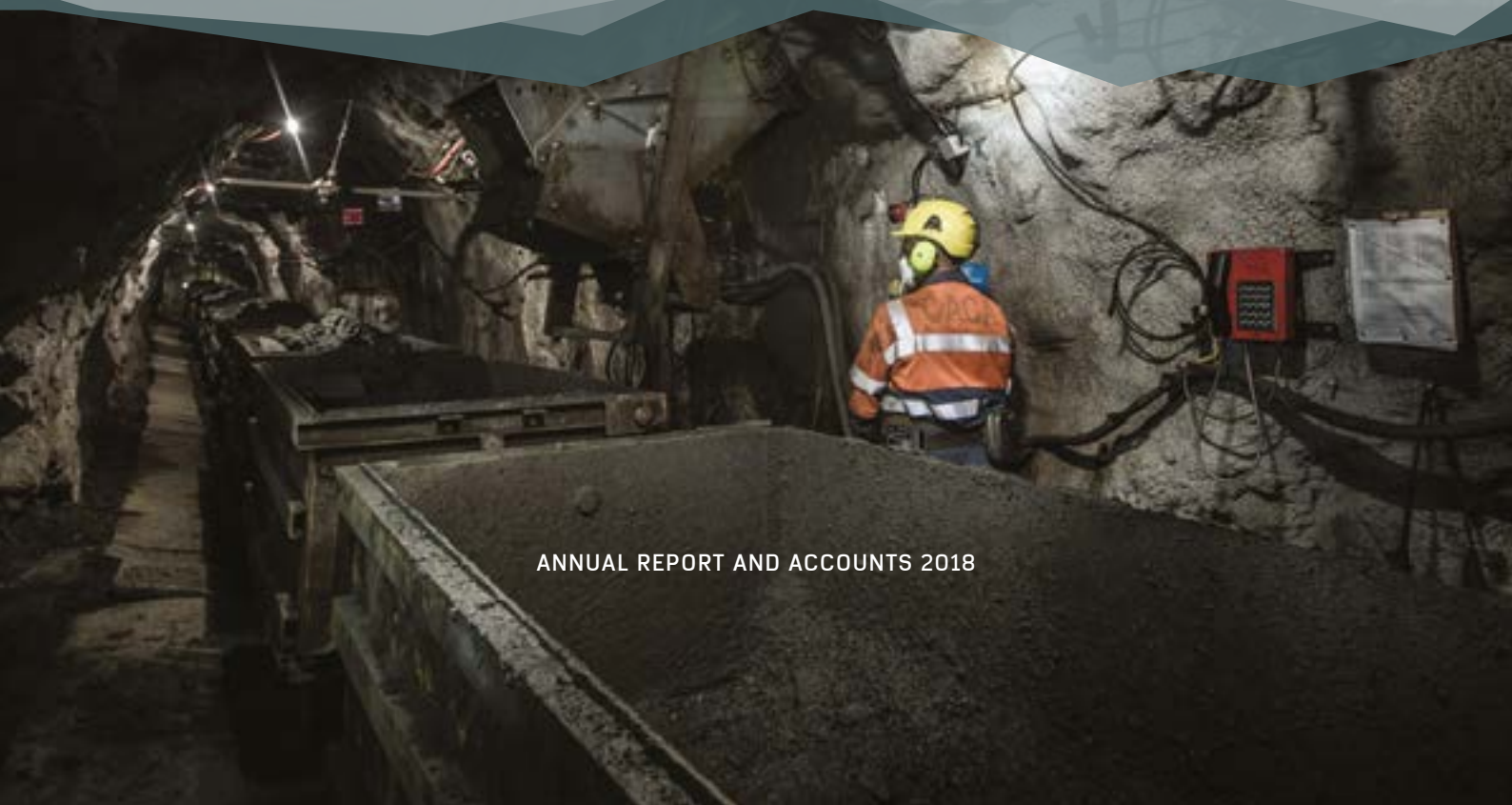
CENTRAL ASIA METALS PLC

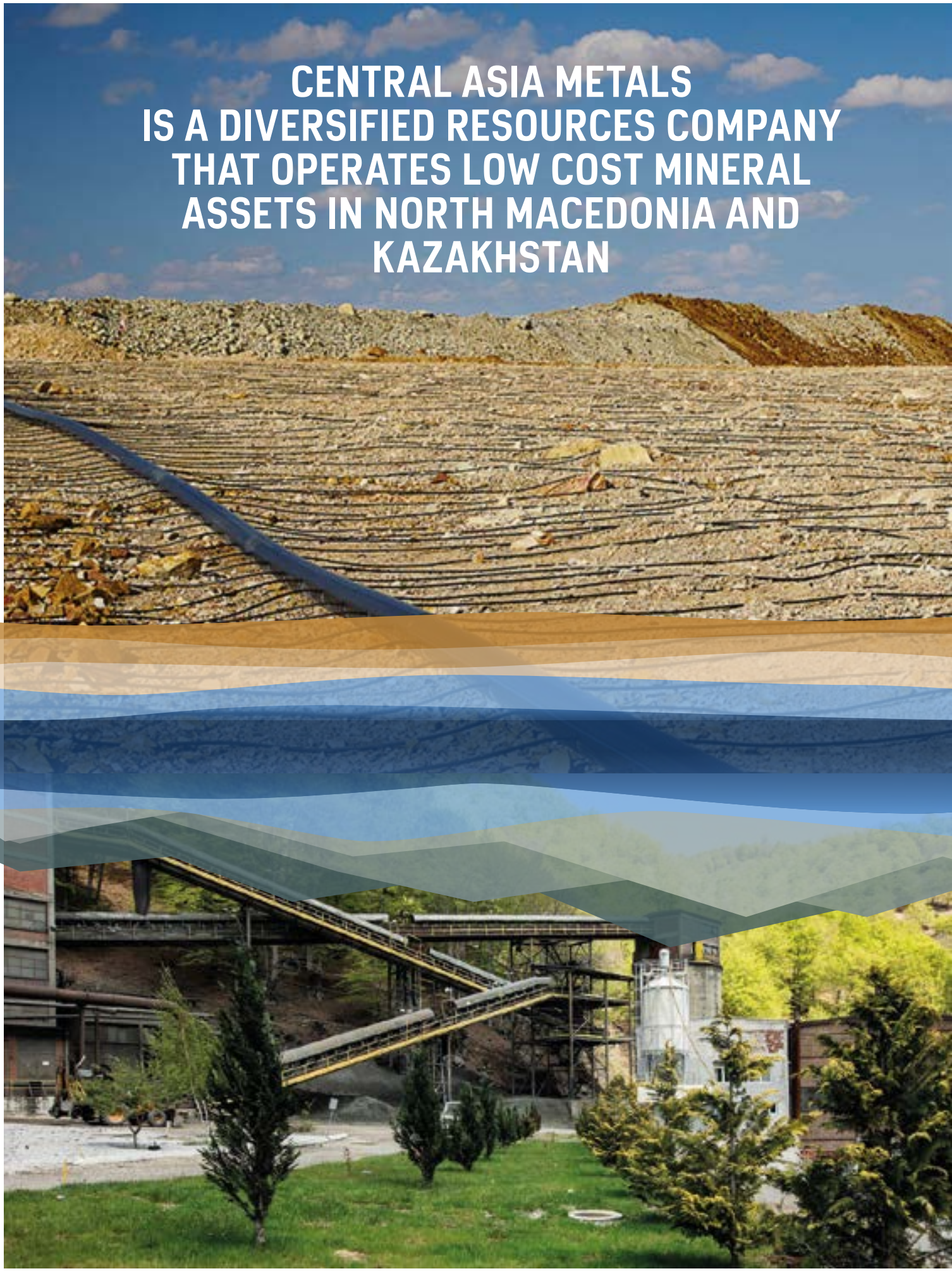


BUILDING A SUSTAINABLE BUSINESS



ANNUAL REPORT AND ACCOUNTS 2018

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





OPERATIONAL HIGHLIGHTS

Sasa, North Macedonia

- Zinc production of 22,532 tonnes (2017: 3,625 tonnes, CAML attributable)
- Lead production of 29,388 tonnes (2017: 4,951 tonnes, CAML attributable)

Kounrad, Kazakhstan

- Copper production of 14,049 tonnes (2017: 14,103 tonnes)
- Copper sales of 14,081 tonnes (2017: 14,181 tonnes)

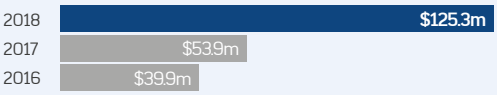
Corporate

- Management changes successfully implemented
  - Nigel Robinson appointed Chief Executive Officer
  - Gavin Ferrar appointed Chief Financial Officer
  - Scott Yelland appointed Chief Operating Officer
- Successful integration of Sasa mine into CAML business
- Full year dividend of 14.5 pence
- Group debt reduced by $37 million to $145 million as of 31 December 2018
- Group total reportable incident frequency rate ('TRIFR') of 3.76

FINANCIAL HIGHLIGHTS

EBITDA

$125.3m



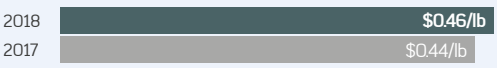
Dividend

14.5p



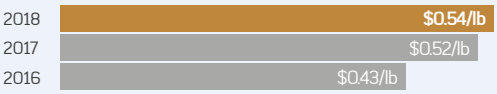
Sasa C1 zinc equivalent cash cost

$0.46/lb



Kounrad C1 copper cash cost

$0.54/lb





FOR MORE INFO, VISIT US ONLINE WWW.CENTRALASIAMETALS.COM



CONTENTS

STRATEGIC REPORT

Highlights	01
Company Overview	02
Chairman's Statement	04
Chief Executive Officer's Review	06
Strategy	09
Business Model	10
Our Markets	12
Operational Overview, Sasa	18
Operational Overview, Kounrad	22
People and Culture	26
Corporate Social Responsibility	28
Financial Review	32
Principal Risks and Uncertainties	36

GOVERNANCE

Introduction to Corporate Governance	40
Board of Directors	42
Board Report	44
Audit Committee	46
CSR Committee	48
Nomination Committee	49
Remuneration Committee	50
Directors' Report	54
Statement of Directors' Responsibilities	56

FINANCIAL STATEMENTS

Independent Auditors' Report	57
Consolidated Income Statement	63
Consolidated Statement of Comprehensive Income	64
Statements of Financial Position	65
Consolidated Statement of Changes in Equity	66
Company Statement of Changes in Equity	67
Consolidated Statement of Cash Flows	68
Notes to the Consolidated Financial Statements	69
Glossary of Technical Terms	103
Directors, Secretary and Advisors	104

WHAT WE DO

Central Asia Metals ('CAML') is a diversified mining company with two low cost operations producing three base metals with attractive market fundamentals.



MOVING FORWARD AS A...

NORTH MACEDONIA

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 currently trucked to smelters in Bulgaria and Poland. The mine typically produces between 22,000 and 24,000 tonnes of zinc in concentrate and between 28,000 and 30,000 tonnes of lead in concentrate annually.

Life of mine (including inferred resources)	Probable reserve
19 years	9.7mt
Zinc grade	**Lead grade**
3.06%	3.84%

For operations in North Macedonia see page 18

KAZAKHSTAN

KOUNRAD

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 until the end of the licence in 2034. Since production commenced, over 80,000 tonnes of copper have been produced at Kounrad, at costs that are amongst the lowest in the world.

Life of operation, to
2034

2018 copper sales
14,081t

2018 copper production
14,049t

Estimated remaining recoverable copper resources
170,000t

For operations in Kazakhstan see page 22



...LARGER AND DIVERSIFIED BUSINESS

Revenue by geography



Revenue by base metal



Locations



BUILDING A SUSTAINABLE BUSINESS

2018 was the first full year that we have owned and operated two base metals operations and we are pleased that both Sasa and Kounrad have delivered the production and financial returns we expected. In parallel, we have maintained focus on our corporate and social responsibilities in ensuring our performance is felt by all of our stakeholders.



Nick Clarke
Chairman

Sasa has been a great addition to our business and we are pleased with its positive impact on our financial results.

Gross revenue

$204.2m

+92%

(2017: $106.5m)

Dividend per share

14.5p

(2017: 16.5p)

Highlights

We propose a 2018 final dividend of 8 pence per share, giving a 2018 full year dividend of 14.5 pence per share. This represents 44% of our adjusted free cash flow and is therefore in line with our policy of returning between 30% and 50% of free cash flow to our shareholders.

We are very proud of the dividends that we have paid to shareholders since we commenced copper production at Kounrad in 2012, and we believe that our commitment to shareholder returns has made us unique as a resources business listed on the AIM Market of the London Stock Exchange ('AIM'). Once this dividend has been distributed, we will have made returns to our investors of $162 million in less than seven years.

We were also delighted to once again win an award at the prestigious Mines and Money Outstanding Achievement Awards. In 2018, Central Asia Metals was named 'Mining Company of the Year – Asia'.

Finally, having successfully integrated Sasa into the CAML group, we accelerated our business development activities in H2 2018 as we are once again looking to grow by acquisition when we find the right opportunity.

Recognising all our stakeholders

In the resources business, we firmly believe that companies must give something back to the countries from which they generate revenue, looking after their employees, the environment in which they operate and the local and wider communities.

At Sasa in 2018, as well as continuing to support the local community in terms of infrastructure, sporting and recreational facilities, we have sponsored 10 students through their mining degrees at Stip University. We also funded the purchase of new IT equipment and the renovation of five classrooms used for mining studies in the local secondary school.

In Kazakhstan, we set up a charitable foundation at the end of 2017 which became fully operational in 2018 and, through this organisation, we have funded many of the worthy causes that are presented to us. We are particularly proud of our continued support of the Kind Heart Centre for disabled children, purchasing new building facilities for the centre in 2018, which recently opened post their renovation. We have also continued to support the Balkhash orphanage, and have re-generated the playgrounds and recreational areas in Kounrad village that are now being enjoyed by residents of all ages.

We are now a business with over 1,000 employees and, while we strive for the highest health and safety standards, we are disappointed to report eight lost time injuries on our sites within the year. We have reinvigorated our efforts to keep our team safe, having made additional hires and, where appropriate, made adjustments to our procedures.

In accordance with local laws, we have paid taxes totalling $43.3 million during the year in North Macedonia and Kazakhstan and believe therefore that we have made a meaningful contribution to the development of those economies. We intend to be long-term operators so we maintain and will always strive for strong relationships in our host countries.

Board and management changes

During 2018, we made some significant changes to our Board, reflective of the growth and direction of our business. Non-Executive Director Kenges Rakishev retired from the Board at our May 2018 AGM. Myself and my fellow Directors very much appreciate Kenges' input during his tenure with the Company.

While I maintained my role as Chairman of the Company, Nigel Robinson was appointed Chief Executive Officer and Gavin Ferrar was appointed Chief Financial Officer, while retaining his business development responsibilities.

These management changes have provided continuity to the business, as both Nigel and Gavin have been with the Company for 12 years and five years respectively. In order to strengthen the technical team post our Sasa acquisition, we appointed Scott Yelland as Chief Operating Officer ('COO') in April 2018.

Outlook

We fundamentally believe in the strong long-term demand for copper, zinc and lead and are pleased to have seen an increase in the prices of these commodities so far in 2019. While there may once again be some challenges for the market this year, we believe that the long-term future demand for these metals remains compelling.

We look forward to another positive year of production from our Sasa and Kounrad operations. We remain confident that we have two low cost operations, which we believe provide us with a solid platform from which to grow once more by acquisition, and this will be an area of increasing focus for us in 2019.

Finally, I would like to thank all of our employees and our Directors for their hard work and dedication throughout 2018 – we have enjoyed an excellent year and we very much look forward to the future, producing three base metals with attractive market fundamentals, generating profits and returns for our shareholders and helping to develop the communities in which we operate.



Nick Clarke
Chairman



MAKING PROGRESS

We have enjoyed another successful year at CAML, delivering production in line with expectations at Sasa and above guidance at Kounrad while maintaining our competitive cost base at both operations.



Nigel Robinson
Chief Executive Officer

Our 2018 financial results reflect the first full year of operations at Sasa under CAML management and we are pleased to report that its contribution is in line with our expectations at acquisition in November 2017.

EBITDA

$125.3m

+132%

(2017: $53.9m)

EBITDA margin

61%

(2017: 51%)

Key achievements

Sasa produced 22,532 tonnes of zinc and 29,388 tonnes of lead in concentrate at a C1 zinc equivalent cash cost of $0.46 per pound, which is comparable to prior years. Our Kounrad operations continued to perform well and produced 14,049 tonnes of copper cathode. Kounrad's 2018 C1 copper cash cost was $0.54 per pound, demonstrating once again that the operation is one of the lowest cost copper producers in the world.

Despite challenging commodity prices, particularly in H2 2018, our strong operational performance ensured that we delivered record annual gross revenue of $204.2 million and record EBITDA of $125.3 million, maintaining our strong margin of 61%. We ended 2018 with net debt of $110.3 million, having made repayments totalling $38.5 million during the year.

The Group generated adjusted free cash flow of $73.8 million, enabling us to recommend an 8 pence per share final dividend, equating to a full year dividend of 14.5 pence per share, which represents 44% of 2018 adjusted free cash flow.

In December 2018, we completed the refinancing of Sasa debt that we inherited as part of the acquisition of the mine in November 2017. The refinancing has the advantage of consolidating all the Group debt into one facility with no requirement for cash sweeps, as well as enabling us to simplify the Sasa ownership structure in 2019.

Throughout 2018, we have spent considerable time integrating the Sasa operation into our business processes and made a number of key management changes at site. At the corporate level, we strengthened our technical team with the appointment of Scott Yelland in April 2018 as COO. We are confident that we now have the management team in place to ensure the steady and optimal operation of Sasa and Kounrad.

Corporate Social Responsibility ('CSR')

The welfare and health and safety of our employees is a key priority for the Group. We also continue to focus on looking after the local environment and ensuring that we have a positive impact on the communities close to our operations.

We are disappointed to report that we incurred eight lost time injuries during 2018 – six at Sasa and two at Kounrad. Given the exemplary record in previous years at our Kounrad operation, we have bolstered our health and safety team in 2018 with the appointment of a Group Health and Safety Manager and additional safety team members at Sasa. We have also focussed our efforts on the learning points from each incident.

During 2018, we spent $0.6 million at Sasa and Kounrad in 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 local residents.

Sasa

During the year, Sasa's operational performance was strong and we produced 22,532 tonnes of zinc and 29,388 tonnes of lead in concentrates, which was at the upper end of guidance for both metals. At $0.46 per pound, Sasa's C1 zinc equivalent cost of production has remained low by industry standards and, despite some sector-wide headwinds for treatment charges, our site-based costs should remain competitive going forward. Sasa delivered 2018 EBITDA of $71.2 million, at a margin of 64%.

We commenced a life of mine ('LoM') study for Sasa during H2 2018, which is an in-depth review of the operation, from geology and resources, through to underground operations and eventual tailings disposal. This study will be ongoing throughout 2019 and will ensure that zinc and lead are produced optimally and as safely as possible for the future.

As part of this study, a c.6,000 metre drilling programme has been undertaken at Sasa, with drilling results incorporated into an updated Mineral Resource Estimate ('MRE'). This further underscores our view of mineral prospectivity at Sasa which will enable a long life operation.

The construction of tailings storage facility 4 ('TSF4') continued throughout the year and will be completed and ready for utilisation within 2019, ensuring sufficient capacity for a further seven years. Notwithstanding capex incurred due to the tailings construction process, total 2018 Sasa capex was slightly below our expectations at $13.6 million. 2019 capex is expected to reduce to below $10 million.

Kounrad

The Kounrad operation performed well and, in 2018, produced 14,049 tonnes of high-quality copper cathode, which was above our guidance range. We continued to transition the leaching operation from the Eastern Dumps to the Western Dumps as planned and, during the year, 64% of the production was generated from the Western Dumps. By 2023, it is expected that all copper will be leached from the Western Dumps.

After almost seven years of continuous production, the SX-EW plant continued to perform to a high standard and we were pleased to achieve plant availability of 99.5%. As at 31 December 2018, Kounrad had produced 82,474 tonnes of copper cathode, an average of 1,030 tonnes per month since the commencement of operations.

Kounrad's C1 cash cost of copper production was $0.54 per pound, enabling the operation to deliver 2018 EBITDA of $66.8 million, at a margin of 72%.

Having undertaken two self-funded expansions at Kounrad during previous periods, we now only expect to incur minimal sustaining capital expenditure going forward. Indeed, 2018 capital expenditure was $1.4 million and is expected to be at similar levels in future years.



Shuak

During 2018, we completed the second exploration season at Shuak, undertaking both diamond and core hydrotransport drilling. While the results received were encouraging, we made the decision that this project is unlikely to be of sufficient scale to warrant development and have impaired the asset in full. Therefore, we plan to return Shuak to the current 20% shareholders, while retaining a minority interest for the future.

Market performance

2018 market conditions proved to be challenging for the Company with a decline in the prices of all three commodities over the course of the year, despite a positive start in January 2018. The prices for both zinc and lead peaked in mid-February 2018 at c.$3,618 and c.$2,640 per tonne respectively whereas copper's 2018 peak was in June at c.$7,263 per tonne.

During the second half of the year, all three metal prices declined further due to macro-economic headwinds caused primarily by the US-China trade wars and finished the year significantly below 2018 highs. Consequently, despite a strong operational performance at both sites, the depressed commodity prices impacted the CAML share price which fell by 29% to £2.17 at the end of 2018.

Outlook

We are enthusiastic about the future as we have two long life, low cost base metals operations that can deliver cash generative production throughout the mining cycle. These assets provide us with a strong platform for growth and, to date, we have been encouraged by some of the business development opportunities that we have reviewed.

We have given production guidance for Sasa of between 22,000 and 24,000 tonnes of zinc and between 28,000 and 30,000 tonnes of lead at slightly higher throughput levels. We look forward to the findings of the LoM study as this may demonstrate other potential incremental improvements that we can make at the mine and ensure that the operation is optimised.

Our 2019 guidance for Kounrad copper production of 12,500 to 13,500 tonnes reflects the transition to producing more of our copper from the Western Dumps.

Finally, we will continue to maintain strong health and safety and environmental standards at both of our operations and will continue to donate to and help with the many worthy causes that we see in and around the local communities.



Nigel Robinson
Chief Executive Officer

CAML approach to M&A

Our strong operational and financial platform enabled us to once again focus on our business development activities in H2 2018 and these efforts are continuing into 2019.

We intend to pursue business development opportunities, primarily in the base metals sector, where we can add value for shareholders through accretion in earnings and/or long-term growth. We believe that, through our Sasa acquisition, we have demonstrated a track record in appraising appropriate assets for CAML.

Actively looking to grow by acquisition again

- Currently reviewing opportunities
- Shuak to be divested

What we're looking for

- Low cost producers or development projects
- Acquisition with manageable balance sheet implications
- Attractive commodity exposure, ideally copper

We are

- Geographically agnostic but with some no-go zones
- Mindful of our dividend

2018



OUR STRATEGIC GOALS AND MEASURES

2018 has seen our team focused on ensuring the effective integration of the Sasa operation into our business and we believe that we have achieved this. We have delivered accretive growth through this acquisition and have also repaid $38.5 million of our debt during the course of the year.

Sustainable operations

- → Safely extracting maximum value from Sasa and Kounrad
  - – Sasa 2019 zinc production guidance of 22,000 to 24,000 tonnes and lead production guidance of 28,000 to 30,000 tonnes
  - – Kounrad 2019 copper production guidance of 12,500 to 13,500 tonnes
  - – Sasa life of mine to 2038 (Probable Reserves and Indicated and Inferred Resources)
  - – Kounrad life of operation to end of licence in 2034

Risks: Operational

Measures - 2018

2018 zinc production
22,532t

2018 lead production
29,388t

2018 copper production
14,049t

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.
- → 2018 achievements
  - – Sasa C1 zinc equivalent cash cost $0.46 per pound
  - – Kounrad C1 copper cash cost $0.54 per pound
  - – CAML C1 copper equivalent cash cost $0.87 per pound

Risks: Operational

Measures - 2018

C1 zinc equivalent cash cost of production
$0.46/lb

C1 copper cash cost of production
$0.54/lb

Maintain high CSR standards

- → Putting the safety of our employees above profits
- → Looking after our operating environment
- → Enhancing the local communities
  - – In 2018, we opened a community drop-in centre in Sasa local town, Makedonska Kamenica
  - – In 2018, we established the Kounrad Foundation, funded annually with 0.25% of Kounrad's revenue

Risks: Operational

Measures - 2018

Health and safety Group total recordable incident frequency rate ('TRIFR')
3.76

Increase shareholder value

- → 2017 Sasa acquisition demonstrated to be value accretive
- → 2018 debt repayments totalling $38.5 million
- → CAML has a proven track record in rewarding shareholders with attractive dividends, having shortly returned over $160 million to shareholders in share buy backs and dividends
- → Continue to appraise business development opportunities

Risks: Operational
External

Measures - 2018

Dividend to shareholders based on free cash flow target returning between
30% and 50%

For Principal Risks and Uncertainties see page 36-39

HOW WE GENERATE VALUE

OUR KEY STRENGTHS

People, knowledge and experience
We are proud of the teams that we have at Sasa and Kounrad and now employ over 1,000 people, with less than 10 expatriates at both of our sites. We provide wide-ranging training programmes for our operational teams and in some cases tertiary education for key talent.

- Only 1% of our workforce at Sasa are expatriates
- Kounrad workforce solely local
- Experienced and capable local teams
- Strong Board with complimentary skills and London-based senior management team

Proven processes
Sasa produces a zinc concentrate and a lead concentrate through typical underground mining techniques followed by standard milling and froth flotation.

Seven years successfully leaching copper at Kounrad.

SX-EW plant produces copper cathode in a relatively simple and reliable processing facility. Capacity to produce 50 tonnes of cathode daily.

Reserves and resources
Sasa has reserves and resources to support a 19 year mine life.

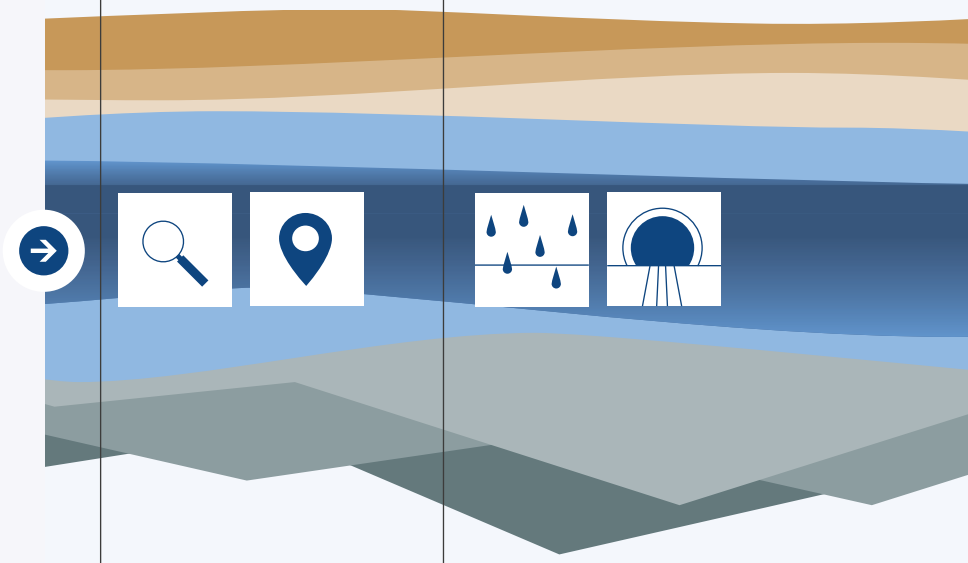
Kounrad, 170,000 tonnes of estimated recoverable copper resources, which should ensure a life of operation to the end of the licence in 2034.

In-country knowledge
Sasa is viewed as an extremely important North Macedonian company – a top 10 tax paying business.

13 years' operations in Kazakhstan, with senior Board representation from Nurlan Zhakupov, our in-country Director.

OPERATING WITH EXCELLENCE

IDENTIFYING AND ACQUIRING ASSETS



- **M&A**
  In November 2017, we demonstrated our ability to complete complex M&A transactions as, following three years of business development efforts, we identified and acquired the Sasa mine in North Macedonia for $402.5 million and have met our production guidance during 2018, generating EBITDA of $71.2 million.

2017 Sasa acquisition
$402.5m

- **Further asset screening**
  We are once again looking to grow by acquisition in 2019 and beyond.

EFFICIENT EXTRACTION

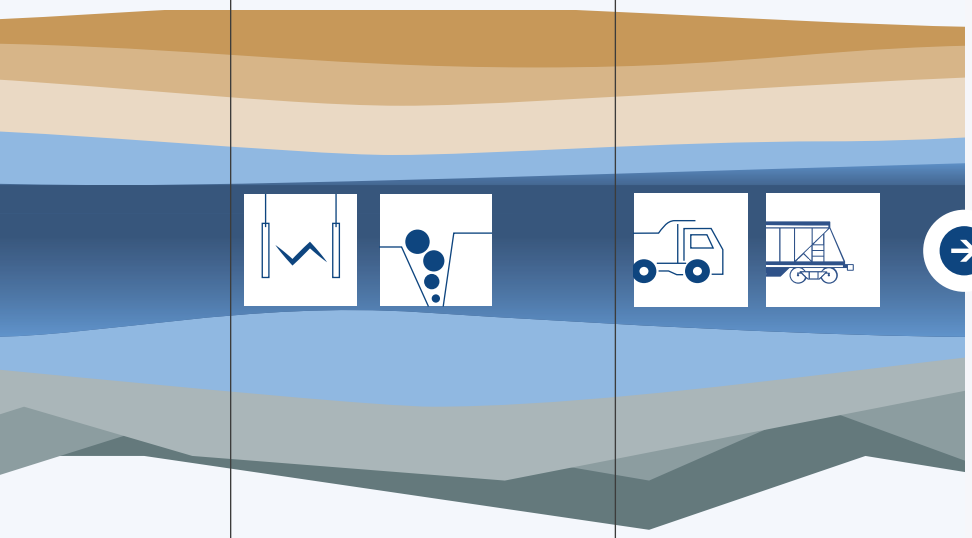
- **Mining ore**
  At Sasa we operate an underground mine in a sub-level caving operation to produce about 800,000 tonnes of ore annually that is transported to surface by both shaft and truck. The material is then crushed and milled, and then processed into separate zinc and lead concentrates by froth flotation. The concentrate is then de-watered and trucked to nearby smelters for further treatment.

Sasa 2018 ore extraction
803,101t

- **In-situ dump leaching**
  At Kounrad we produce copper by in-situ dump leaching, which extracts the copper from waste dumps and leaches it into a pregnant leach solution that is transported through pipelines to the SX-EW processing plant where sheets of copper cathode are produced.

Remaining recoverable copper
170,000t

LOW COST OPERATION



→ **Processing**
Sasa, on-site costs of only $37.2 per tonne

C1 zinc equivalent cost
$0.46/lb

→ **SX-EW**
Kounrad, one of the lowest cost copper producers globally

C1 copper cash cost
$0.54/lb

Group copper equivalent C1 cash cost
$0.87/lb

ESTABLISHED SALES PIPELINE

→ **Offtake agreement**
with Traxys for 100% of zinc and lead concentrates from Sasa until 2022

2018 zinc concentrate grade
48.9%

2018 lead concentrate grade
72.9%

→ **Offtake agreement**
with Traxys for 95%+ copper cathode from Kounrad until 2022

Copper cathode purity
99.998%

DELIVERING VALUE FOR ALL OF OUR STAKEHOLDERS

Investors

EBITDA/share 71.00 cents (65% accretion)
EPS 31.33 cents (8% accretion)

Dividend
14.5p

Employees

684 employees at Sasa
340 employees at Kounrad

Total number of employees
1,039
(including 15 in London head office)

Governments

Sasa is one of North Macedonia's top 10 tax paying companies

Tax paid in North Macedonia in 2018
$22.5m

Tax paid in Kazakhstan since 2012
$123.5m

Communities

North Macedonia – development of Makedonska Kamenica playground, sponsorship of local sporting teams, funding to improve classrooms for mining studies in local secondary school.

Sasa local community receives c.80% of the 2% revenue-based concession fee.

Kazakhstan – 2018 launch of Kounrad Foundation, with funding delivered for Balkhash orphanage, Kind Heart Centre for disabled children and regeneration of Kounrad recreational areas.

2018 social contributions in North Macedonia and Kazakhstan
$0.6m

For CSR see pages 28-31

2018 MARKET CONDITIONS

While commodity prices during H1 2018 remained strong, H2 was a challenging period for copper, zinc and lead prices, resulting in an average fall during the year for these metals of 20%. Despite CAML's robust, low cost operations, this led to a fall in the Company's share price.

PRODUCING THREE BASE METALS WITH ATTRACTIVE FUNDAMENTALS

ZINC

1 Jan 2018
$3,309

-24%

31 Dec 2018
$2,511

Commodity market zinc ($/t)

Average $2,923/t

During the year, zinc traded within the range of $2,287 and $3,618 per tonne averaging $2,923 (2017: $2,893 per tonne). Zinc started the year at $3,309 per tonne and closed at $2,511 per tonne which represented a decrease of 24.1%.

According to International Lead and Zinc Study Group ('ILZSG'), global mine output grew in 2018 by 2.7% to 13.0 million tonnes and is expected to grow by a further 7.1% to 13.9 million tonnes in 2019 as new operations such as Gamsberg and Century tailings ramp up. Glencore recently raised its 2019 zinc production guidance to 1.195 million tonnes, from 1.09 million tonnes in 2018, with the re-start of Lady Loretta mine in H1 2018 expected to reach full capacity in 2019.

Despite the forecast of increased concentrate supply, stocks of refined metal remain depleted and are set to fall to very low levels between 2019 and 2020, and this should provide support to the zinc price. The primary cause of the refined metal draw down is due to constrained Chinese smelter capacity due to cutbacks and closures on environmental grounds. That said, Chinese smelter production is forecast to grow by almost 10% in 2019, supported by adequate supply of concentrate from the new mines and according to ILZSG, the 2018 market deficit of 384,000 tonnes is expected to decline to 146,000 tonnes in 2019.

Spot treatment charges ('TCs') continue to trend higher, reaching $210-230 per tonne in December, their highest in more than five years, reflecting the improved availability of concentrate following the ramp-up of production from new mines and constrained Chinese smelter capacity.

COPPER

1 Jan 2018
$7,157

-17%

31 Dec 2018
$5,965

Commodity market copper ($/t)

Average $6,522/t

During the year, copper traded within the range of $5,823 and $7,263 per tonne averaging $6,522 (2017: $6,173 per tonne). Copper started the year at $7,157 per tonne and closed at $5,965 per tonne which represented a decrease of 16.7%.

In 2018, despite initial fears, supply disruption was below historical averages of around 5%. The big supply risk from Escondida, which is a 1 million tonne per year copper producer, did not materialise meaning supply was not as scarce as had been expected.

According to Wood Mackenzie, the copper market has strong fundamentals with total copper refined production in 2019 expected to grow by 1.3% to 24.9 million tonnes whilst consumption growth of 2.1% to 24.3 million tonnes is forecast.

The refined copper market deficit is expected to widen from 94,000 tonnes in 2018 to 292,000 tonnes in 2019, with stocks expected to fall to below average levels in the order of 62 days of consumption (2018: 68 days). By 2020/2021, the market is expected to be even tighter with stocks expected to fall to around 59 days of consumption. This is broadly forecast to generate a strong recovery in prices.

LEAD

1 Jan 2018
$2,495

-20%

31 Dec 2018
$2,009

Commodity market lead ($/t)

Average $2,243/t

During the year, lead traded within the range of $1,867 and $2,683 per tonne averaging $2,243 (2017: $2,316 per tonne). Lead started the year at $2,495 per tonne and closed at $2,009 per tonne which represented a decrease of 19.5%.

The lead concentrate tightness of the past two years is expected to continue until 2020, when increased mine production is expected to switch the market into surplus. A similar timeline is expected for refined lead.

Despite ramp-ups and re-starts of key global zinc mines, total lead output fell to 4.7 million tonnes in 2018 and indeed has contracted by an annual average of 0.6% between 2015 and 2018. Wood Mackenzie estimates that it will grow at an average of 2.9% from 2019 to 2021, with tightness persisting until 2022.

Total global stocks of refined metal should remain at historical lows until 2020, after which the forecast increase in supply is not expected to restore the market balance to normal levels until around 2023.

Global lead demand is expected to increase by 1.6% per year until 2021 from the 2018 13.2 million tonnes to 13.5 million tonnes, while refined production is expected to increase by a little more to 13.7 million tonnes.

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 high dividend yield.

Indeed, while the FTSE AIM All Share/Basic Resources Index demonstrates a significant loss during the seven-year period in which the shares have been publicly quoted, CAML can demonstrate a compound annual growth rate ('CAGR') in total shareholder returns, taking into account share price appreciation and dividends to shareholders, of 16%.

During 2018, the CAML share price closed at £2.17, which represents a 29.1% decrease (31 December 2017: £3.06). The FTSE AIM All Share/Basic Resources Index performed in a similar manner and lost 24.9% during 2018 (see graph 2).

The fall of the CAML share price and the FTSE AIM All Share/ Basic Resources index appears to be driven by an average of a 20% reduction in copper, zinc and lead prices (as well as other commodities), a strong US Dollar and the trade wars between China and the USA. This is creating economic headwinds, affecting business investment, consumer confidence and resulting in risks of a global economic slowdown. In addition, the weak GBP and 2018 uncertainty over the Brexit outcome also contributed in temporarily reducing international investors' appetite in GBP denominated assets and stocks.

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

CAML versus AIM basic resources IPO – 2018



CAML versus AIM basic resources 2018



North Macedonia

The International Monetary Fund ('IMF') estimates 2018 GDP growth to have been 2.0%, increasing to 2.6% in 2019, and the European Bank for Reconstruction and Development ('EBRD') is projecting similar figures. In the medium term, GDP growth is expected to approach 3.5%, driven by infrastructure investment and stronger exports, according to the IMF. Political uncertainty remains a key risk to growth, although structural reforms and the potential for commencement of EU accession negotiations could boost the country's economy through higher capital inflows and enhanced confidence.

Indeed, according to the World Bank, increasing the productivity of North Macedonia's economy, enhancing job opportunities and achieving fiscal, social and environmental sustainability would allow North Macedonia to maximise the benefits from EU integration and close the income gap with Europe, with more and better-paid jobs for its citizens.

The IMF expects 2018 inflation to have been 1.8%, increasing to 2.0% in 2019. The jobless rate is seen to drop below 20% from the current 21% and net wages, which average around €400 per month, to increase by 4.5% in 2019.

Kazakhstan

According to the World Bank's latest Kazakhstan Economic Update, 2018 GDP growth is expected to have been 3.8%, down marginally from 4.1% in 2017, and should stabilise at around 3% in the medium term. This result reflects a better-than-expected oil sector performance and a steady increase in the service and agriculture sectors against a decline in productivity growth due to a still dominant state economy. Inflation eased to 5.3% in 2018, down from 7.1% in 2017, and the Kazakh Tenge weakened against the US Dollar from 328 to 372 during the year.

In an attempt to grow the economy, Kazakhstan has initiated a series of reforms including civil service reforms, fiscal decentralisation, judicial modernisation and measures to improve the business environment. The implementation of these reforms could accelerate Kazakhstan's transition towards a new growth model with a diversified and productive economy.

Looking to the future, Kazakhstan's economic performance is expected to improve due in large part to the oil industry. However, analysis shows that productivity improvements will be key for sustainable and long-term growth.





COPPER

The automotive industry is expected to be one of the key drivers for higher consumption of copper into the future, as the world moves to increased usage of electric vehicles ('EVs'), which typically require approximately four times more copper than internal combustion engines. In addition, significant volumes of copper will also be required to ensure that adequate infrastructure is available to supply electrical power to EV charging points.

Automakers are preparing to phase out cars powered solely by internal combustion engines ('ICEs') as governments look to tackle fuel emissions. The growth in EVs and hybrid electric vehicles ('HEVs') is rapid. Global electric car sales in 2018 grew sharply, and are expected to account for around 2% of total sales, or over 2 million units, compared to the 1.3 million units sold in 2017.

Wood Mackenzie estimates that copper demand from EVs will become significant beyond 2025, when they are expected to account for an estimated 12% of vehicle production although it will not be until the early 2030s that it is assumed that copper demand from EVs will exceed that from ICEs.

At present a key barrier to mass-market adoption of EVs remains high vehicle costs relative to ICE powered alternatives. Battery costs are a major contributor to higher EV prices, although cost reductions are occurring. Mass-market adoption is only likely to become reality once the full cost benefit of EVs are at least as attractive as ICE alternatives. On the flipside, potential changes in the form of more aggressive legislation on emissions and fuel economy would provide upside risks to the current outlook.

THE AUTOMOTIVE INDUSTRY UNDERPINS...

ZINC

While zinc demand is expected to continue to increase in the future, the impact of EVs on zinc demand in the near to medium term is likely to be minimal, as the reduced use of zinc-coated steels in a bid to lighten EVs should be more than offset by the increased use of these steels in conventional ICE vehicles in developing world markets. In these regions, domestic automakers are also moving to improve corrosion resistance of their vehicles to levels comparable to those produced in developed economies and this would require additional zinc consumption.

In the long term (2030 and beyond), it is very difficult to determine what the EV impact will be on zinc usage as the various proposals for elimination of ICE, together with autonomous vehicles, will allow for the radical redesign of vehicles. Furthermore, the anticipated uptake of ride-sharing schemes will see fewer vehicles required, although these are likely to be more heavily utilised.

There is an upside risk to this outlook in the medium to long-term in the form of a new zinc-based battery technology that is being commercialised. This technology has the potential to replace Li-ion based battery chemistries and also both lead and nickel-metal hydride batteries.



...LONG-TERM DEMAND FOR OUR METALS

LEAD

Approximately 85% of all lead consumption is for lead-acid batteries, commonly used in the automotive industry. Lead demand is expected to remain steady over the coming decade, averaging around 1.5% growth per annum and driven by continuing growth in batteries for the automotive sector and industrial applications.

Despite the recent softening in Chinese auto demand, global consumption of lead for automotive batteries continues to increase, supported by strong growth in India and parts of South East Asia.

The rapid expansion in EVs will have only a limited impact on lead use. The adoption of EVs is likely to be constrained – especially in developing countries – by their affordability as insufficient availability of battery raw materials keep prices for lithium-ion power packs high.

Another key mitigating factor is that EVs continue to use lead batteries. The lithium-ion pack provides power to drive the vehicle but the lead auxiliary battery essentially does the job of the battery in a regular internal combustion engine car, although these lead batteries would typically be 35-60% smaller than those in regular vehicles.

Start-stop (AKA 'idle-stop') technology is an effective way for manufacturers to reduce vehicle emissions and their adoption is quickly becoming commonplace, especially in the key US and Chinese markets. The tougher duty cycle for these batteries from making more frequent engine starts requires larger batteries containing around 25% more lead than a non start-stop unit. This technology is expected to provide a significant offset for the reduction in lead use from the growing population of EVs.

Source: Wood MacKenzie

SASA, NORTH MACEDONIA



We were pleased to deliver production of zinc and lead from our Sasa mine in North Macedonia that was at the top end of our 2018 production guidance range.

2018 zinc recovery
84.6%

2018 lead recovery
93.6%



Scott Yelland
Chief Operating Officer

How we produce zinc and lead

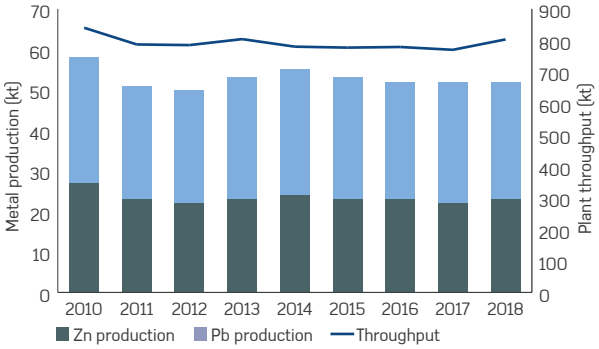
MINE	CRUSH AND SCREEN	MILL	FROTH FLOTATION	REMOVE MOISTURE	STORAGE	TO MARKET
Sub-level caving underground mine with ore transported to surface by shaft (70%) and by truck (30%)	Jaw and cone crushers	Rod mills, spiral classifiers and ball mills. Ore milled to c.74 microns	Two concentrates produced – lead containing silver, and zinc	Thickened and pressed to de-water	Saleable concentrate products stored in sheds awaiting loading	Concentrate trucked to smelters in nearby Poland and Bulgaria



Zinc and lead production

In 2018, Sasa mined 803,101 tonnes of ore and processed 804,749 tonnes of ore. The average head grades for the year were 3.31% zinc and 3.90% lead respectively, resulting in a combined grade of 7.21%. Metallurgical recoveries for zinc and lead averaged 84.6% and 93.6% respectively.

Sasa annual production



Sasa produces a zinc concentrate and a separate lead concentrate that contains silver. Total 2018 production was 46,128 tonnes of zinc concentrate at an average grade of 48.9% and 40,317 tonnes of lead concentrate at an average grade of 72.9%.

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 2018 was 18,842 tonnes of zinc and 27,919 tonnes of lead. Given the multiple daily dispatches of concentrate, payable base metal in concentrate sales for the year are very similar at 18,792 tonnes of zinc and 27,878 tonnes of lead.

During 2018, Sasa sold 375,366 ounces of payable silver through its streaming agreement with Osisko Gold Royalties.

Production statistics

	Units	2018	2017*	2016
Ore mined	t	**803,101**	792,068	782,823
Plant feed	t	**804,749**	793,332	779,231
Zinc grade	%	**3.31**	3.18	3.41
Zinc recovery	%	**84.6**	85.5	84.6
Lead grade	%	**3.90**	3.98	3.95
Lead recovery	%	**93.6**	94.6	94.1
Zinc concentrate	t (dry)	**46,128**	43,676	45,548
– Grade	%	**48.9**	49.4	49.4
– Contained zinc	t	**22,532**	21,585	22,515
Lead concentrate	t (dry)	**40,317**	40,757	39,507
– Grade	%	**72.9**	73.3	73.3
– Contained lead	t	**29,388**	29,881	28,955

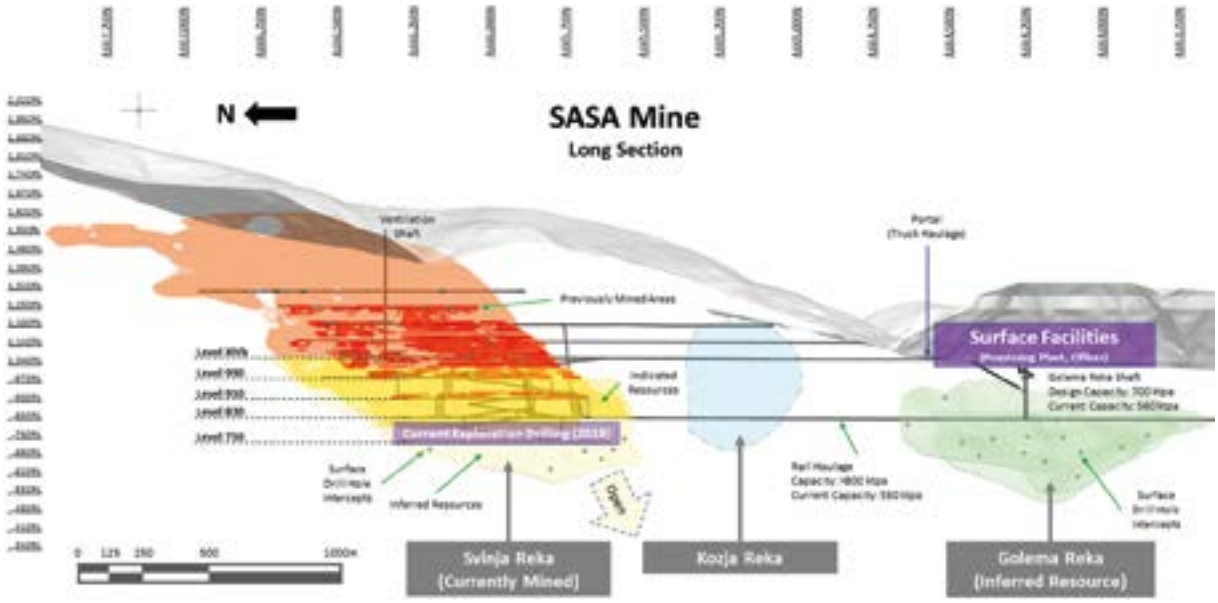
* CAML acquired Sasa in November 2017

Mining

A total of 803,101 tonnes of ore were mined in 2018 from between the XIVb and 830 metre levels (see diagram below), using the sub level caving mining method. The underground operations during the year performed well and consistently produced over 2,200 tonnes of ore per day, which is hoisted and trucked to surface for processing.

A total of 3,030 metres was developed during the year, including 345 metres in the main ramp from the 830 metre level down to the 750 metre level that was completed in December. This will provide access for the exploration drilling team to continue to explore the down dip extensions of the Svinja Reka orebody.

The underground equipment fleet was supplemented during the year with the purchase of a new Epiroc ST7 loader and two Paus utility vehicles.



SASA MINE



Oleg Telnoi
General Director – Sasa

I became the General Director of Sasa in May 2018, having moved from the Kounrad operation where I was previously General Director of Kounrad Copper Company for three and a half years. I am enjoying the new challenge at Sasa and the opportunities that it has presented, both personally and for the mine. I will ensure that Sasa is operated as safely as possible and is optimised for the future, to ensure a long and profitable life for CAML and for our North Macedonian and other stakeholders.

Processing

The Sasa processing facility has continued to perform well with availability of 95.3% (2017: 95.1%) enabling throughput of 804,749 tonnes (2017: 793,332 tonnes) of ore against guidance of between 780,000 tonnes and 800,000 tonnes. This resulted in CAML achieving 2018 production guidance for both base metals, delivering 22,532 tonnes of zinc in concentrate and 29,388 tonnes of lead in concentrate.

The marginally lower lead recovery in 2018 was due to subtle changes in mineralogy in the current area of production. Sasa's metallurgical team is investigating alternative flotation reagents so as to ensure lead recoveries are maximised during 2019 and beyond.

The lower than expected zinc recovery was related to production disruptions associated with a mechanical failure of the zinc regrind mill motor and subsequent installation and fine-tuning of the new stirred media detritor mill ('SMD') in Q2. In addition, power outages in June and a loss to tailings of zinc over a small number of shifts in December also contributed.

The SMD mill, which was ordered prior to CAML's acquisition of Sasa, has been operating smoothly for the past six months, although its installation has not resulted in increased zinc recovery as envisaged by the previous management team.

The Sasa team is currently engaged in a programme of metallurgical testing to ascertain whether minor modifications to the SMD flowsheet could achieve improved zinc recoveries. These investigations are being supported by the newly-built on-site metallurgical test laboratory. This laboratory will also be used to undertake testing of mineralogy representing future ore production to ensure continuity of plant performance for the life of the operation.

Additional technical staff were appointed in 2018, further bolstering the production team and allowing for flexibility in the mineral processing plant.

2019 production guidance

The 2019 production target for Sasa has been increased to a mining and processing rate of between 800,000 and 825,000 tonnes, resulting in metal output of between 22,000 and 24,000 tonnes of zinc and between 28,000 and 30,000 tonnes of lead in concentrate.

Tailings storage facility

In Q2 2017, the Sasa team commenced construction of TSF4. Construction of this facility is nearing completion and is now expected to be concluded in 2019. TSF4 should provide tailings storage for seven years.

Sasa's current and future tailings storage facilities are of downstream construction, which is widely viewed in the industry as the safest design. Stip University technical experts regularly review the TSFs and their construction has been in line with North Macedonian standards. In 2016, Golder Associates (global tailings dam experts) undertook an audit and review of the facilities at Sasa, and in February 2019, CAML instructed the group to perform another review.

Development and exploration

During H2 2018, CAML commenced a LoM study at Sasa. This work programme will entail an in-depth review of each aspect of the Sasa operation, with the aim of working as safely as possible while optimising production. The study is expected to be completed during 2019.

In an effort to enhance future productivity, various studies were initiated in 2018, including a study to potentially increase production through the reinstatement of the currently decommissioned tertiary crushing circuit.

Summary of Sasa Mineral Resources and Ore Reserves

During 2018, CAML undertook diamond drilling at both Svinja Reka, the location of current Sasa mining operations, and Golema Reka, which was mined between 1981 and 2010. The assay results of these holes were released on 9 January 2019. Approximately 3,000 metres of drilling were undertaken at each deposit, with the aim of verifying previous exploration programmes and converting a portion of the Inferred Mineral Resources into the Indicated category.

An updated Mineral Resource Estimate ('MRE') for both the Svinja Reka and Golema Reka deposit was completed by Guy

Dishaw, a Principal Consultant (Mining Geology) with SRK Consulting (UK) Ltd., who is a Member of the Association of Professional Engineers and Geologists of Saskatchewan. Guy Dishaw has some twenty years' experience in the exploration, definition and mining of precious and base metal Mineral Resources. Guy Dishaw has sufficient experience which is 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 and Oil & Gas Companies. Guy Dishaw has reviewed, and consents to, the inclusion in the announcement 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.

SRK Mineral Resource Statement for Combined Svinja Reka and Golema Reka deposits of the Sasa mine, as of 31 December 2018, reported at $35.0 and $40.0 per tonne net smelter return ('NSR') cut-off respectively.

Classification	Deposit	Tonnage (mt)	Pb grade (%)	Pb contained (kt)	Zn grade (%)	Zn contained (kt)	Ag grade (g/t)	Ag contained (koz)
Indicated Mineral Resources	Svinja Reka	12.3	4.80	592	3.80	468	25	9,857
	Golema Reka	1.3	3.80	48	1.61	20	13	528
	Total Indicated	13.6	4.71	640	3.60	489	24	10,385
Inferred Mineral Resources	Svinja Reka	2.7	3.55	96	2.64	71	18	1,545
	Golema Reka	6.3	3.47	217	1.38	86	12	2,444
	Total Inferred	9.0	3.49	313	1.76	157	14	3,989
Total Indicated and Inferred mineral resources		**22.5**	**4.23**	**953**	**2.87**	**646**	**20**	**14,374**

Notes:
- CAML owns 100% of the Sasa mine and is the operator. All Indicated Mineral Resources are reported within the Exploitation Licence, although approximately 600kt (22%) of reported Inferred Resources at Svinja Reka exist outside the Exploitation Licence.
- Mineral Resources are reported as undiluted. No mining recovery has been applied in the Statement.
- Tonnages are reported in metric units, grades in percent (%) or grams per tonne (g/t), and the contained metal in metric units. Tonnages, grades, and contained metal totals are rounded appropriately.
- Rounding, as required by reporting guidelines, may result in apparent summation differences between tonnes, grade and contained metal content.

Svinja Reka

The updated MRE has demonstrated a 4% increase in overall zinc grade to 3.59% and a 7% increase in lead grade to 4.58% when compared to the previous 1 July 2017 MRE. This improvement in reported grades is largely a result of the intersection of mineralisation that was both thicker and higher grade than expected in the drilling between the 830 metre and 750 metre levels. This increase in grade has resulted in only a relatively small decrease in contained metal since the 1 July 2017 statement of approximately 7,000 tonnes of lead and 6,000 tonnes of zinc, despite production during the period of 33,378 tonnes of zinc and 44,390 tonnes of lead.

The total Svinja Reka combined Indicated and Inferred Resources of 15.1 million tonnes reflects removal from the model of 1.46 million tonnes of material that was mined or not recovered, 0.45 million tonnes of Inferred Resources that were converted to Indicated Resources and 0.45 million tonnes of new Inferred Resources that were identified through the drilling programme.

Golema Reka

At Golema Reka, combined Indicated and Inferred Mineral Resources of 7.6 million tonnes reflect an increase of 0.2 million tonnes since the 1 July 2017 statement as a result of the drilling programme. 1.3 million tonnes of the total have been upgraded from the Inferred to Indicated category, demonstrating an increased level of confidence in this material, as a result of the 2018 drilling programme.

SRK Statement of Ore Reserves

SRK also updated the Svinja Reka Ore Reserve estimate to reflect depletion due to ore extraction since the previous estimate dated 1 July 2017. The Competent Person who has reviewed the Ore Reserves and the LoM plan is Chris Bray, BEng, MAusIMM (CP), who is a full-time employee of and Principal Consultant (Mining) at SRK. He is a Member of and Chartered Professional in the Australasian Institute of Mining and Metallurgy, a ROPO. Chris Bray is a Mining Engineer with 20 years' experience in the mining and metals industry, including operational experience in underground lead-zinc mines, and as such qualifies as a Competent Person as defined in the JORC Code (2012).

Statement of Ore Reserves for the Sasa mine at 1 January 2019

	Quantity	Grade			Contained		
Category	Mt	Pb (%)	Zn (%)	Ag (g/t)	Pb (kt)	Zn (kt)	Ag (t)
Svinja Reka, Reserves							
Probable	9.7	3.84	3.06	18.1	373	298	176
Total	**9.7**	**3.84**	**3.06**	**18.1**	**373**	**298**	**176**

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, SRK does not consider them to be material. The Concession is wholly owned by and exploration is operated by Rudnik SASA DOOEL, a wholly owned subsidiary of CAML.
- The LOM plan (with effective date 1 January 2017) has been depleted based on ore production to 31 December 2018.
- The metal prices used to assess the Ore Reserve estimate in the financial model are based on a Consensus Market Forecast from January 2019.
- The standard adopted in respect of the reporting of Mineral Resources and Ore Reserves for the Project, following the completion of required technical studies, is in accordance with the guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code').
- Ore Reserves are reported inclusive of Mineral Resources.

KOUNRAD, KAZAKHSTAN



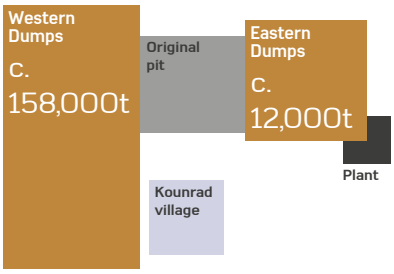
We have once again delivered above guidance copper production from our Kounrad facility in Kazakhstan.

Copper cathode purity

99.998%

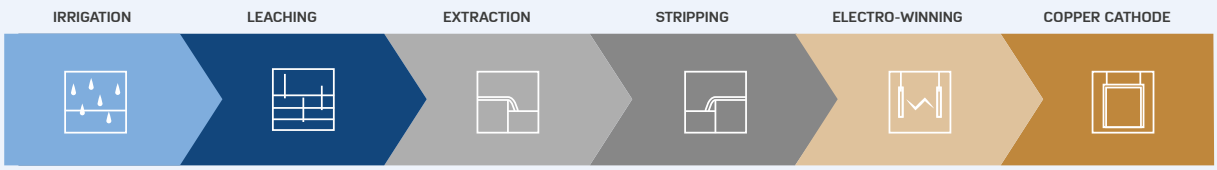
Resources map

ESTIMATED REMAINING COPPER TO BE RECOVERED



How we produce copper

LEACHING AND SX-EW TECHNOLOGY OVERVIEW



Irrigation of dumps

Leaching of copper into PLS solution

Extraction of copper from PLS

Stripping of copper from organic solution

Electro-winning of copper from electrolyte

Production of copper cathode

2018 cathode production

During the year, the SX-EW plant produced 14,049 tonnes of copper cathode, a slight reduction from the previous year (2017: 14,103 tonnes) although slightly above the top end of the 13,000 to 14,000 tonne guidance range. Total Kounrad copper production since operations commenced in April 2012 is now 82,474 tonnes, averaging over 1,030 tonnes per month.

As reported in 2017, the major capital construction works for the life of the operation have now been completed. Therefore, 2018 modification and construction expenditures have predominantly been related to sustaining operational activities at a cost of approximately $1.4 million.

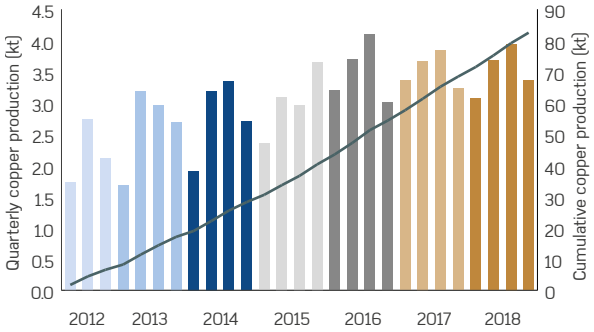
During 2018, copper was leached from both the Eastern and Western Dumps, with both areas performing in line with our forecasts. This combined approach will continue into 2019, with approximately 70% of copper production expected to be leached from the Western Dumps. From 2020 onwards, the contribution from the Eastern Dumps will decline to less than 20% of total output.

Leaching operations

Both the Eastern and Western Dumps were simultaneously leached during 2018. As well as leaching copper from fresh cells in the Eastern Dumps, the team also focussed on irrigating previously leached blocks in order to maximise the recovery of copper, after having allowed them to rest for periods of in some cases almost two years. This approach worked extremely well, resulting in total 2018 output from the Eastern Dumps of 5,069 tonnes, taking the total quantity of copper recovered from this area since operations commenced to 67,928 tonnes or 85% of that initially estimated. The average area under irrigation at the Eastern Dumps during the year was 30 hectares.

The Eastern Dumps contributed 36% of overall copper produced and is forecast in 2019 to contribute approximately 30% of total copper production from three fresh leach cells in Dump 5, coupled with rested blocks. By the end of 2019, over 90% of the expected recoverable copper from the Eastern Dumps will have been extracted.

Kounrad quarterly copper production



At the Western Dumps, the focus of irrigation remained on parts of Dumps 16 and 22 within the initial leach area ('ILA'). During 2018, 8,980 tonnes of copper were recovered, contributing 64% to the total Kounrad copper production.

The average area under irrigation on the Western Dumps was 24 hectares of fresh, previously un-leached material.

With both dump areas simultaneously under active irrigation, there was a significant year on year increase in the volume of raffinate pumped around the site to an average of 1,332 cubic metres per hour versus 989 cubic metres per hour in 2017, equating to an increase of 34%. During the course of the year, an intermediate leach solution ('ILS') was successfully implemented, with recycling of off-flow solutions at the Eastern Dumps and also between Eastern and Western Dumps with the aim of maintaining broadly stable PLS grades to the SX plant. This will be continued in 2019 as and where appropriate.

Application rates of solution to the dumps was maintained at approximately 2.6 litres per square metre per hour throughout the year. Direct field experience and further detailed analysis of data has shown this rate to be a key and optimal parameter for successful operations.



Boilers allow us to continue to produce during the cold winters

KOUNRAD OPERATION



Pavel Semenchenko
General Director – Kounrad

I have been the General Director at Kounrad for 10 years, having managed the operation through the receipt of the sub-soil use right, its initial construction and subsequent expansions. I am extremely proud of what we have achieved to date, in terms of copper output and also with regard to the support we've been able to give to the many worthy causes in the local communities. I look forward to overseeing reliable and cost effective production for many years to come.

Kounrad's external leaching advisor continued its valuable technical oversight of the operation, making two visits to Kounrad during the course of the year. With much more additional field data for analysis, it has been possible to confirm that leaching of the Western Dump material is in line if not slightly better than expectations prior to commencement of leaching in this area. The leaching rate achieved to date is faster than expected over the first 180 days (with approximately 30-35% recovery achieved), meaning that, overall, the 40% copper recovery rates envisaged should be achieved in 400 days, rather than the 600 days originally foreseen.

This achievement will require the implementation of an ILS circuit at the Western Dumps coupled with extended "rest" periods, with these being more important than we have seen at the Eastern Dumps. The site team is actively planning for the implementation of such a scheme, which is expected to be operational from 2020/21 onwards.

Solutions flowing from the Western Dumps contain significantly higher levels of soluble iron than compared to the Eastern Dumps (c.20 grammes per litre versus 12 grammes per litre). 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 greatly assist the recovery of copper from non-oxidised copper minerals. This means that no additional acid needs to be added to the raffinate solution applied at the Western Dumps.

Whilst there were no major capital programmes at Kounrad during 2018, there has been and will continue to be an ongoing programme of maintaining and extending the irrigation pipe network, maintaining and enhancing the solution interception trench and pond system and preparing the dump areas for future irrigation.




Network of irrigation pipes



The SX-EW plant where copper cathode is produced

SX-EW plant

The SX-EW plant continued to operate efficiently during 2018 and the overall availability throughout the year was 99.5% (2017: 99.5%).

As expected, the average PLS grade declined by 14% from 2.52 grammes per litre copper in 2017 to 2.16 grammes per litre in 2018. In order to achieve a similar output to 2017, the operations team made a number of adjustments, including an increase in the PLS flow rate of 8% to 993 cubic metres per hour and an improvement in extraction efficiency in the mixer settler tanks from 77% to 80%.

The main focus for the operations team has been on efficient plant operations and the tight control of operating costs. Such initiatives have been the refurbishment of old stainless-steel cathodes (rather than buying new replacements) and the potential future sourcing of cheaper locally fabricated cathodes, to replace purchased and shipped cathodes from Chile.

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 validated quality claims. The quality has consistently been reported at around 99.998% during the year. The Company continues to sell the majority of its copper production through its off-take arrangements with Traxys, which are fixed until 30 September 2022.

2019 production guidance

The 2019 target for Kounrad is for copper cathode production of between 12,500 and 13,500 tonnes, which reflects the transition to producing more copper from the Western Dumps.

Shuak

During 2018, CAML completed the second exploration season at Shuak, undertaking both diamond and core hydrotransport drilling. While the results received have been encouraging, CAML is of the opinion that this project is unlikely to be of sufficient scale to warrant development by the Company. Therefore, CAML plans to return the asset to the current 20% shareholders, while retaining a minority stake for the future.

DEVELOPING OUR EMPLOYEES

At both Sasa and Kounrad, we are aware of the importance of our operations on people's lives in the surrounding areas and we are committed to making a positive impact on these individuals.

Sasa

At Sasa, we employ 684 people, which represents almost 0.1% of the North Macedonian workforce. Of the total number of employees, only seven are expatriates and 93% are from the local municipality of Makedonska Kamenica, which has around 5,000 residents. Sasa is the biggest employer in the East Region of North Macedonia and employs 51 women.

During 2018, the following training was given to Sasa employees

- 100% of our team received external occupational health and safety training
- 11% attended additional training for their specific roles
- 7% received internal training on environmental protection
- 4% of the employees, constituting all of the mine rescue team, received training
- 4% of the team attended external seminars, lectures and workshops on relevant topics
- 3% of the team undertook machine handling training
- Two Sasa employees attended the President Ivanov School of Young Leaders

Since acquiring Sasa, we have made some positive changes to improve working conditions at the mine. We invested in three new buses which transport mine workers to and from their homes and we have made some improvements to the canteen.

We have initiated a process of writing internal newsletters which will result in a better information flow and hopefully encourage more two-way communication. A new Sasa safety award was instigated, with 10 employees receiving this for their hard work throughout the year.

Sasa employees

684

Employees received external health and safety training

100%



The Sasa workshop



Inspecting solution transfer pipes on the Eastern Dumps



Kounrad employees
340

Female employees
20%

Kounrad

At Kounrad, we have a team of 340, with 100% of the employees being from the local village of Kounrad or local town of Balkhash. We have only one expatriate – our CSR Director, Nick Shirley, who also now spends much of his time in North Macedonia. 67 of our employees are female, equating to 20% of the team.

During 2018, Kounrad employees attended 16 different training courses.

- 100% of our production team received industrial safety training
- 18% attended seminars on topics such as ecology, subsoil use, accounting and legislation
- 7% of our team attended English courses
- 10 members of our team are in higher education, ranging from metallurgy to logistics

We believe that, as a business, we have provided real development opportunities for our team. Raulan Kozgambayev joined us in 2013 as Kounrad's lead economist and has progressed significantly since, having been in 2018 appointed Deputy General Director of the site.

Former Kounrad General Director, Oleg Telnoi, and former Kounrad Engineer, Maxim Salamatov, have both transferred to the Sasa mine, where they can broaden their experiences and skills.

London

Our London office comprises three Directors, plus an additional 12 employees forming the Group senior management team that includes lawyers, accountants and mining industry professionals. 50% of the head office team is female.

PRODUCING FOR ALL OF OUR STAKEHOLDERS

We take our corporate social responsibilities ('CSR') very seriously at both Sasa and Kounrad and our ethos and approach is supported and directed by our Chairman, CEO and Board of Directors.



Nick Shirley
CSR Director

Nick Shirley, our CSR Director, splits his time between the sites in North Macedonia and Kazakhstan and gives hands-on direction to the CSR teams that report to him at Sasa and Kounrad. CSR covers wide-ranging aspects, primarily categorised into health and safety, the environment and the local community, and our efforts in these areas are fully integrated within our operations.

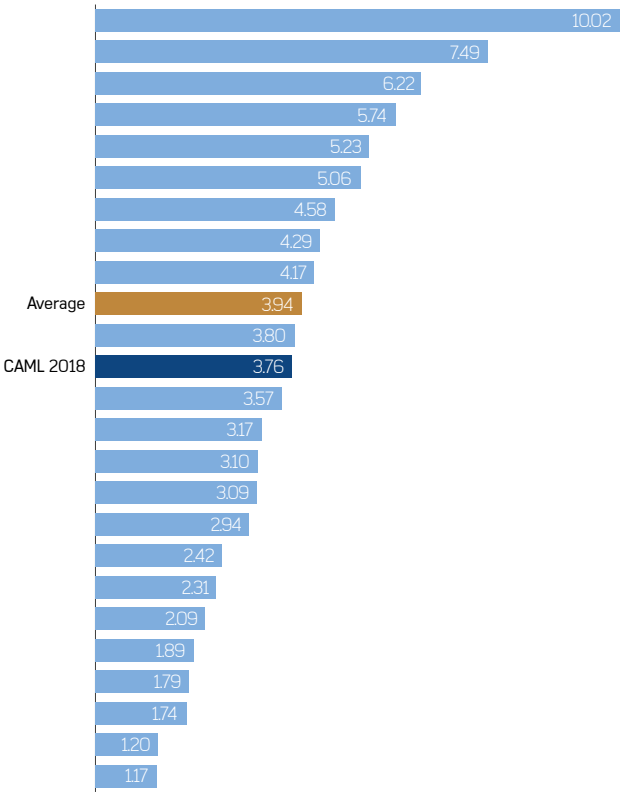
Health and safety

CAML has a Group approach to health and safety and considers safety to be of the utmost importance to the business. The Group targets zero lost time injuries ('LTI'), although has unfortunately fallen short of this in 2018 with six LTIs at Sasa and two at Kounrad. CAML's Total Recordable Injury Frequency rate ('TRIFR') at 3.76 is below average, and a particularly low score compared with other predominantly underground miners.

CAML has fully integrated health and safety management systems at both sites and safety teams report to both the site General Directors and the CSR Director. Rigorous health and safety monitoring is employed at our operations and fed back to CAML's CEO and the Board through the CSR Committee. All relevant national health and safety standards in the countries of operation are adhered to, including, where possible, compliance with international standards such as ISO.

CAML ensures that all employees and contractors are sufficiently trained and understand what is expected of them in terms of health and safety. Significant emphasis is placed on ensuring the appropriate personal protective equipment ('PPE') is provided to ensure they are appropriately supplied for their specific tasks. Fully equipped medical centres are present at both operations, staffed with dedicated trained and qualified medical staff and all staff undergo regular independent medical checks. As a Group, and also as a regulatory requirement, all operations need to have in place emergency response plans and have comprehensively equipped teams that can respond in the event of an emergency. Wherever practically possible, safety issues that are identified in the workplace are engineered out and/or additional safety measures taken to mitigate the risk.

TRIFR (per 1 million hours worked)
for ICMM member companies – 2017



Sasa
Sasa employees six full-time safety engineers. During 2018, CAML appointed a new Health and Safety Manager, who is predominantly based at Sasa. Sasa has one clinic on-site, which is staffed 24 hours per day and one ambulance. There is an emergency response and mine rescue team on-site comprising employees from the operation. Regular drills and practices are undertaken, and a new emergency response coordinator was hired in 2018. Over $50,000 was spent on new emergency response equipment during the year. Three external health and safety inspections were made during 2018.

Kounrad
Kounrad has two medical clinics with eight paramedics providing 24 hour care. There are two ambulances on site serving the Western Dumps and Eastern Dumps and a dedicated fire team with a fire engine and full breathing apparatus on site.

During 2018, two external official health and safety inspections were conducted and in accordance with the last unscheduled inspection in November, no non-compliances were identified. Two external official fire safety inspections were undertaken, again with no non-compliances identified.

Environment
The Group takes its environmental responsibilities very seriously at both operations and ensures that its operations adhere to and comply with all laws and regulations of the countries of operation. In many cases, international standards, such as ISO14001, the IFC and Equator Principles are adhered to.

There are dedicated environmental departments and teams at both operations, staffed by suitably qualified environmental engineers, who have developed comprehensive environmental management systems for both operations and who report directly to the site General Directors and the Group CSR Director. There is regular reporting of environmental issues to the CEO and Board via the CSR Committee and continual feedback Group-wide with the aim of continuous improvement.

Sasa
At Sasa, the mine adheres to ISO 14001:2015 requirements, confirmed by a 2018 external audit. The team completed a biodiversity study of the catchment area within which Sasa is located in November 2018, which revealed that the area contained both rare and never previously encountered species in North Macedonia.

The site works closely with industry experts at Stip University, who have undertaken hydrogeological and air quality monitoring studies at Sasa with positive results. During the year, the mine was given the 'Award for Continuous 10-year Environmental Improvement' by the Association of Journalists of North Macedonia. One external official environmental inspection was conducted during the year, with no non-compliances outstanding.

Kounrad
Three environmental engineers are employed at Kounrad. The environmental team undertook 192 internal inspections, ensuring that the operation was being managed efficiently from an environmental perspective. There is a fully developed and integrated environmental management system in place that helps to ensure that Kounrad adheres to Kazakh and international standards. At Kounrad, there were two unscheduled external environmental inspections during 2018, with no major violations identified.

During 2018, 10 new boreholes were drilled around the Eastern Dumps and 78 new holes drilled around the Western Dumps for monitoring purposes. There are now a total of 198 monitoring and technical abstraction holes around the Western Dumps.



Drilling boreholes to test water quality around Kounrad dumps

Community

At both of CAML's operations, the teams have developed good relationships with members of the local community and have engendered good two-way lines of communication. At both Sasa and Kounrad, site teams consult with members of the community regularly to ascertain the needs of the local areas so that they can address how CAML can appropriately help, in terms of support, donations, time and skills.

CAML is very proud of the community support offered to the areas surrounding both Sasa and Kounrad. Efforts are focussed on education, help for underprivileged children and encouraging sporting activity. During 2018, the Group spent a total of $0.6 million on community support. Now that it has operations in two countries, the CSR team sees some similar areas of need in the two local community areas and is trying wherever appropriate to align its approach to community support.

Action	Kounrad	Sasa
New year activities	Gifts for employees' children and food baskets for employees	Presents for employees and for children in the local schools Presents and aid packs for socially vulnerable groups Presents for disabled people
Playground construction	Three in Kazakhstan	One in North Macedonia
Aid for disabled people	Building the 'Kind Heart Centre'	Bought new office equipment for local disabled centre
School	New equipment, renovate flooring and roof repairs Computer equipment previously acquired for IT classrooms	New equipment for mining department in local secondary school 10 scholarships for university students focussed on mining
Sport clubs	Support for Balkhash City Hockey Association	Sponsorship of F.C. Kamenica Sasa, F.C. Sasa – Ladies, local basketball club
Internal newsletter	Commenced in Q4 2018. To be produced biannually	Commenced in Q4 2018. To be produced quarterly
International Women's Day	Celebrated	Celebrated
Awarding employees	Quarterly awards for safety suggestions	110 employees awarded for safety in 2018, the best miner chosen and given larger award
Safety award	Given on 'Metallurgist Day' as well as on a quarterly basis for safety suggestions	10 safety awards given on 'Miners Day'



Sasa bought Christmas presents for local children

Sasa

During 2018, Sasa appointed a Social Affairs Coordinator and opened a Community Liaison Centre in the local town, Makedonska Kamenica, which is a resource for members of the community to drop-in on a weekly basis, and is staffed by Sasa mine personnel. Support for the local football teams continued, along with other sporting activities and the main playground of Makedonska Kamenica was reconstructed. Sasa was the main sponsor of the Kamenica Cultural Summer festival that draws in visitors from other parts of North Macedonia, and the Miner's Day celebrations. Sasa also bought a tractor and ancillary equipment for the local community to aid waste collection and snow clearance.

North Macedonia suffers from significant emigration of its young people primarily to the European Union so, during 2018, the mine has played its part in promoting the North Macedonian mining industry and economy. Sasa funded the purchase of new IT equipment and the renovation of five classrooms used for mining studies in the local secondary school and sponsored 10 students of mining related subjects through their degrees at Stip University. Two young and aspiring Sasa employees were enrolled on a two-week course at the President Ivanov School of Young Leaders.



Supporting the F.C. Sasa – Ladies team

Kounrad

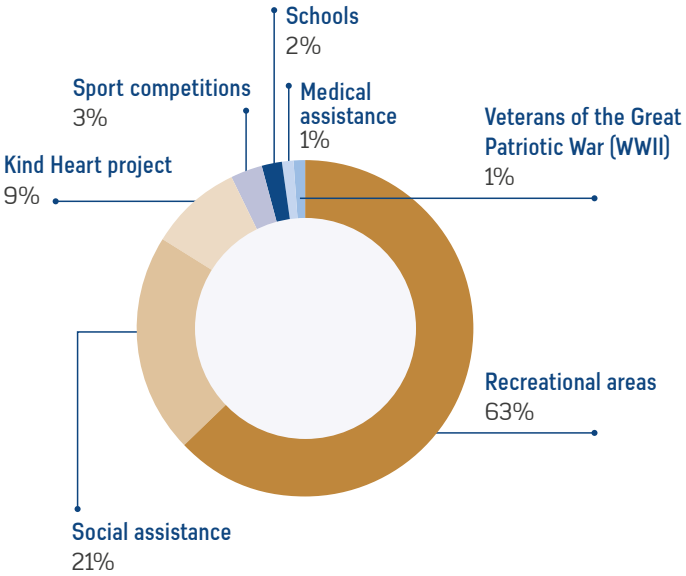
During 2017, CAML began forming the Kounrad Foundation, and this charity was activated on 1 January 2018. This is now the vehicle through which Kounrad donates to the community, and it is funded by CAML on an annual basis equating to 0.25% of Kounrad revenue. During 2018, the Kounrad Foundation acquired a building in which to house the Kind Heart Centre for disabled children that Kounrad has for some years now supported. Renovation works have commenced, and this building should be complete and ready to re-home the group in mid-2019.

In 2017, Kounrad funded and helped to develop recreational areas in the local town, Balkhash and, during 2018, the team has done the same in the nearby village of Kounrad, which have already proved popular with residents of varying ages.

In addition, the site team has made roof repairs to one of the schools in Kounrad village. As in previous years, the operation hosted a school visit for 24 senior school pupils who received a site induction and then a tour of the facilities, with an explanation of how copper is produced. CAML continued supporting the Balkhash orphanage, providing funding and aid where possible.

On 1 December 2018 in a celebration for Day of the First President of the Republic of Kazakhstan, one of CAML's Kazakh subsidiaries, Sary Kazna, was named 'Sponsor of the Year' by the mayor of Balkhash in recognition of the significant contribution to the socio-economic development of the town.

Foundation spending, 2018 % breakdown



DELIVERING SHAREHOLDER VALUE

CAML has reported considerable growth in 2018 with a strong set of financial results as the Group generated EBITDA of $125.3 million (2017: $53.9 million), representing an increase of 132% from the prior year.



Gavin Ferrar
Chief Financial Officer

Overview

CAML's 2018 growth reflects the acquisition of Sasa on 6 November 2017 as the Group became a diversified base metals producer adding sales of zinc and lead to its copper output from Kounrad. Throughout this Financial Review, all comparative data for 2017 relating to Sasa is presented for the two-month period of CAML ownership.

Sasa's 2018 EBITDA was $71.2 million (2017: $14.5 million), with an EBITDA margin of 64%. Zinc and lead prices declined during H2 2018, although management integration of the Sasa asset combined with cost control has ensured that this mine continues to operate at approximately the lower quartile of global producers on a C1 zinc equivalent cash cost basis.

Kounrad's 2018 EBITDA was $66.8 million (2017: $63.6 million), with an EBITDA margin of 72%. The EBITDA has increased as a result of higher copper prices during the year and effective cost control, and this has enabled the project to continue producing copper at costs well within the lowest industry quartile.

Notwithstanding weakening commodity prices during H2 2018, the Group maintained a strong EBITDA margin during the year of 61% (2017: 62%, adjusted).

Income Statement

Profit before tax for the year was $72.7 million (2017: $49.8 million), an increase of 46% which primarily reflects the growth of the Group following the acquisition of Sasa in November 2017. Earnings per share from continuing operations increased by 7.7% to 31.33 cents (2017: 29.08 cents) which highlights the accretive nature of the Sasa acquisition.

Revenue

The Group generated 2018 gross revenue of $204.2 million (2017: $106.5 million), which is reported after deduction of treatment charges but before deductions of off-taker's fees, penalties, assay adjustments, silver purchases from the silver stream and distribution & selling costs. Net revenue post these deductions was $192.3 million (2017: $102.1 million).

Sasa

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. A total of 18,792 tonnes (2017: 2,906 tonnes) of payable zinc in concentrate and 27,878 tonnes (2017: 4,559 tonnes) of payable lead in concentrate were sold from Sasa during the year.

The average zinc price received was $2,819 per tonne (2017: $3,239 per tonne) and for lead was $2,170 per tonne (2017: $2,401 per tonne). After deduction of treatment charges, this generated gross revenue of $111.6 million (2017: $20.0 million).

A zinc and lead concentrate off-take arrangement has been agreed with Traxys for 100% of the Sasa concentrate production through to 31 December 2022.

Kounrad

CAML's copper off-take arrangement with commodity trader, Traxys Europe S.A., has been fixed through to approximately October 2022 and the commitment is for a minimum of 95% of the Kounrad copper cathode production. During 2018 the off-taker's fee for Kounrad was $2.5 million (2017: $2.6 million).

A total of 13,695 tonnes (2017: 14,001 tonnes) of copper cathode from Kounrad was sold as part of the Company's off-take arrangements with Traxys and a further 386 tonnes (2017: 180 tonnes) were sold locally. The increase in local sales during 2019 has in part offset the local payable VAT. Total Kounrad copper sales were similar to 2017 levels at 14,081 tonnes (2017: 14,181 tonnes).

Copper revenue benefitted from a 6.7% increase in the average copper price received, which was $6,518 per tonne in 2018 compared to $6,107 per tonne in 2017. This generated gross revenue for Kounrad of $92.6 million (2017: $86.4 million).

Cost of sales

Group 2018 cost of sales was $76.4 million (2017: $31.4 million), consisting $53.3 million (2017: $8.7 million) of Sasa-related costs and $23.1 million of Kounrad-related costs (2017: $22.7 million). This includes depreciation and amortisation charges during the period of $33.4 million (2017: $10.8 million), which increased significantly as a result of the Sasa acquisition fair value uplift. Cost of sales have also increased due to payroll costs of $12.1 million (2017: $5.1 million) and the costs of reagents, electricity and materials of $19.7 million (2017: $7.6 million). These reflect the acquisition of Sasa with a significant increase in number of staff and the associated costs with the mining operation.

Sasa
CAML acquired Sasa in November 2017 so only incurred costs for two months of that year, therefore Sasa cost of sales has increased to $53.3 million (2017: $8.7 million) due to significantly higher sales volumes of base metals.

Concession fees of $2.8 million (2017: $0.5 million) were charged by the North Macedonian authorities at the rate of 2% on the value of metal recovered during the period.

There is also a significant increase in the Sasa depreciation charge as a result of the Group accounting for a full year of depreciation for the mine, and due to the fair value uplift. Total 2018 Sasa depreciation was $27.7 million (2017: $4.1 million).

Other significant items included in cost of sales are labour costs of $10.7 million (2017: $1.5 million) and cost of reagents and materials of $13.8 million (2017: $2.0 million).

Kounrad
Kounrad cost of sales for the year was $23.1 million (2017: $22.7 million). The increase compared with 2017 was due to increased mineral extraction tax ('MET') resulting from the higher average copper price received during the year.

MET for the year was $5.2 million (2017: $5.0 million) and is charged by the Kazakhstan authorities at the rate of 5.7% on the value of metal recovered during the year. Copper production from the Western Dumps, which commenced in April 2017, has resulted in slightly higher electricity consumption, due to higher iron content as well as additional labour costs of approximately 5 cents per pound.

Over the coming years, the proportion of copper that Kounrad produces from the Eastern Dumps will fall as production from the Western Dumps gradually increases, resulting in a sustained increase in electricity consumption. Kounrad depreciation and amortisation charges were $6.3 million (2017: $6.6 million).

During the year, the Kazakhstan Tenge significantly depreciated against the US Dollar, which resulted in a benefit for the cost base. The average exchange rate for the year was 345 KZT/USD (2017: 326 KZT/USD), resulting in the Kazakhstan Tenge being worth on average 5.8% less in US Dollar terms in 2018 compared to 2017.

C1 cash cost of production
C1 cash cost of production is a standard metric used in the mining industry to allow comparison across the sector. In line with the Wood Mackenzie approach, CAML calculates C1 cash cost by including all direct costs of production at Sasa and Kounrad (realisation charges such as freight and treatment charges, reagents, power, production labour and materials) as well as local administrative expenses. Royalties and depreciation and amortisation charges are excluded from the C1 cash cost.

C1 cash costs

	2018	2017
Sasa zinc equivalent C1 cash cost ($/t)	**0.46**	0.44
Kounrad copper C1 cash cost ($/t)	**0.54**	0.52
Cu equivalent production (t)	**31,459**	35,263
Cu equivalent C1 costs ($/lb)	**0.87**	0.76
Fully inclusive ($/lb)	**1.64**	1.30

Note: The copper C1 cash cost and zinc C1 cash cost have been calculated according to Wood Mackenzie methodology. 2017 Sasa calculation has been based on full year production

Sasa
Sasa's C1 cash cost of zinc equivalent production was $0.46 per pound (2017: $0.44 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 lower treatment charges during the year compared to 2017 against an increase in payroll costs, as the Group awarded an average 16% pay rise to the Sasa team during the year.

Kounrad
Kounrad's 2018 C1 cash cost of production remains firmly in the lowest quartile of the industry cost curve for copper production at $0.54 per pound (2017: $0.52 per pound). This has increased due to an average 4.8% increase in payroll costs at Kounrad and as a result of an increase in power consumption due predominantly to pumping costs associated with leaching the Western Dumps as well as high iron content but was mitigated by the benefits of the weaker Kazakhstan Tenge. The average C1 cash cost since production commenced in 2012 is $0.57 per pound. Approximately 70% of the C1 cash cost base in Kazakhstan is denominated in Tenge.

Group
CAML reports its Group C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa. The Group's 2018 C1 copper equivalent cash cost was $0.87 per pound (2017: $0.76 per pound). This number is calculated based on Sasa's annual zinc and lead production, which equates to 17,410 copper equivalent tonnes (2017: 21,161 copper equivalent tonnes), based on 2018 average commodity prices achieved, added to Kounrad's copper production of 14,049 tonnes (2017: 14,103 tonnes).

The Group C1 cash cost on a copper equivalent basis has increased largely as a result of the decline in the zinc and lead prices which reduce the copper equivalent tonnes. The marginal increases in both operations C1 cash costs as described above have also increased the Group C1 cash cost.

In addition to the Group C1 cash cost of copper equivalent 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. In prior periods, CAML reported its fully inclusive unit cost to include depreciation but exclude capital expenditure. In 2018, this methodology was adopted as the Group believes that this is a better representation of the cost to the Company of operating its two assets. This is primarily due to the significant fair value uplift depreciation charge for the acquisition of Sasa.

The Group's fully inclusive copper equivalent unit cost for the year was $1.64 per pound (2017: $1.30 per pound). As expected, the Group's fully inclusive unit cost post the Sasa acquisition increased when compared to 2017. This is primarily due to the decline in zinc and lead prices during 2018 which decreases the volume of copper equivalent tonnes calculated. It also increased due to the inclusion of capital expenditure incurred during the period at Sasa, including the construction of TSF4, additional finance costs that have arisen with interest payments and the debt refinance in December 2018, and the concession fee recognised on sales of zinc and lead payable in North Macedonia.

Administrative expenses

During the year, administrative expenses were $24.0 million (2017: $15.2 million). The increase was largely as a result of the enlarged size of the Group following the Sasa acquisition in 2017 for which the operation incurs administrative expenses of $4.8 million (2017: $1.1 million). The Group costs have also increased as a result of the recognition of share-based payment costs of $4.9 million (2017: $2.8 million). Payroll costs have also increased in 2018, totalling $9.7 million (2017: $8.0 million).

Discontinued operations

During the year the Group completed the second exploration season at Shuak. The results from this meant CAML is of the opinion that this project is unlikely to be of sufficient scale to warrant development by the Company. Although there is expected to be some value retained in these assets as it plans to retain a minority shareholding, it has been classified as held for sale and impaired in full amounting to $2.2 million. The results of Shuak have been included in discontinued operations.

The assets and liabilities of the Copper Bay entities presented as held for sale in the consolidated balance sheet have now been impaired in full amounting to $4.0 million. The financial results of the Copper Bay entities for 2018 and the comparative period for 2017 are shown within discontinued operations in the Consolidated Income Statement.

The Group exited its position in Zuunmod UUL LLC in April 2018, which was previously held for sale in the comparative period ending 31 December 2017.

Acquisition accounting

The acquisition accounting of CMK Resources Limited (previously Lynx Resources Limited) was finalised during the year with no changes made to the consideration paid. However, the silver streaming commitment was reviewed and revalued to a fair value of $28.1 million and an adjustment was made in relation to tax liabilities arising pre-ownership. These amendments reduced the fair value of the net assets of Sasa and consequently increased the goodwill recognised on consolidation to $22.4 million.

There was also an adjustment recognised in relation to the withholding tax payment ('WTP') for $5.9 million on acquisition, however, this balance was considered recoverable under the tax indemnity so there was no impact on goodwill. (Note 6 of the Financial Statements). Post year end $5.5m of this balance was recovered (see note 38 for details).

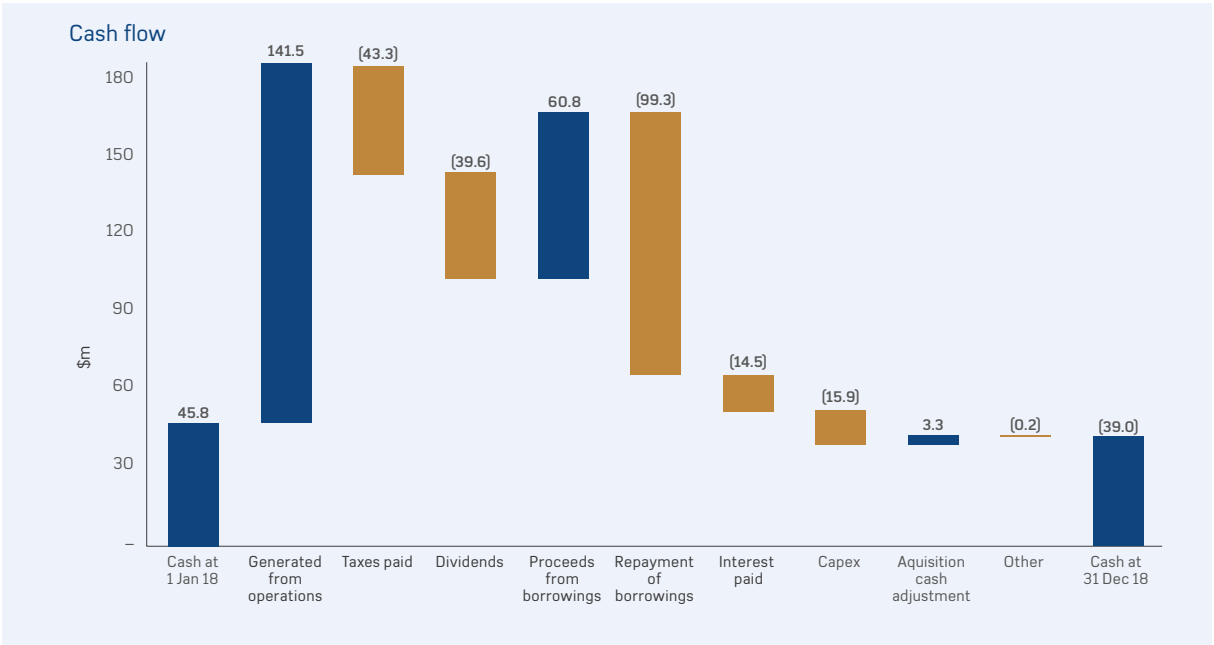
Balance sheet

During the year, there were additions to property, plant and equipment of $15.0 million (2017: $4.1 million). The additions were a combination of $1.4 million Kounrad sustaining capital expenditure, $6.8 million Sasa sustaining capital expenditure, and costs associated with the construction of TSF4 amounting to $6.6 million. There was a further $0.2 million incurred in relation to head office assets.

During the year, there were additions to intangible assets of $0.9 million (2017: $2.0 million) capitalised in relation to exploration and evaluation costs incurred on the Shuak exploration project. This asset however has been classified as held for sale following the decision by the Board to transfer the majority of the Group's holding to the minority shareholder and therefore the exploration and evaluation assets have been impaired in full.

As at 31 December 2018, current trade and other receivables were $10.1 million (31 December 2017: $19.7 million) and non-current trade and other receivables were $2.1 million (31 December 2017: $2.5 million). Current trade and other receivables as at 31 December 2018, include trade receivables from customers of $3.8 million (2017: $6.3 million) and $1.5 million in relation to prepayments. In the prior period the $5.9 million withholding tax that arose before ownership was included in other receivables. An agreement with the previous owners post year end in relation to this balance was reached for $5.5 million and this has been offset against the deferred consideration balance of $12.0 million so therefore has been reclassified to other payables.

As at 31 December 2018, a total of $2.7 million (2017: $2.5 million) of VAT receivable was still owed to the Group by the Kazakhstan authorities. During 2018, a final appeal was rejected by the Upper Court for the amount to be refunded,



however, 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. (See note 23 of the Financial Statements.)

As at 31 December 2018, current trade and other payables were $20.9 million (31 December 2017: $28.4 million). During 2018, installments of $25.7 million (2017: $12.3 million) were paid towards the Group's 2018 corporate income tax liability and approximately $5.6 million (2017: $6.0 million) of 2018 corporate income tax will become payable by the end of March. There was also an amount of $12.0 million outstanding in relation to deferred consideration payable for the Sasa acquisition. In accordance with the SPA, $4.0 million was due prior to year-end, however, due to the WTP being related to the period prior to ownership of the asset this amount was withheld. Post year-end an agreement was reached with the previous owners which settled the amount of the deferred consideration and the WTP as a full and final payment to the previous owners of $6.5 million.

On 31 December 2018, the Group had cash of $39.0 million (31 December 2017: $45.8 million) including restricted cash of $4.4 million (31 December 2017: $2.8 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 increasing to $130.1 million (2017: $60.4 million). During the period, $39.6 million (2017: $23.1 million) was returned to shareholders as dividends.

Tax

$11.1 million of North Macedonia corporate income tax was paid during the period. Payments made during 2018 included $6.4 million towards the 2018 corporate income tax liability and $4.7 million of 2017 corporate income tax paid in April 2018.

$14.7 million of Kazakhstan corporate income tax was paid during 2018 (2017: $12.3 million). Payments made during 2018 included $13.6 million towards the 2018 corporate income tax liability and the final $1.3 million of 2017 corporate income tax paid in April 2018.

In July 2018, the WTP of $5.9 million including interest and penalties was made to the North Macedonian Public Revenue Office relating to financial transactions made during 2016 and 2017 prior to CAML ownership. This was paid in full by the Group; however $5.5 million of this liability has been recovered from the previous owners in April 2019.

Debt

During the year, $38.5 million of Group debt was repaid. As at 31 December 2018, current and non-current borrowings were $38.4 million and $106.5 million respectively (2017: $40.1 million and $141.8 million).

In December 2018, CAML consolidated its borrowings into one corporate debt package, increasing and amending the size of its Traxys Europe S.A. facility by $60 million to $151 million. The Group used these funds to fully repay outstanding balances of the inherited Société Générale and Investec Sasa debt facility of $57 million and Ohridska Bank working capital facility of $1.7 million. The consolidation of the three debt facilities resulted in a 0.25% reduction of margin for the refinanced portion of the Sasa debt to 4.75%. The Group has also simplified the repayment schedule and will now repay $3.2 million each month as well as the removal of quarterly cash sweeps.

While some aspects of Sasa commercial arrangements were added to the security package of the Company's corporate facility, the key terms and covenants have remained the same:

- Remaining debt life of four years
- Interest rate 4.75% + 1 Month US Dollar LIBOR
- Removal of all cash sweeps

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

The refinance has also lifted the security granted in Bermuda, enabling the Group to restructure the CMK Mining entity and this process was completed in Q1 2019. It is intended to liquidate CMK Resources Limited in 2019.

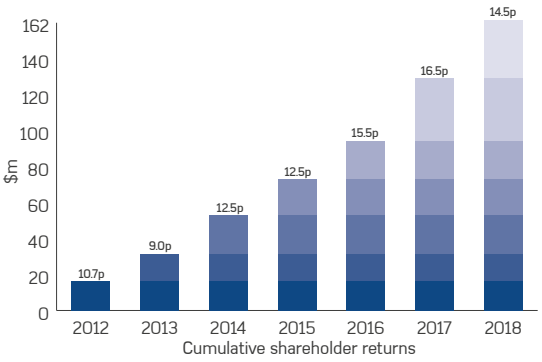
According to IFRS 9, due to the amendment to the borrowings, the financial liability is considered modified and a gain is recognised through the Income Statement amounting to $0.8 million which reduces the finance cost.

Dividend

The Company's dividend policy is to return to shareholders a target range of between 30% and 50% of free cash flow, defined as net cash generated from operating activities less capital expenditure. The dividends will only be paid provided there is sufficient cash remaining in the Group to meet the ongoing contractual debt repayments and that banking covenants are not breached.

The final dividend for the year ended 31 December 2017 of 10 pence per Ordinary Share was paid to shareholders on 25 May 2018.

Dividend



On 19 September 2018 the Company announced an interim dividend for the year ended 31 December 2018 of 6.5 pence per Ordinary Share and this was paid to shareholders on 26 October 2018.

In conjunction with CAML's 2018 annual results, the Board proposes a final 2018 dividend of 8 pence per Ordinary Share which is 44% of adjusted free cash flow. The adjustment excludes $5.5 million WTP which is within Corporate income tax paid and has been recovered after the year end. This brings total dividends (proposed and declared) for the year to 14.5 pence (2017: 16.5 pence) payable on 20 May 2019 to shareholders registered on 26 April 2019. This latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the 2010 IPO listing to $162.0 million.



Gavin Ferrar
Chief Financial Officer

IDENTIFYING AND MANAGING RISKS

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.

2018 saw CAML operate the Sasa mine that it acquired in November 2017 for a full 12 month period. With this mine came another workforce, extraction techniques that are new to the Company and an additional country of operation, all resulting in some additional risks for the Group.

The focus of the management team for much of the year has been in integrating and therefore de-risking the Sasa mine. The Company has made significant progress in this regard so, in H2 2018, began looking to grow once more by acquisition. This approach may also bring some additional future risks depending on the opportunity/(ies) selected.

The Board and Committees have played an important part in managing this risk and overseeing major decisions and setting strategy. The Company continues to implement risk-based software management to enable the effective assessment and mitigation of risks.

The list below is based on the Board's current understanding and should not be considered exhaustive. There may be other risks, unknown or currently considered immaterial, which may become material. The principal risks and uncertainties are not in order of materiality or likelihood of occurrence.

Due to the potential consequences of risks to the Company, the team regularly reviews and assesses risks and puts initiatives in place to manage them. Once identified, each risk is analysed and monitored by our professionals internally and by the Risk Management Committee as well as the Board.

Risk and impact of risk	Strategic goals	Risk trend	Mitigating the risk
OPERATIONAL			
Leaching The nature of in-situ leaching means that grades and flows of copper-bearing solution from dumps vary. Should the flow and/or grade drop, this could lead to a reduction in copper cathode produced. Geological challenges and technical incidents may also reduce quality or volume of solutions recovered.			Both in-house experts and external consultants are used to identify and manage operational risks and advise on strategy. Historically, the Company has experienced results which are consistently in line with projections and leaching operations are in accordance with expectations.
Mineral Resources Estimates of mineral resources and ore reserve tonnages and grades are not guaranteed as they are based on certain assumptions. Mined ore tonnage and grades achieved may therefore fall below target levels and could lead to a reduction in base metal output.			CAML employs a strong technical team at both Sasa and Kounrad and has a highly-qualified management team at both sites. Technical work programmes are outsourced to external experts wherever appropriate. Both the Kounrad and Sasa operations have a track record of meeting production targets.

Strategic goals key:

- Sustainable operations
- Maintain low production costs
- Maintain high CSR standards
- Increase shareholder value

Risk trends key:

- Increase
- No change
- Decrease

Risk and impact of risk	Strategic goals	Risk trend	Mitigating the risk
Mining operations The Sasa mine is an underground operation, which are typically viewed as potentially dangerous working environments. In addition, operational risks relate to inability to reach production targets, extract ore of the required metal content and process it effectively. Encountering these challenges could result in lower production leading to reduced financial margins for the Group.			CAML has an experienced workforce at Sasa, managed by skilled team leaders and in 2018 made some key hires to bolster the technical team, including a Chief Operating Officer, Technical Services Manager and Chief Metallurgist. Technical work programmes are outsourced to external experts wherever appropriate. Sasa has a track record of meeting production targets.
Operating tailings storage facilities The Group manages tailings storage facilities at Sasa. There is a risk that the facilities may fail which could cause damage to the local community, property and the environment.			The construction of current and future tailings storage facilities are of downstream construction, which are widely viewed by industry experts as the safest design. They have been constructed to North Macedonian and international standards and are regularly reviewed internally, and by external consultants. A Chief Operating Officer has been appointed to oversee all operations and advise on overall strategy.
Logistics Poor or failed transport links may cause delays in the supply of key inputs, such as explosives, reagents and services from suppliers. Logistical issues may also result in an inability to transport finished copper cathode and/or base metal concentrates to customers.			CAML regularly reviews its supply chains - extensive assessment of the infrastructure through risk surveys has identified key risk areas which are now being actioned. CAML sells the majority of its base metals through offtake agreements with metal trader, Traxys, which takes responsibility for the sale of CAML's metal products.
Critical operational equipment There may be a failure of processing or mining equipment, requiring significant capital for repairs and other maintenance. Due to this, the Group may experience unplanned stoppages or incur expenditures which could in turn negatively impact cash flows.			Equipment and facilities are properly maintained and regularly inspected. Across the Group, CAML reviews its critical spare parts to ensure minimal impact on operations. The Group has service agreements with external equipment providers and employs experienced maintenance teams.
External incidents External incidents could cause delays to production. Physical circumstances, including weather related disruptions and natural disasters, could cause property damage and plant failure. Energy supply (electricity) shortages could result in shortfalls in output and outage-related lost time.			Business interruption insurance has been taken out to mitigate the majority of loss from significant and unexpected events. Generator capability has been installed at Kounrad to ensure that no damage occurs in the event of a power shortage. Sasa also has generator capability to protect critical systems in the processing plant.
Fire A fire event could cause significant damage to the Group's property. In particular, the SX operations at Kounrad have a significant risk of fire due to the materials used in the copper extraction process.			Comprehensive fire detection systems have been installed on the sites and are reviewed regularly. Recommended improvements to fire detection have been implemented and the control infrastructure has been improved.

Risk and impact of risk	Strategic goals	Risk trend	Mitigating the risk
OPERATIONAL CONTINUED			
Health and safety The Company's operations, by their nature, are carried out under potentially hazardous conditions, involving explosives and other chemicals, as well as heavy machinery, which could result in accidents and fatalities.			Safety policies and performance reports are reviewed regularly. Any reported accidents or interruptions are investigated by the appropriate members of staff. Safety briefings as well as training are provided to employees to instill an understanding of procedures and the importance of safe practices. The Group's CSR Director divides time between sites implementing strategies and overseeing operations. CAML has in 2018 recruited a Group Health and Safety Manager, who will be based predominantly at Sasa, and has also bolstered the Sasa health and safety team. Further details on our approach are contained on pages 28-31.
Labour and community relations The Group is an important employer in the areas in which it operates and where it relies upon the local community for its workforce. At Sasa some employees are represented by labour unions, and this may impact the Group's flexibility in respect of operating decisions and wages, which in turn may impact the cost of production. Further, labour disputes as a result of challenges with workforce relations may affect the Group's reputation, social licence to operate and production.			The Group engages actively with employees, union leaders and representatives to address any concerns in a timely manner. The Company promotes a positive work atmosphere through responsible and transparent behaviours and clear policies, as well as keeping wages fair and reflective of production potential. The Company places a strong emphasis on engagement with local communities. Further details on our approach are contained on pages 28-31.
Changes to key personnel The core of highly experienced and skilled senior management team is responsible for the development and execution of the business strategy. Any change to such key personnel may impact on the prosperity of the business.			The Company sets high standards for recruitment of staff in the countries in which it operates. The Board and the Remuneration Committee sets competitive remuneration packages and incentivises staff with performance-related rewards. The Company also trains the team so that staff are able to engage in upward progression.
STRATEGIC			
Transactions and ventures The Group may dispose of or acquire assets or part of a business which fails to achieve expected benefits. Incorrect assumptions, inaccuracies in estimates and deficiencies in due diligence could result in a worsening outlook for the Group.			Potential acquisitions are initially assessed internally and supported by legal, financial, technical and other advisory firms as appropriate. Material transactions are subject to Board review and approval. The Company maintains standards for evaluating resources and reserves enabling thorough review of opportunities and viability of exploration projects. The Company practices a policy of divesting projects which prove to be of insufficient value to the Group.
Liquidity The Group borrowed funds to acquire the Sasa mine in 2017. Non-compliance with financial covenants within loan facilities could result in facilities becoming immediately repayable and a decrease in the Group's borrowing capacity. Failure to manage such liquidity could affect cash flows, earnings, financial position and, ultimately, solvency.			Cash flow forecasts are diligently produced and closely monitored. The Group has a successful record keeping to schedules of repayment. The Company has strong balance sheet metrics enabling it to attract alternative funding, should additional capital be required. The Company maintains sustainable, low cost operations making the need for excess funding unlikely.

Risk and impact of risk	Strategic goals	Risk trend	Mitigating the risk
EXTERNAL			
Political and country risk The Group's operational assets are located in North Macedonia and Kazakhstan. The Company is therefore susceptible to any adverse changes in the political and business environment of those jurisdictions. Any political instability or social change could impact the status of the numerous state level authorisations and consents required for operations.			The Group has found Kazakhstan politically stable during its lengthy period of operation. The Company contributes to local communities in regions in which it operates, demonstrating meaningful commitment. The Company monitors its commitments under the mining licences to ensure conditions are met and engages in regular and ongoing contact with authorities regarding the process of obtaining required permits. It also cultivates an extensive network of business contacts. The Company invests in the countries in which it operates through strong community relations programmes, such as the Kounrad Foundation and youth development efforts in Sasa. The Company looks to continue its engagement with the communities within both of its operations. More information regarding its endeavours can be found in the CSR section on pages 28-31.
Foreign exchange/inflation Fluctuations of these rates in the foreign jurisdictions in which the Company operates could result in increased costs as well as gains and losses in the Income Statement and net assets.			The Company manages exposure associated with material commercial transactions and working capital requirements by maintaining its financial assets and liabilities in US Dollars and keeping only limited funds in other currencies.
Commodity prices Operations are dependent upon market prices for copper, zinc, and lead which are largely a product of global supply and demand and other factors that are out of the Company's control. Downturn in market prices could reduce revenue streams and over the long term, could impact liquidity and balance sheet strength.			The Company has low cost production which should ensure it remains profitable throughout the commodity cycle. Although the Group currently has a policy of not engaging in commodity hedging arrangements, it is under periodic review.
Tax The Group operates and therefore pays taxes in Kazakhstan and North Macedonia. There can be no guarantee that tax rates in any jurisdiction will remain stable for the future. There are growing complexities regarding tax and the regulations are constantly developing in both Kazakhstan and North Macedonia. Legislation and regulations are open to review and interpretations by the authorities whilst at the same time may be ambiguous or unclear. Such authorities may levy penalties, interest and other fees. The Kazakhstan and North Macedonian tax systems do not have established or utilised practices of tax authorities giving legally binding rulings on tax issues put before them.			Tax rates in Kazakhstan have remained stable throughout CAML's operation in-country and both countries are currently relatively low tax environments. The Company complies locally with all tax regulations and engages in dialogue with local, regional and national tax authorities. It ensures that its tax strategy is compliant with international standards and that staff are cognisant of updates to tax standards and accounting systems. The Company also receives tax advice from local tax advisers in both Kazakhstan and North Macedonia.

The Strategic Report on pages 1 to 39 was approved by the Board of Directors on 10 April 2019 and was signed on its behalf by



Gavin Ferrar
Chief Financial Officer
10 April 2019

THE KEY TO DRIVING PERFORMANCE AND CREATING VALUE

The Group believes that strong corporate governance is essential for effective performance. This belief is the cornerstone of our commitment to long-term value creation for our stakeholders.



Nick Clarke
Chairman

GOVERNANCE

Introduction to Corporate Governance	40
Board of Directors	42
Board Report	44
Audit Committee	46
CSR Committee	48
Nomination Committee	49
Remuneration Committee	50
Directors' Report	54

2018 has been a milestone year for everyone here at CAML. Although our acquisition of the Sasa mine completed at the end of 2017, the real challenge began shortly afterwards, as we sought to effectively integrate this new asset into our Company. The acquisition has resulted in diversification as well as rapid growth in terms of people, operations, and compliance obligations.

The past 12 months have proven that the Board's collective knowledge and skills transform challenges into opportunities. A large component of our success is attributable to our strong corporate governance systems and processes. But our governance focus extends beyond dynamic integration of our teams and assets; it centres on broadening and fortifying our current governance arrangements in a meaningful way so that they remain robust and keep up with the high standards we set for ourselves. After all, a rapidly expanding business requires a governance system which evolves with it, enabling it to accommodate its growth and vision.

Over the past year, CAML has adopted the Quoted Companies Alliance Corporate Governance Code for small and mid-sized companies (the 'QCA Code') and has developed a set of principles based on its guidelines. The Directors believe this reinforces our ethos of maximising value whilst providing a solid foundation for continued success in building the business. This Governance Report summarises our corporate governance in line with the QCA Code. In addition, further details of how we have applied and comply with each of the 10 principles of the QCA Code can be found on our website at https://www.centralasiametals.com/corporate-governance/.

The Board is comprised of a group of talented and accomplished Directors, both from the UK and abroad, each with a unique set of skills. Many have worked across jurisdictions and have extensive business and financial experience in the markets and industry in which the Group operates. This ensures that each member of the Board has sufficient knowledge and breadth of experience to participate fully in its decision-making which safeguards shareholder interests and value.

Our commitment to excellence at Board level includes our proactive approach to succession planning, balanced with a policy of retaining talent. Therefore, we are pleased to announce the establishment of our newly-formed Nomination Committee, led by myself as Chairman, whose primary goal will be to make recommendations to the Board in respect of the appointment and re-election of Directors as well as membership of the Board's Committees.

Another part of our commitment to Board effectiveness is our strong belief in the importance of continual evaluation and improvement. This is most recently demonstrated by our engagement in a self-assessment of Board and Committee performance led by myself as Chairman of the Board and facilitated by the Company Secretary. This included completion of a comprehensive questionnaire on key governance areas and careful consideration of the results. Further details of this evaluation process are set out in the report of the Nomination Committee on page 49.

The continuity we have been able to achieve at Board level has also contributed to our success because it enables valuable contributions from our Executive and Non-Executive Directors. One of the ways this can be accomplished is through proper succession planning within the Board. As reported last year, in Q2 2018 we welcomed changes within our existing leadership team. In their previous roles of Chief Financial Officer and Business Development Director, respectively, Nigel Robinson and Gavin Ferrar were instrumental in the success and growth of our business. Their new roles as Chief Executive Officer and Chief Financial Officer, respectively, have positioned the Company for its next stage of development. We also recruited Scott Yelland, for a new role of Chief Operating Officer created to strengthen the technical capabilities of the management team, given the increased operations which accompanied the Sasa acquisition.

The Board draws from the principles of the QCA Code for guidance in structuring its governance framework. We maintain:

1. A strong independent representation on the Board with four independent Non-Executive Directors.
2. An Audit Committee consisting of three independent Non-Executive Directors led by David Swan as its Chairman.
3. A Remuneration Committee led by Robert Cathery comprised solely of independent Non-Executive Directors.

Although not a QCA Code requirement, we also have a Corporate Social Responsibility ('CSR') Committee, chaired by Roger Davey, comprising both Executive and Non-Executive Directors. This enables us to maintain our strong focus on health and safety, environmental matters and the communities in which we operate. Not only do we seek to advance the economic environment of these developing countries, we also seek to advance the interests of all our stakeholders.

These standing Committees of the Board help in ensuring the appropriate level of focus on these areas of responsibility. Each Committee reports to the Board through its respective Chair, providing invaluable contributions to the business through their work. On the following pages are further details of our individual Directors and separate reports of our Board, and its Audit, Remuneration, Nomination, and CSR Committees. These provide insight both to the governance of the Company and the value that we continue to place on this. These form part of our ongoing commitment to shareholders to generate shareholder value through the long-term success of the business.

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 materially interfere with the fulfilment of their roles, and consideration of their length of tenure. As such, after full consideration the Board continues to consider Robert Cathery, Roger Davey, David Swan and Nigel Hurst-Brown to be independent Directors. The Board believes the independent Directors along with our Executive Directors and our other Non-Executive Director, Nurlan Zhakupov, provide an excellent balance of views as well as skills and depth of experience within the Board.

Of course, commitment to good corporate governance in the boardroom is just one part of setting and maintaining an appropriate culture across the Group. The Board, and its Committees seek to promote its pledge to good practice in the culture throughout the Group and with all of its stakeholders. The Board encourages dialogue with these stakeholders be they investors, employees, governmental authorities and local communities. Decisions made by the Board and by management are taken in the context of this culture. We also highlight the importance of maintaining strong internal policies relating to anti-bribery, share-dealing, sanctions and whistleblowing which are implemented by our teams.

We believe these arrangements protect the interests of shareholders and other stakeholders and promote the generation and preservation of value over the long term.



Nick Clarke
Chairman

10 April 2019

BOARD OF DIRECTORS

Committees

- (A) Audit
- (N) Nomination
- (R) Remuneration
- (CSR) Corporate Social Responsiblity
- ◯ Chair of Committee



Nick Clarke
Chairman (N) (CSR)

Nick has over 40 years of mining experience, including 16 years spent within senior management positions in production and technical services in South Africa, Ghana and Saudi Arabia. Nick served as the managing director of Oriel Resources plc until its acquisition by OAO Mechel for $1.5 billion in 2008. In addition, Nick was managing director at Wardell Armstrong International Ltd, where he managed numerous multidisciplinary consulting projects in the resource sector. He is a graduate of Camborne School of Mines and a Chartered Engineer. In 2013, Nick was named CEO of the year at the Mining Journal outstanding achievements awards. He joined the Company in 2009 as Chief Executive Officer prior to the Company's IPO in 2010, and assumed the role of Chairman in June 2016. In January 2019, he was appointed Non-Executive Chairman of Toro Gold Ltd.



Nigel Hurst-Brown
Deputy Chairman (A) (N) (R)

Nigel is currently chief executive of Hotchkis and Wiley Ltd. Previously he was chairman of Lloyds Investment Managers between 1986 and 1990 before becoming a director of Mercury Asset Management and later a managing director of Merrill Lynch Investment Managers. He is also a director of Borders & Southern Petroleum plc and a Fellow of The Institute of Chartered Accountants in England and Wales.



Nigel Robinson
Chief Executive Officer (CSR)

Nigel is a member of the Institute of Chartered Accountants in England and Wales and formerly a Royal Naval Officer in the Fleet Air Arm. Upon leaving the Royal Navy, he qualified with KPMG where he stayed for a further three years before leaving to work in commerce. He worked for six years in management with British Airways plc before leaving in 2002 to become more involved with smaller enterprises. He joined CAML in November 2007 as Group Financial Controller. Prior to his appointment as CEO in April 2018, he had been the CFO of the Group since he joined the Board in April 2009 and was instrumental in growing the business.



Gavin Ferrar
Chief Financial Officer

Gavin holds post-graduate degrees in geology and finance and has been involved in the mining sector for over 20 years. His career in industry began at Anglo American in the New Mining Business Division. He spent 10 years in the investment banking sector focusing on equity and debt financing for mining clients of Barclays Capital and Investec. Since 2011, he has worked with junior mining companies arranging finance and providing corporate advisory services before joining the Company in June 2014 as Business Development Director. He was appointed CFO on 16 April 2018. Gavin continues to serve as the Business Development Director for the Company.



Robert Cathery
Non-Executive Director
N R

Robert became a member of the London Stock Exchange in 1967 and was managing director and head of oil and gas at Canaccord Europe. During his career in the city of London, he was a director of Vickers da Costa and Schroders Securities and Head of Corporate Sales at SG Securities (London) Limited. He is a co-founder of Salamander Energy and has previously served as a non-executive director of that company. He has also served as non-executive director of SOCO International. He is a founder shareholder of the company.



David Swan
Non-Executive Director
A N R

David is a chartered accountant. He has extensive experience across the natural resources sector. He also has wide experience geographically in Europe, Asia and Africa and on international as well as UK stock exchanges. He also serves as chief financial officer of Scotgold Resources Limited, and as a non-executive director of Sunrise Resources Plc. David joined the Company in June 2014.



Roger Davey
Non-Executive Director
A N CSR

Roger, a Chartered Mining Engineer, has over 45 years of experience in the international mining industry. He is also a non-executive director of a number of other companies in the mining sector quoted on AIM, namely Atalaya Mining plc where he serves as chairman, Tharisa plc, and Highfield Resources Limited. Until 2010, he was senior mining engineer at N M Rothschild in the Mining and Metals Project Finance Team. Previously, he held senior management and director level roles in mining companies in South America and Africa as well as the UK, covering the financing, development and operation of underground and surface mining operations. Roger joined the Company in December 2015.



Nurlan Zhakupov
Non-Executive Director
N CSR

Nurlan is a Kazakh national. He has extensive experience in capital markets and has held positions at UBS and RBS. He is currently the CEO of SPK Astana, a Kazakh regional development institution, and is an independent non-executive director of Zerde National Infocommunication Holding. Most recently, he was chief business development and investment officer, member of the executive board of JSC Kazatomprom. He has previously held a number of positions in the Kazakhstan resource sector for Tau-Ken Samruk (the national mining company), Chambishi Metals and ENRC. He holds bachelor and master's degrees in economics from the Moscow State Institute for International Relations. Nurlan joined the Company in October 2011.

The role of our Board

The Board of Directors leads the Company in making key decisions about strategy, financial planning, investments and its Directors. We consider this role to be critical to leading the Group to maximise success in its business, and to the Company in delivering long-term value to shareholders and other stakeholders.

We have a diverse Board, constituted as follows:

- Myself as Chairman: Nick Clarke.
- Two Executive Directors: Nigel Robinson and Gavin Ferrar.
- Five Non-Executive Directors:
  - Four are considered fully independent: Nigel Hurst-Brown, Robert Cathery, David Swan and Roger Davey.
  - 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.

Our Board offers a wealth of expertise and wide range of experience in the mining industry, financial and operational aspects of businesses, public markets and by operating across different geographies around the world.

All Directors devote ample time in order to discharge their duties both at and outside of Board meetings. Details of Directors' attendance at each of the scheduled meetings of the Board and its Committees for the 2018 financial year are shown in the table below. We meet at least four times per year and at other times where required for arising matters. Board and Committee meetings normally take place over the course of a whole day in London and, where appropriate, at one of our overseas locations. In March 2018, we held our Board meeting in North Macedonia.

Some of the key matters considered by the Board during the year are discussed further below. The Board receives comprehensive reports in advance of meetings to ensure matters can be given due consideration. The Board is not dominated by one person or a group of individuals. The independent Non-Executive Directors constructively challenge the Executive Directors and the resulting Board debates are always robust and sometimes lively. The open and direct forum for discussion allows debate on an informed basis during the meetings and ensures decisions reached are done so by the Board collectively in alignment with the core values of the Company.

Whilst most engagement with the Company's institutional investors is through the Executive Directors and the Head of Investor Relations, the other Board members receive reports of views expressed by shareholders. In addition, the other Directors are available to meet with investors where requested. Material information in relation to the Company is made publicly available via the London Stock Exchange's Regulatory News Service ('RNS'). The Company recognises that this ongoing dialogue and opportunity for feedback from our shareholders and other stakeholders plays an important part in ensuring our long-term success. All shareholders also have the opportunity to attend and ask questions at the Company's Annual General Meeting.

All Directors on the Board have access to the Company Secretary who acts as secretary to the Board and its Committees, reporting directly to their Chairmen to ensure appropriate governance procedures are followed. All Directors are also able to seek advice from the Company's external advisors if they wish. The roles of the Auditors and remuneration advisors are explained in more detail in the Audit and Remuneration Committee Reports on pages 46-47 and pages 50-53, respectively.

In line with the QCA Code, the Board is supported by Committees, specifically, Audit, CSR, Nomination and Remuneration Committees covering four of the areas of the Group's operation which the Board views as having key importance to the Group's stakeholders. Each of these Committees has their own terms of reference which provide the necessary authorities for them to operate as they consider appropriate. Each of these Committees reports to the Board and provides great value to its effectiveness. Further details of the activities of our Committees follow later in this report.

Attendance at Board and Committee meetings

The attendance of current Board and Committee members at the scheduled meetings, along with the number of meetings they were invited to attend, during 2018 are shown below:

Director	Board	Audit Committee	CSR Committee	Remuneration Committee
Nick Clarke	6/6[1]	1/1	3/3	1/1
Nigel Robinson	6/6	2/2	3/3	3/3
Gavin Ferrar	6/6	1/1	-/-	-/-
Nigel Hurst-Brown	6/6	3/3	-/-	3/3
Robert Cathery	6/6	-/-	-/-	3/3[1]
Roger Davey	6/6	2/3[2]	3/3[1]	-/-
David Swan	5/6[3]	3/3[1]	-/-	3/3
Nurlan Zhakupov	5/6[4]	-/-	1/3[4]	-/-

1 Denotes Chairman status.
2 Roger Davey was unable to attend one Audit Committee meeting. Full documentation was issued to him and he received briefings before and after the meeting.
3 David Swan was unable to attend one Board meeting as he was on medical leave.
4 Nurlan Zhakupov was unable to attend one Board, and two CSR Committee meetings due to international travel.

Kenges Rakishev resigned with effect from 23 May 2018 and did not attend any Board meetings during 2018.
As the Nomination Committee is a newly-formed Committee, there were no meetings of the Nomination Committee during the year.
Directors do not attend meetings (or parts of meetings) of the Remuneration Committee when the Committee is deciding matters in relation to their own remuneration.
All Directors (other than Kenges Rakishev) attended the AGM.

During the year, our Board:

- Reviewed the Group, its operations and its financial performance at each of its main Board meetings including:
  - strategic matters and performance;
  - operational performance; and
  - financial performance.
- Approved the annual budget for the year, regularly monitoring performance against this, reviewing variances, the reasons for these and monitoring consensus in line with any adjustments.
- Reviewed and agreed management changes, including:
  - to the roles of the existing Executive Directors; and
  - appointment of a Chief Operating Officer.
- Reviewed and considered strategy and business development opportunities.
- Reviewed and approved the Group's charitable donations.
- Continued to review risk management in the Group noting the ongoing process of continuing improvement by introducing the use of specialist software.
- Considered the Group's current insurance arrangements.
- Reviewed plans relating to refinancing including different sources of funding and corporate restructuring.
- Reviewed Lost Time Injuries and appointment of a new Health and Safety Manager to assist in the policy targeting zero incidents and to support the CSR Director.
- Reviewed, considered and agreed a change to the Group's external joint brokers and completed the tender process for this.
- Reviewed and approved the Company's annual and half year accounts for the year including:
  - Reports from the Audit Committee;
  - Annual Report;
  - Results announcement; and
  - Dividends.
- Reviewed and approved the Company's Notice of Annual General Meeting.
- Reviewed CSR matters with the assistance of the CSR Committee including reports on health and safety and environmental matters at each main Board meeting.
- Proposed the reappointment of Directors at the 2018 AGM.
- Monitored performance of actions agreed at previous meetings.
- Approved the Group's annual Modern Slavery Act Statement for the year for 2018 publication.

Integration of CMK Resources (Previously Lynx Resources)

In light of the acquisition last year of Sasa, the Board has paid special attention throughout the year to the process of its smooth integration into the Company. Throughout the year, the Board has:

- Reviewed the operational performance.
- Reviewed health and safety performance.
- Made changes to senior management.

Conclusion

Continued supervision and oversight of Sasa's integration into the rest of the Group has been a priority of the Board over the past 12 months. We continue monitoring our Group's operations and assets and reporting to our stakeholders.



Nick Clarke
Chairman

10 April 2019

AUDIT COMMITTEE



David Swan
Chairman of the Audit Committee

The Audit Committee assists the Board in its oversight and monitoring of the Group's financial reporting, internal control, and risk management.

The role of our Audit Committee

The Audit Committee assists the Board in its oversight of the Company's financial reporting, internal control and risk management. Our Committee is made up of Nigel Hurst-Brown, our Deputy Chairman, Roger Davey, and myself as Committee Chairman.

Our primary responsibilities as a Committee are:

- to evaluate and, when appropriate, recommend the selection of external auditors and ensure their independence and objectivity;
- to review with the external auditor the nature, scope and results of their audit of the annual Financial Statements and their review of half year results and outcomes from these;
- to review the effectiveness of the Company's systems of internal controls;
- to monitor the accounting procedures and financial reporting of the Group; and
- to monitor the effectiveness of risk management of the Group.

We consider these roles to be key to the long-term sustainability of the Group and achievement of its ongoing success in continuing to generate and preserve value for our shareholders and other stakeholders over the long term.

Further details of our activities during the year are included in the table on page 47.

Systems of internal control

The Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control systems. Key elements within the internal control structure are summarised as follows:

- The Board and management – the executive members of the Board are responsible for overseeing the day-to-day management of the Company.
- Budgeting – there is an annual process whereby budgets for the following financial year are reviewed by the Audit Committee and recommended to the full Board.
- The Audit Committee ensures that long-term forecasts are reviewed by the Board on a regular basis.
- Management reporting – the financial performance of the Group is monitored against budget on a monthly basis and formerly reported to the Board on a quarterly basis.
- Operating controls – such controls are in accordance with Group policies and include management authorisation processes.
- Monitoring – the effectiveness of the system of internal control is monitored regularly through internal reviews and external audits.

During the year, the Audit Committee:

- Reviewed the completion accounts in relation to the Sasa acquisition.
- Reviewed the ongoing integration of Sasa, including:
  - progress against the pre-acquisition plans;
  - recruitment requirements;
  - procurement procedures; and
  - improvements and reinforcement of controls including review of policies and tightening of procedures.
- Reviewed and recommended to the Board for approval the Group's annual accounts, including:
  - Report from the CFO;
  - Report from the Auditors;
  - Annual Report and Accounts; and
  - Letter of Representation to the Auditors.
- Reviewed and recommended to the Board for approval the Group's half year results, including:
  - Report from the CFO; and
  - Report from the Auditors.
- Met with the Auditors and with management and agreed plans for the preparation and audit of the Company's accounts, including:
  - review of audit plans;
  - review of audit scope; and
  - review of audit and reporting timetables.
- Discussed matters with the Auditors in the absence of management.
- Reviewed the independence of the Auditors including in the context of any non-audit work.
- Reviewed monthly reports from the Group's external whistleblowing hotline.

Risk management

Whilst the Board of Directors has ultimate responsibility for risk management, Group staff have a role to play in the implementation of policies and procedures aligned to mitigate and manage risk. Risk Committees consist of senior staff and are responsible for the development of risk management policies and procedures as well as the identification, analysis, mitigation and review of the risks of the business. To ensure a consistent approach to risk management, an individual chairs the Risk Committee and also reports to the Audit Committee and Board as appropriate.

The criteria against which a risk is assessed has been established by the Group, so that a standardised assessment can be obtained. Risks are assessed against the likelihood of the risk event occurring and the impact and severity of the risk event. Using this assessment risks are then categorised into a priority level, so that the appropriate actions can be taken. See page 36 for futher details.

Significant issues considered by the Committee in relation to the 2018 Financial Statements

- Review of carrying values of cash-generating units:
  - The Committee assessed management's determination of cash-generating units and review of impairment triggers as at 31 December 2018. The Committee considered the key judgements 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 assessments in note 20 of the Financial Statements.
  - The Committee reviewed Shuak as a cash-generating unit and has decided that it will not itself be pursuing the licenses, therefore impairment in full will be processed.
- Finalising the acquisition accounting with the final fair value assessments of the assets and liabilities acquired. Consideration was made for the fair value of the silver stream commitment and the Withholding tax accounting. See note 6 for details.

David Swan
Chairman of the Audit Committee

10 April 2019



Roger Davey
Chairman of the CSR Committee

We are particularly proud of the Group's achievements in terms of corporate social responsibility both in terms of our contributions to the communities in which we work, and with minimal impact to the environment in which we operate.

The role of our CSR Committee

Our Board has always considered the Group's corporate and social responsibilities to be at the core of its activities. As an international and expanding Company we view these as fundamental to operating an ethical and sustainable business. It was in this context that our CSR Committee was established in June 2012.

Our Committee comprises Directors from the UK, our Chairman, Nick Clarke, myself as Committee Chairman, our CEO, Nigel Robinson, and, from Kazakhstan, Nurlan Zhakupov. This ensures that a depth of experience and a wide range of perspectives are brought to the Committee's important and varied activities.

The CSR Committee receives and reviews regular reports in relation to health and safety, environmental matters and local community projects and the Board is in turn updated. The CSR Committee liaises closely with the CSR Director to ensure that information is fed through to the Board. Given the importance which the Board places in this area, and the significance of this to the Group's continued operations, the CSR Committee meets on a regular basis throughout the year, usually on the same day as Board meetings. Further details of the Committees' activities in the year are given in the table below. A summary of CSR matters in the Group is given in the CSR Report on pages 28 to 31. The Group CSR policy can be found on the Group's website at: www.centralasiametals.com.

We are particularly proud of the Group's achievements in terms of corporate social responsibility both in terms of our contributions to the communities in which we work and with minimal impact to the environment in which we operate.

CAML continues to believe that the health and safety of our employees, protecting the environment in which we operate and helping to develop the local communities are extremely important matters. These areas will continue to receive the appropriate attention from the CSR Committee and from the Group as a whole.

During the year, the CSR Committee:

- Reviewed and considered regular reports on Sasa and Kounrad:
  - health and safety;
  - environmental matters; and
  - local community projects focused on health and education, particularly with regard to children and local charitable organisations.
- Considered specific CSR aspects of the Group's operations as they arose, determining appropriate action.
- Reviewed reports on Lost Time Injuries and remedial measures to avoid reoccurrence.
- Focussed on the improvements to health and safety at Sasa which had recently been acquired. This included monthly health and safety meetings being held on site, review of procedures and consideration of employee feedback and suggestions.
- Considered stakeholder engagement plans to ensure our CSR activities continue to align with the Company's commitment to local communities and for building and maintaining long-term value and success.

Roger Davey
Chairman of the Corporate Social Responsibility Committee

10 April 2019

NOMINATION COMMITTEE



Nick Clarke
Chairman of the Nomination Committee

This year we undertook our first internal evaluation of the Board's effectiveness. In line with the QCA Code, the Board's review of performance was based on clear and relevant objectives, seeking continuous improvement.

The role of our Nomination Committee

Our newly-formed Nomination Committee's main duties include making recommendations to the Board in relation to the appointment and re-election of Directors, and the membership of the Board's Committees. I chair the Committee and its other members are our five Non-Executive Directors, David Swan, Nigel Hurst-Brown, Roger Davey, Robert Cathery and Nurlan Zhakupov.

In making recommendations for appointment, the Nomination Committee would consider suitably qualified candidates of any ethnic background or gender. After a new Director is appointed, they receive a comprehensive induction. All Directors have unrestricted access to management and receive regular updates from management to keep them abreast of the latest developments.

Effectiveness review

This year we undertook our first internal evaluation of the Board's effectiveness. I led this as Chairman and it was facilitated by our Company Secretary. This process, commenced with completion of a comprehensive confidential questionnaire by each Director as set out below. The assessment of my performance as Chairman of the Board was led by Nigel Hurst-Brown as Deputy Chairman. As well as the Directors, the Company's Auditors (PwC) provided responses on the performance of the Audit Committee. In line with the QCA Code, the Board's review of performance was based on clear and relevant objectives, seeking continuous improvement.

Comprehensive questionnaire

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

- Strategy
- Shareholders
- Wider Stakeholder and Social Responsibilities
- Risk Management
- Board Dynamics
- Succession Planning and Talent Development
- Corporate Culture
- Communication
- Board Effectiveness
- Audit Committee
- Remuneration Committee
- Corporate Social Responsibility Committee
- The Chairman
- Any other matters Directors wished to raise

Board discussion

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. The Auditors' comments were also included in the report to the Board.

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

- continued development of long-term strategy;
- a two-day meeting involving operational management and including a specific strategy review;
- ongoing monitoring of risk management; and
- succession planning for the Board over the coming years.

Nick Clarke
Chairman of the Nomination Committee

10 April 2019



Robert Cathery
Chairman of the Remuneration Committee

The Company's policy is to remunerate executives and senior management appropriately so as to attract talent as well as encourage retention and meaningful progress.

The role of the Remuneration Committee

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 ('LTIP'). Our Committee is made up solely of independent Non-Executive Directors: David Swan, Nigel Hurst-Brown, our Deputy Chairman and myself as Committee Chairman.

The Remuneration Committee reviews the performance of the Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements. In doing so, it has due regard to the interests of the workforce as a whole, the shareholders and other stakeholders.

In determining the remuneration of Executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Remuneration Committee also reviews the remuneration of other senior management. In addition, it decides whether to grant share option awards in the Company and, if these are to be granted, who the recipients should be.

The Company's policy is to remunerate executives and senior management appropriately so as to attract talent as well as encourage retention and meaningful progress. As such, the Committee agrees with the Board an appropriate remuneration framework. The principal objectives of the Committee are to ensure that Executive Directors and members of the senior management of the Company are properly incentivised to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the ongoing success of the Company. We believe this is essential to the Company achieving its strategic aims and generating shareholder value over the long term.

Non-Executive Director fees are considered and agreed by the Board (excluding the Non-Executive Directors) with no Director participating in any decision relating to his own remuneration.

The last full review of Executive and Non-Executive Director remuneration took place with effect from 1 January 2018.

Executive Director service contracts and salaries

The Executive Directors have service contracts with the Company at the following salaries with effect from 1 June 2018:

Nick Clarke: £250,000
Nigel Robinson: £350,000
Gavin Ferrar: £285,000

These reflect the new roles that they took on during the year. The Executive Directors' service contracts are subject to notice periods of six months and the Company has the discretion to pay them in lieu of their notice period and also to place them on gardening leave. In the event of a change of control of the Company as defined in the service contracts, 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 contracts also contain customary post-termination restrictions.

Annual bonuses

The Executive Directors' are currently entitled to earn an annual cash bonus of up to 100% of their salary subject to the achievement of agreed performance targets and at the sole discretion of the Remuneration Committee. The challenging targets comprising the elements set out in the table on page 52 were substantially met resulting in payment of 80% of salary to each Executive Director.

Long-Term Incentive Plan ('LTIP')

Under the Company's share option schemes, nominal priced share options were granted to the Executive Directors during 2018 as shown in the table on page 53. These were equivalent in value to 100% of salary based on the share price as determined at the date of grant. The share options generally vest at the rate of one-third each year after the date of grant subject to the achievement of performance conditions measurable over the first financial year to which the grant relates. The performance conditions, as set out in the table to the right, are the same as those used for annual cash bonus mentioned under 'annual bonuses' on page 50. The performance conditions for the awards granted in 2018 were substantially achieved at a level of 80%.

Performance conditions measurable over one year were used because the Committee considered this, combined with share price performance, to be the best way of incentivising the desired performance. It considered that seeking to set three-year targets would have been inappropriate and counter-productive in that the rapidly changing nature of the Group made determining appropriate targets over that period impractical.

As disclosed in last year's report, in addition to the annual LTIP awards, the Remuneration Committee decided to grant an exceptional additional award equivalent to 100% of salary for 2018 only. This was to recognise the significant phase the Group entered in terms of integration of the Sasa mine into the rest of the Group and the ongoing development of this alongside the Group's Kounrad asset. These awards were designed to motivate, retain and reward the key senior management resource required to navigate this pivotal time in the Group's development. The awards will vest over three years from grant at the rate of one third per annum commencing on 31 March 2019. Given their specifically targeted purpose, they are not subject to performance conditions and are instead directly and fully aligned with shareholder value through share price performance over three years. These awards are also set out in the table on page 53.

The arrangements as set out above were arrived at after full and careful consideration, and consultation with an external remuneration advisor, h2glenfern Limited. The Committee believes these arrangements to be in the interests of shareholders.

The ongoing remuneration structure is currently being reviewed. In particular, the Committee is considering whether the LTIP awards to be granted during 2019 could now be made subject to performance conditions to be measured over a period of three years. It is also considering what transition arrangements may be appropriate if such a change is made. An outline of the terms of the grants ultimately made will be included in the announcement of those grants and reported more fully in our Annual Report next year.

During the year, the Remuneration Committee:

- Reviewed and considered a comparator remuneration report in respect of Director salaries prepared by the Company's remuneration advisors, h2glenfern Limited.
- Determined annual salary levels for the Executive and Non-Executive Directors. This included consideration of the Executive salaries in light of the management changes in Q2, as appropriate to the new roles of the Executive Directors.
- Reviewed, considered and approved the:
  - annual bonus plans and targets for the year; and
  - LTIP grants and targets, including the one-off exceptional LTIP award in relation to the successful integration of Sasa.
- Determined corporate performance targets including:
  - copper production;
  - zinc and lead production;
  - production costs; and
  - health and safety.
- Received and approved the outcomes against targets resulting in 80 % pay-out of annual bonuses, and release, subject to time vesting, of the 2018 LTIP awards for the Executive Directors.

Non-Executive Director appointment letters and fees

The Non-Executive Directors have each signed a letter of appointment. Under the terms of these letters, the Non-Executive Directors are entitled to an annual fee for 2019 as set out below:

Nigel Hurst-Brown: £100,000
David Swan[2]: £80,000
Robert Cathery[1]: £80,000
Nurlan Zhakupov: £75,000
Roger Davey[3]: £80,000

1 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Remuneration Committee.
2 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Audit Committee.
3 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the CSR Committee.

The appointments are terminable by either party with one months' written notice. The Company may pay the Non-Executive Directors in lieu of notice.

Directors' remuneration

Directors' remuneration, including Non-Executive Directors, during the year was as follows:

	2018 Basic salary/ fees $'000	2018 Annual bonus $'000	2018 Pension $'000	2018 Benefits in kind $'000	**2018 Total $'000**	2017 Total $'000
Executive Directors:						
Nick Clarke	430	344	23	11	**808**	1,315
Nigel Robinson	428	343	24	12	**807**	874
Gavin Ferrar	358	287	20	–	**665**	759
Non-Executive Directors:						
Nigel Hurst-Brown	133	–	–	–	**133**	129
Robert Cathery	107	–	–	–	**107**	84
Kenges Rakishev	40*	–	–	–	**40***	152
Nurlan Zhakupov	100	–	–	–	**100**	152
David Swan	107	–	–	–	**107**	84
Roger Davey	107	–	–	–	**107**	84
Directors' aggregate emoluments	1,810	974	67	23	**2,874**	3,558

* Kenges Rakishev retired from the Board on 23 May 2018.

The aggregate emoluments of the highest paid Director totalled $1,315,000 (2017: $1,315,000). No Director has a service agreement with the Company that is terminable on more than 12 months' notice.

Directors' EBT share awards

	As at 31 Dec 2018 Number	As at 31 Dec 2017 Number
Nick Clarke	**1,342,887**	1,342,887
Nigel Robinson	**646,715**	646,715
Total Directors' interests	**1,989,602**	1,989,602

The above shares were awarded to the Directors of the Company as part of the EBT incentive scheme. All the share awards were made prior to the 2010 IPO and vested upon its successful completion.

Directors' options awards

During 2018 the Company awarded the following New Scheme options to the Directors of the Company:

	2018 Options	2018 Additional Options	2017 Options
Nick Clarke	147,273[1]	147,273[2]	168,279[1]
Nigel Robinson	97,255[1]	97,255[2]	111,485[1]
Gavin Ferrar	85,098[1]	85,098[2]	221,760[1]
Nurlan Zhakupov	–	–	16,827[3]
Total	329,626	329,626	518,351

The Options in the table above have been made under the following plans:

1 Options to the Executive Directors have been granted under the Central Asia Metals Employee Share Plan 2011. The performance conditions to which these awards were subject have been met in full for the 2017 options and substantially met to the extent of 80% of the total for the 2018 options. The awards therefore vest at the rate of one-third per annum commencing on the 31st March on the first, second and third years after grant.

2 Additional options to the Executive Directors have been granted under the Central Asia Metals Employee Share Plan 2011 and are not subject to performance conditions. The additional awards granted in 2018 therefore vest at the rate of one-third per annum commencing on the 31st March 2019.

3 Options to the Non-Executive Director granted in 2017 were granted under the Central Asia Metals Non-Executive Director Share Plan 2012 and are not subject to performance conditions. The awards granted in 2017 therefore vest at a rate of one-third per annum commencing on the 31st March 2018.

During 2018 the Directors exercised the following new scheme options:

	2018 Number	2017 Number
Nick Clarke	–	–
Nigel Robinson	–	–
Gavin Ferrar	100,000	–
Nurlan Zhakupov	–	–
Total	100,000	–

The number of options exercised in the table above includes the number of shares covered by such awards increased by up to the value of dividends as if these were reinvested in Company shares at the dates of payment (see note 28 to the Financial Statements).

Robert Cathery
Chairman of the Remuneration Committee

10 April 2019

The Directors present their report and the audited Consolidated Financial Statements for the year ended 31 December 2018.

Details of significant events since the balance sheet date are contained in note 38 to the Financial Statements.

Principal activities

Central Asia Metals plc ('CAML' or the 'Company') is the holding Company for a group of companies (the 'Group'). 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 80% 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 39 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.

Dividends

The Company's dividend policy is to return to shareholders a target range of between 30% and 50% of free cash flow, defined as net cash generated from operating activities less capital expenditure. The dividends will only be paid provided there is sufficient cash remaining in the Group to meet the ongoing contractual debt repayments and that banking covenants are not breached.

The final 2017 dividend of 10 pence per Ordinary Share of $0.01 each ('share') was paid on 25 May 2018 and a 2018 interim dividend of 6.5 pence per share was paid on 26 October 2018.

The Directors recommend a final dividend for the year ended 31 December 2018 of 8 pence per share payable, subject to the approval of shareholders, on 20 May 2019, to those shareholders on the Company's register on 26 April 2019. This will take the total dividend for 2018 to 14.5 pence per share.

Directors and 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:

Director	Shares held as at date of this report	**Shares held as at 31 Dec 2018**	Shares held as at 31 Dec 2017
Nick Clarke (Chairman)[1]	1,342,887	**1,342,887**	1,342,887
Nigel Robinson (Chief Executive Officer)[1]	646,715	**646,715**	646,715
Gavin Ferrar (Chief Financial Officer)	–	**–**	–
Nigel Hurst-Brown (Deputy Chairman)	909,065	**909,065**	909,065
Robert Cathery[2]	2,105,254	**2,105,254**	2,105,254
Roger Davey	–	**–**	–
David Swan	3,000	**3,000**	3,000
Nurlan Zhakupov	–	**–**	–
Total Directors' interests	5,006,921	**5,006,921**	5,006,921

1 These shares are held jointly with the Company's EBT under a joint share ownership plan in terms of which the shares have vested.
2 250,000 (2017: 250,000) shares held by Elizabeth Cathery, the wife of Robert Cathery; 1,355,254 (2017: 1,355,254) shares held by Robert Cathery; and 500,000 (2017: 500,000) shares held by Robert and Elizabeth Cathery are included in the above amounts.

At every Annual General Meeting ('AGM'), any Director who has been a Director at each of the two last AGMs and was not appointed or reappointed at either of those meetings, is required to retire and is eligible for reappointment. This year, Roger Davey is required to retire and be reappointed in this manner.

Directors' indemnity insurance

During the year, Directors' and Officers' liability insurance was maintained for Directors and other Officers of the Group.

Substantial shareholding

At the date of this report the Company has been notified or is aware of the following interests in the shares of the Company of 3% or more of the Company's total issued share capital (excluding treasury shares).

	No. of Shares	%
JO Hambro Capital Management	17,219,091	9.78%
Orion Mine Finance	15,278,528	8.68%
Blackrock Investment Management	14,124,902	8.03%
FIL Investment International	14,934,049	8.49%
Canaccord Genuity Wealth Management	13,150,008	7.47%
Majedie Asset Management	8,276,038	4.70%

The Company received no notifications of interests indicating a different whole percentage holding at 31 December 2018.

Changes in share capital

There have been no changes in the share capital during the year ended 31 December 2018.

As at 31 December 2018, 176,498,266 shares were in issue including treasury shares totalling 511,647.

The treasury shares may either be cancelled or possibly used in the Company employee share option schemes.

AGM notice

Resolutions will be proposed at the forthcoming AGM, as set out in the formal Notice of Meeting which accompanies this Annual Report to shareholders.

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

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the AGM.

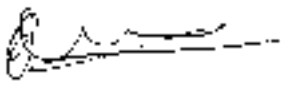
Political donations

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

Corporate governance

The Governance Report can be found on pages 40 to 41. 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

10 April 2019

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. In preparing the Financial Statements, the Directors are required to:
select suitable accounting policies and then apply them consistently;

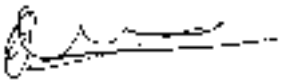
- state whether applicable IFRS as adopted by the European Union have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the 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

10 April 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CENTRAL ASIA METALS PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Central Asia Metals plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Accounts 2018 (the "Annual Report"), which comprise: the Group and Company statements of financial position as at 31 December 2018; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated statement of cash flows and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall Group materiality: $3,600,000 (2017: $2,200,000), based on 5% of profit before tax (2017: 5% of a three year average profit before tax).
- Overall Company materiality: $2,599,000 (2017: $945,151), based on 5% of profit before tax (2017: 5% of a three year average profit before tax).

- We conducted full scope audits at four significant components based on their size and risk characteristics; two operating entities in Kazakhstan, one operating entity in North Macedonia and the head office in London. Our audit work enabled us to obtain coverage of 99% of consolidated profit before tax, 99% of consolidated revenue and 98% of total assets for the Group.
- Specific audit procedures were performed on certain balances and transactions at one reporting unit relating to exploration and evaluation assets.
- The Group audit team visited the Kazakhstani and North Macedonian operations as part of our audit in order to have sufficient oversight of the work of our component auditors in Kazakhstan and North Macedonia. This included a site visit to the Kounrad plant and the SASA mine.

Our key audit matters comprised:

- Finalisation of the accounting for the acquisition of CMK Resources. (Group)
- Impairment of goodwill and non-current assets. (Group and Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Finalisation of the accounting for the acquisition of CMK Resources As disclosed in Note 6 to the financial statements, on 6 November 2017, CAML MK Limited, a wholly owned subsidiary of CAML, acquired 100% of the issued share capital of CMK Resources Limited (formerly called Lynx Resources Limited), a holding company for a group of companies that owns the SASA mine. The transaction is considered to be a business combination under IFRS 3. Management finalised the fair value exercise within the permitted 12-month measurement period to reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The final fair value adjustments relate to the valuation of the silver streaming commitment, which was valued at $28.0m, and the recognition of a withholding tax payable liability of $5.9m with a corresponding indemnification asset of $5.9m. Management used the future production volumes from the competent person's report to calculate the silver streaming commitment. Given the size and complexity around these transactions, there is a risk that the accounting treatment may be incorrect and as such this was a key audit matter.	**Silver streaming commitment** We reviewed management's valuation of the silver streaming commitment. We used our valuation experts to evaluate the key assumptions, including silver prices and the discount rate used by management to value the silver streaming commitment. We benchmarked these to external data and critically assessed the assumptions based on our knowledge of the Group and the industry within which it operates. We reconciled the key assumptions around silver production volumes to the competent person's report as well as against historic performance. There were no material differences. We also assessed the competence and objectivity of the competent person. **Withholding tax liability** We reviewed the correspondence with the Public Revenue Office (PRO) of the Republic of North Macedonia and agreed that the final adjustment is in line with the PRO's assessment. We examined the Share Purchase Agreement to check the inclusion of an indemnity clause. Management concluded that the withholding tax payable liability relates to the period prior to acquisition and accordingly that the Group has a tax indemnity, provided by the seller in accordance with the Share Purchase Agreement. Therefore, the liability has been accounted for as a fair value adjustment on acquisition with the recognition of a corresponding indemnification asset of $5.9m. This treatment is consistent with the evidence we obtained. We note that a full and final settlement has been agreed with the seller and that the tax liability has been settled with the PRO in the period after 31 December 2018. Based on the results of our work, we concur with the final fair value adjustments and the associated disclosure in Note 6.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and non-current assets As disclosed in note 20, the Group has goodwill of $22.3m within the Sasa cash generating unit (Sasa CGU) and $8.9m within the Kounrad cash generating unit (Kounrad CGU) which must be tested for impairment on an annual basis. **Sasa CGU** Management undertook an impairment assessment using a discounted cash flow model under the fair value less costs to dispose method, which was higher than value-in-use. The estimate of the recoverable amount requires significant judgements on the part of management in valuing the Sasa CGU. Management considered the key assumptions to be long-term zinc and lead prices, short-term production volumes and the discount rate. Management used external experts to prepare the reserves and resources statements for Sasa. Management sensitised the forecast 2019 production volumes, zinc and lead price forecasts and the discount rate and concluded that any reasonably possible changes in these assumptions do not lead to an impairment of the carrying value. Given the sensitivity of the recoverable amount to a reasonable possible change in assumptions management concluded that a sensitivity analysis should be disclosed in the financial statements. **Kounrad CGU** Management undertook an impairment assessment of the goodwill balance and determined that the recoverable amount of the goodwill balance exceeded the carrying value. The carrying value of Kounrad is supported by a value-in-use calculation, based on future cash flow forecasts. Management used external experts to prepare the reserves and resources statements for Kounrad. In addition, management determined that there are no triggers for impairment of non-current assets, having considered key factors such as commodity prices, reserves estimates and discount rates. **Company (CAML Plc)** Management also considered the recoverability of the investments and intercompany balances in subsidiaries held in the company financial statements. They did not identify any differences between the carrying amount of the individual investments and the relevant recoverable amount, other than in respect of the intercompany loans to Shuak and Copper Bay, where management determined that these loans should be written down to nil based on the analysis of the recoverable amounts. Impairment assessments require significant judgement and there is the risk that the valuation of the assets may be incorrect and any potential impairment charge miscalculated. As such, this was a key audit matter due to the material nature of the respective balances.	We assessed the competence and objectivity of the experts by considering factors including professional qualifications and fee arrangements. We held discussions with the experts regarding the key judgements and estimates taken during the preparation of the reserves and resources statements. We used our valuation experts to evaluate the key assumptions, including the commodity prices and discount rates used by management. We benchmarked these to external data and critically assessed the assumptions based on our knowledge of the Group and the industry within which it operates. We evaluated management's future cash flow forecasts, and the process by which they were drawn up, including checking the mathematical accuracy of the cash flow models and agreeing future capital and operating expenditure to the latest Board approved budgets and the latest approved life of mine plans. We assessed the reasonableness of management's future forecasts included in the cash flow forecasts in light of the historical accuracy of such forecasts and the current operational results. **Sasa CGU** We performed sensitivity analysis around the key assumptions within the cash flow forecasts using a lower production profile, lower commodity prices and higher discount rate, based on what, in our view, a market participant may apply. We did not identify any material issues with management's impairment conclusions and the disclosures made by management. Our sensitivity analysis highlighted that the estimate of the recoverable amount of Sasa is sensitive to changes in key assumptions and accordingly we note that management has included a sensitivity analysis in note 20. **Kounrad CGU** Kounrad had significant headroom between the recoverable amount and the carrying value and no reasonable possible change in key assumptions would reduce the recoverable amount below the carrying value. We agree with management's conclusions. **Company (CAML Plc)** We compared the fair value of the underlying CGUs against the carrying values of the investments and intercompany balances, and agree with management's conclusions that there is no impairment except for in respect of intercompany loans due from Shuak and Copper Bay.

Other than in relation to the recoverability of the investments and intercompany balances referred above, we determined that there were no other key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the statutory reporting unit level by us, as the Group audit team, or through involvement of our component auditors in Kazakhstan and North Macedonia. The Group's assets and operations are primarily located within two locations in Kazakhstan and North Macedonia. Financial reporting is undertaken in offices in Balkhash, Skopje and London.

We identified four units, which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics. This included two main operating subsidiaries in Kazakhstan, one operating subsidiary in North Macedonia as well as the head office in London. Specific audit procedures on certain balances and transactions were also performed on a further one reporting unit. This gave us coverage of 99% of consolidated profit before tax, 99% of consolidated revenue and 98% of consolidated total assets. This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Where work was performed by our component auditors in Kazakhstan and North Macedonia, we determined the level of involvement we needed to have in the audit work for each reporting unit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As part of our year end audits, the Group team's involvement comprised of site visits, conference calls, review of component auditor work papers, attendance at component audit clearance meetings and other forms of communication as considered necessary. In addition, senior members of the Group audit team performed site visits to the operating assets at Kounrad and the SASA mine.

The Group audit team directly performed the work over the company and the intermediate holding companies, as well as the consolidation.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	$3,600,000 (2017: $2,200,000).	$2,599,000 (2017: $945,151).
How we determined it	5% of profit before tax (2017: 5% of a three year average profit before tax).	5% of profit before tax (2017: 5% of a three year average profit before tax).
Rationale for benchmark applied	In assessing the most appropriate benchmark to use as a basis for materiality we considered the nature of the legacy business and the full year results of the newly acquired CMK Resources. Since the Group and its significant components are profit-oriented entities, we believe that a PBT-based benchmark is the most appropriate. Due to one off exceptionals (e.g. impairment), we considered that a PBT before exceptionals was more appropriate.	We have assessed that the most appropriate benchmark for the Company is profit before tax.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $400,000 and $3,200,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $180,000 (Group audit) (2017: $110,000) and $129,000 (Company audit) (2017: $47,250) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 56, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.



Timothy McAllister
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 April 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Note	Group 2018 $'000	Group 2017 $'000 (restated)*
Continuing operations			
Revenue	7	**192,334**	102,123
Presented as:			
Gross revenue	7	**204,152**	106,479
Less:			
Silver purchases from Silver Stream	7	**(6,023)**	(1,120)
Distribution and selling costs	9	**(2,045)**	(646)
Off-take buyers' fees	7	**(3,750)**	(2,590)
Revenue		**192,334**	102,123
Cost of sales	8	**(76,418)**	(31,425)
Gross profit		**115,916**	70,698
Administrative expenses	10	**(23,950)**	(15,202)
Other expenses	11	**(1,030)**	(12,600)
Other income		**359**	252
Foreign exchange (loss)/gain		**(3,879)**	3,362
Operating profit		**87,416**	46,510
Finance income	15	**264**	5,597
Finance costs	16	**(14,999)**	(2,319)
Profit before income tax		**72,681**	49,788
Income tax	17	**(18,822)**	(13,433)
Profit for the year from continuing operations		**53,859**	36,355
Discontinued operations			
Loss for the year from discontinued operations	22	**(7,274)**	(76)
Profit for the year		**46,585**	36,279
Profit attributable to:			
– Non-controlling interests		**(1,439)**	(36)
– Owners of the parent		**48,024**	36,315
		46,585	36,279
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in cents per share)		**$ cents**	$ cents
Basic earnings/(loss) per share			
From continuing operations	18	**31.33**	29.08
From discontinued operations		**(4.12)**	(0.06)
From profit for the year		**27.21**	29.02
Diluted earnings/(loss) per share			
From continuing operations	18	**30.65**	28.38
From discontinued operations		**(4.12)**	(0.06)
From profit for the year		**26.53**	28.32

* The comparatives have been restated to reflect the finalisation of acquisition accounting under IFRS 3 (see note 6).

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 $42,830,000 (2017: $26,826,000).

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Note	Group 2018 $'000	Group 2017 $'000 (restated*)
Profit for the year		**46,585**	36,279
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	27	**(10,288)**	8,269
Foreign exchange on intercompany loan		**(13,020)**	–
Other comprehensive (expense)/income for the year, net of tax		**(23,308)**	8,269
Total comprehensive income for the year		**23,277**	44,548
Attributable to:			
– Non-controlling interests		**(1,439)**	(36)
– Owners of the parent		**24,716**	44,584
Total comprehensive income for the year		**23,277**	44,548
Total comprehensive income/(expense) attributable to equity shareholders arises from:			
– Continuing operations		**30,551**	44,624
– Discontinued operations		**(7,274)**	(76)
		23,277	44,548

* The comparatives have been restated to reflect the finalisation of acquisition accounting under IFRS 3 (see note 6).

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

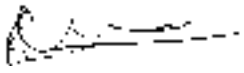
AS AT 31 DECEMBER

	Note	Group 2018 $'000	Group 2017 $'000 (restated)*	Company 2018 $'000	Company 2017 $'000
Assets					
Non-current assets					
Property, plant and equipment	19	**429,601**	469,261	**290**	37
Intangible assets	20	**61,311**	69,915	**3**	8
Investments	21	**–**	–	**5,491**	11,821
Other non-current receivables	23	**2,120**	2,519	**–**	1,531
		493,032	541,695	**5,784**	13,397
Current assets					
Inventories	24	**7,529**	6,998	**–**	–
Trade and other receivables	23	**10,078**	19,705	**374,192**	328,902
Restricted cash	25	**4,376**	2,812	**4,222**	2,672
Cash and cash equivalents	25	**34,649**	43,022	**15,297**	15,083
		56,632	72,537	**393,711**	346,657
Assets of disposal group classified as held for sale	22	**61**	5,760	**–**	–
		56,693	78,297	**393,711**	346,657
Total assets		**549,725**	619,992	**399,495**	360,054
Equity attributable to owners of the parent					
Ordinary shares	26	**1,765**	1,765	**1,765**	1,765
Share premium	26	**191,184**	191,184	**191,184**	191,184
Treasury shares	26	**(6,526)**	(7,780)	**(6,526)**	(7,780)
Currency translation reserve	27	**(89,454)**	(79,166)	**–**	–
Retained earnings:					
At 1 January		**231,241**	215,479	**56,195**	51,184
Profit for the year attributable to the owners		**48,024**	36,315	**42,830**	26,826
Other changes in retained earnings		**(48,984)**	(20,553)	**(35,898)**	(21,815)
		230,281	231,241	**63,127**	56,195
		327,250	337,244	**249,550**	241,364
Non-controlling interests		**(1,384)**	55	**–**	–
Total equity		**325,866**	337,299	**249,550**	241,364
Liabilities					
Non-current liabilities					
Borrowings	31	**106,549**	141,839	**106,549**	89,711
Silver streaming commitment	30	**22,905**	25,711	**–**	–
Other non-current payables	29	**–**	8,000	**–**	–
Deferred income tax liability	37	**27,670**	31,196	**–**	–
Provisions for other liabilities and charges	32	**5,069**	5,319	**–**	–
		162,193	212,065	**106,549**	89,711
Current liabilities					
Borrowings	31	**38,400**	40,075	**38,400**	24,000
Silver streaming commitment	30	**2,263**	2,056	**–**	–
Trade and other payables	29	**20,916**	28,361	**4,996**	4,979
Provisions for other liabilities and charges	32	**47**	46	**–**	–
		61,626	70,538	**43,396**	28,979
Liabilities of disposal group classified as held for sale	22	**40**	90	**–**	–
		61,666	70,628	**43,396**	28,979
Total liabilities		**223,859**	282,693	**149,945**	118,690
Total equity and liabilities		**549,725**	619,992	**399,495**	360,054

* The comparatives have been restated to reflect the finalisation of acquisition accounting under IFRS 3 (see note 6).

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

The financial statements on pages 63 to 102 were authorised for issue by the Board of Directors on 9 April 2019 and were signed on its behalf by



Gavin Ferrar
Chief Financial Officer

Registered no. 5559627

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Attributable to owners of the parent	Note	Ordinary Shares $'000	Share premium $'000	Treasury shares $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 January 2017		**1,121**	**–**	**(7,780)**	**(87,435)**	**215,479**	**121,385**	**91**	**121,476**
Profit/(loss) for the year (restated*)		–	–	–	–	36,315	36,315	(36)	36,279
Other comprehensive expense – currency translation differences (restated*)	27	–	–	–	8,269	–	8,269	–	8,269
Total comprehensive income/ (expense)		**–**	**–**	**–**	**8,269**	**36,315**	**44,584**	**(36)**	**44,548**
Transactions with owners									
Issue of shares	26	644	191,184	–	–	–	191,828	–	191,828
Share based payments	10	–	–	–	–	2,823	2,823	–	2,823
Disposal of subsidiaries	21	–	–	–	–	1,262	1,262	–	1,262
Exercise of options		–	–	–	–	(1,492)	(1,492)	–	(1,492)
Dividends	35	–	–	–	–	(23,146)	(23,146)	–	(23,146)
Total transactions with owners, recognised directly in equity		644	191,184	–	–	(20,553)	171,275	–	171,275
Balance as at 31 December 2017 (restated*)		**1,765**	**191,184**	**(7,780)**	**(79,166)**	**231,241**	**337,244**	**55**	**337,299**
Profit/(loss) for the year		–	–	–	–	48,024	48,024	(1,439)	46,585
Other comprehensive expense – currency translation differences	27	–	–	–	(10,288)	–	(10,288)	–	(10,288)
Total comprehensive income/ (expense)		**–**	**–**	**–**	**(10,288)**	**48,024**	**37,736**	**(1,439)**	**36,297**
Transactions with owners									
Share based payments	10	–	–	–	–	4,904	4,904	–	4,904
Disposal of Zuunmod UUL LLC	21	–	–	–	–	(66)	(66)	–	(66)
Sales of EBT shares	28	–	–	55	–	–	55	–	55
Exercise of options	28	–	–	1,199	–	(1,199)	–	–	–
Foreign exchange on intercompany loan						(13,020)	(13,020)	–	(13,020)
Dividends	35	–	–	–	–	(39,603)	(39,603)	–	(39,603)
Total transactions with owners, recognised directly in equity		–	–	1,254	–	(48,984)	(47,730)	–	(47,730)
Balance as at 31 December 2018		**1,765**	**191,184**	**(6,526)**	**(89,454)**	**230,281**	**327,250**	**(1,384)**	**325,866**

* The comparatives have been restated to reflect the finalisation of acquisition accounting under IFRS 3 (see note 6).

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Company	Note	Ordinary Shares $'000	Share premium $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 January 2017		**1,121**	**–**	**(7,780)**	**51,184**	**44,525**
Profit for the year		–	–	–	26,826	26,826
Total comprehensive income		–	–	–	26,826	26,826
Transactions with owners						
Issue of shares	26	644	191,184	–	–	191,828
Share based payments	10	–	–	–	2,823	2,823
Exercise of options		–	–	–	(1,492)	(1,492)
Dividends	35	–	–	–	(23,146)	(23,146)
Total transactions with owners, recognised directly in equity		644	191,184	–	(21,815)	170,013
Balance as at 31 December 2017		**1,765**	**191,184**	**(7,780)**	**56,195**	**241,364**
Profit for the year		–	–	–	42,830	42,830
Total comprehensive income		**–**	**–**	**–**	**42,830**	**42,830**
Transactions with owners						
Share based payments	10	–	–	–	4,904	4,904
Sale of EBT shares		–	–	55	–	55
Exercise of options	28	–	–	1,199	(1,199)	–
Dividends	35	–	–	–	(39,603)	(39,603)
Total transactions with owners, recognised directly in equity		–	–	1,254	(35,898)	(34,644)
Balance as at 31 December 2018		**1,765**	**191,184**	**(6,526)**	**63,127**	**249,550**

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

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Cash generated from operations	33	**130,131**	60,412
Interest paid		**(14,510)**	(2,127)
Corporate income tax paid		**(31,833)**	(12,294)
Net cash generated from operating activities		**83,788**	45,991
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	6	**–**	(268,008)
Balancing receipt from acquisition		**3,300**	–
Purchase of property, plant and equipment	19	**(15,019)**	(4,082)
Purchase of intangible assets	22	**(907)**	(2,025)
Interest received	15	**264**	323
Increase in restricted cash	25	**(1,564)**	(2,694)
Net cash used in investing activities		**(13,926)**	(276,486)
Cash flows from financing activities			
Proceeds from issues of shares (net)	26	**–**	142,945
Gain on currency hedge	15	**–**	2,977
Proceeds from borrowings	31	**60,809**	120,000
Repayment of borrowings	31	**(99,265)**	(8,362)
Dividends paid to owners of the parent	35	**(39,603)**	(23,146)
Settlement on exercise of share options	28	**(21)**	(1,491)
Net cash (used in)/received from financing activities		**(78,080)**	232,923
Effect of foreign exchange (loss)/gain on cash and cash equivalents		**(248)**	487
Net (decrease)/increase in cash and cash equivalents		**(8,466)**	2,915
Cash and cash equivalents at the beginning of the year	25	**43,173**	40,258
Cash and cash equivalents at the end of the year	25	**34,707**	43,173

Cash and cash equivalents at 31 December 2018 includes cash at bank and on hand included in assets held for sale of $58,000 (31 December 2017: $151,000) (note 22). The Consolidated Statement of Cash Flows does not include the restricted cash balance of $4,376,000 (2017: $2,812,000).

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

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').

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 80% of the Shuak copper exploration property in northern Kazakhstan and a 75% equity interest in Copper Bay Limited. At the year end the decision was taken to impair the Shuak and Copper Bay assets in full. See note 22 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 the preparation of 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 ('IFRSIC') 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 fair value. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2018. 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 (Financial Reporting Standard 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 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 meets its day to day working capital requirements through its profitable 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 2018. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the Financial Statements.

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 approximately October 2022. During the year, 100% of Sasa's zinc and lead concentrate was sold to credit-worthy customers and on 1 January 2018, CMK Mining Limited (previously named Lynx Mining Limited) entered into a zinc and lead concentrate 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 therefore continues to adopt the going concern basis in preparing its Consolidated Financial Statements. Please refer to notes 7, 25 and 29 for information on the Group's revenues, cash balances and trade and other payables.

2. Summary of significant accounting policies continued

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 2018:

- IFRS 9 "Financial Instruments" - In the current period the Company has adopted IFRS 9 Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application. Receivables that were previously measured at amortised cost under IAS 39 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Therefore, such instruments continue to be measured at amortised cost under IFRS 9. The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39.

  The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated at fair value through profit or loss attributable to changes in credit risk. The Company has not designated any financial liabilities at fair value through profit or loss therefore this requirement has not had an impact on the Company. IFRS 9 requires the Company to record expected credit losses on all of its receivables, either on a 12 month or lifetime basis. An assessment of its intercompany loans advanced to subsidiaries repayable on demand (see note 23) was made and it was concluded that the subsidiaries have sufficient cashflows to repay these loans over the next five years and there was no reasonable expectation that these intercompany loans would be demanded before this, as a result expected credit loss is extremely immaterial.

  Aside from this the Company only holds receivables with no financing component that have maturities of 12 months or less. This requirement has not significantly changed the carrying amounts of the Company's financial assets under IFRS 9. Comparative figures for the year ended 31 December 2017 have not been restated and are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

- IFRS 15 "Revenue from contracts with customers" - which is based on the principle that revenue is recognised when control of a good or service transfers to a customer. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers: 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. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 9 without any significant changes to the requirements. Management has reviewed the agreements with Traxys and is comfortable that there is no significant change to revenue recognition. The Silver Stream agreement is not impacted by the new standard due to the fact that the Group did not recognise the original deposit in the agreement as it was received prior to ownership and therefore the Group does not recognise any deferred revenue. See note 6 – Business combinations for more details. In summary, there was no impact of adopting IFRS 15 for the Company in the current year or comparative year.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods or the current period.

The following standards, amendments and interpretations to existing standards relevant to the Group are not yet effective and have not been early adopted by the Group. The items disclosed are those that could have an impact on the Group.

- IFRS 16 "Leases" was issued in January 2016. It will result in lease contracts generally being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. The Group has reviewed all of its contracts and agreements which could be considered a Lease per IFRS 16. As at the reporting date, the Group has non-cancellable operating lease commitments of $969,536, of which the London office lease is of the most significant value alongside some apartments and vehicles leased. Aside from this, all of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. The standard must be applied for financial years commencing on or after 1 January 2019. Due to the immaterial impact the Group will not adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation
The Group Financial Statements consolidate the Financial Statements of CAML and the entities it controls drawn up to 31 December 2018.

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 expense.

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.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit expected to benefit from the business combination in which the goodwill arose. Where the recoverable amount is less than the carrying amount, including goodwill, an impairment loss is recognised in the Income Statement. The carrying amount of goodwill allocated to an entity is taken into account when determining the gain or loss on disposal of the unit.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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 unrecognised 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 presentation currency.

2. Summary of significant accounting policies continued

Transactions in currencies other than the functional currency are initially recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Income Statement.

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 acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

The cost of the item also includes the cost of decommissioning any buildings or plant and equipment and making good the site, where a present obligation exists to undertake the restoration work.

Development costs relating to specific mining properties are capitalised once management determines a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalisation of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management and is considered commercially viable. Costs incurred during the production phase to increase future output by providing access to additional reserves, are deferred and depreciated on a units-of-production basis over the component of the reserves to which they relate. Ore reserves may be declared for an undeveloped mining project before its commercial viability has been fully determined. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit. Development costs expenditures are not depreciated.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its total expected useful life. As at 31 December 2018 the remaining useful lives were as follows:

- Construction in progress – not depreciated
- Land – not depreciated
- Plant and equipment – over 5 to 21 years
- Mining assets – over 2 to 21 years
- Motor vehicles – over 2 to 10 years
- Office equipment – over 2 to 10 years

Mineral rights are depreciated on a Unit of Production basis ('UoP'), in proportion to the volume of ore extracted in the year compared with total proven and probable reserves at the beginning of the year. Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight-line basis.

Construction in progress is not depreciated until transferred to other classes of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the Income Statement.

Intangible assets

a) Exploration and evaluation expenditure

Capitalised costs include costs directly related to any Group exploration and evaluation activities in the relevant area of interest. 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 2 to 5 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 less costs to sell is based on the best available information to reflect the amount the Group could receive for the cash-generating unit in an arm's length sale. In some cases, this is estimated using a discounted cash flow analysis.

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. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations and establishes a five-step model to account for revenue arising from contracts with customers. 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 a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to comparative information.

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, freight costs 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.

2. Summary of significant accounting policies continued

Revenue is recognised when all significant risks and rewards of ownership are transferred to the buyer, usually when title has passed to the buyer and the goods have been delivered in accordance with the contractual delivery terms.

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 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. The price fixing arrangements are outside the scope of IAS 39 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, silver purchases from Silver Stream and freight.

The only changes to the new accounting policy under IFRS 15 compared with IAS 18 are the performance obligation under IFRS 15 and control of the items sold under IFRS 15 compared to risk and rewards of the ownership being transfer under IAS 18. Otherwise the application of the new policy is identical to that in the comparative data.

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 saleable 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. They are measured at the lower of their 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 major 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.

Leases
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Treasury 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.

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 defaults 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.

2. Summary of significant accounting policies continued

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. 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. The commitment is amortised via cost of sales based on a unit of production method.

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.

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 the 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 risks specific to the obligation. 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 personnel 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 jubilee 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 obligated 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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred discounted) at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

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:

	Average rate			Reporting date spot rate		
	2018	2017	Movement	**2018**	2017	Movement
Kazakhstan Tenge	**344.71**	326.00	18.71	**384.20**	332.33	51.87
Macedonian Denar	**52.12**	51.69*	0.43	**53.69**	51.27	2.42
British Pound	**0.75**	0.78	0.03	**0.79**	0.74	0.05

* for the 2 month period ended 31 December 2017 (note 6)

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:

	Group		
	2018		
In $'000 equivalent	**USD**	**EUR**	**GBP**
Cash and cash equivalents	**12,792**	**6**	**774**
Trade and other payables	**–**	**(452)**	**(2,522)**
Net exposure	**12,792**	**(446)**	**(1,748)**

	2017		
In $'000 equivalent	**USD**	**EUR**	**GBP**
Cash and cash equivalents	4,895	48	3,473
Trade and other payables	–	(42)	(3,781)
Net exposure	4,895	6	(308)

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 2018, if the foreign currencies had weakened/strengthened by 10% against the US Dollar, post-tax Group profit for the year would have been $231,000 lower/higher (2017: $1,114,000 lower/higher).

3. Financial risk management continued

Commodity price risk

During the year and prior to re-financing, the Group's Treasury policy allowed limited hedging up to a maximum of 50% of the Group's rolling 12-month copper production by fixing the price in advance for its copper cathode sales and zinc and lead prices hedging up to 75% of annual production. The current debt facility limits copper, zinc and lead price hedging in 2019 up to a maximum 50% of the next 12 months production.

The Group's hedging policy for 2019 is not to hedge commodity prices, however a hedging program can be put in place on the approval of the Board of Directors.

During the year ended 31 December 2018, the Group fixed the price of 3,000 tonnes of copper cathode with the Group's off-take partner at $7,325/t and 1,875 tonnes at $6,002/t (2017: 5,125 tonnes).

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.

	Estimated effect on earnings and equity	
	2018 $'000	2017 $'000
10% increase in copper, zinc and lead price	**20,526**	10,648
10% decrease in copper, zinc and lead price	**(20,526)**	(10,648)

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 2018 (2017: 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. The refinance has also lifted the security granted in Bermuda, enabling the Group to restructure CMK Mining Limited (now known as CMK Mining B.V.) and this process was completed in Q1 2019.

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

Net debt

	Note	**2018 $'000**	2017 $'000 (restated)
Cash and cash equivalents	25	**34,649**	43,022
Borrowings variable interest rates – repayable within one year	31	**(38,400)**	(40,075)
Borrowings variable interest rates – repayable after one year	31	**(106,549)**	(141,839)
Net debt		**(110,300)**	(138,892)
Total equity		**325,866**	337,299
Net debt to equity ratio		**34%**	41%

Changes in liabilities arising from cash flows

The total borrowings as at 1 January 2018 were $181,914,000 (2017: $nil). During the year, total repayments of $99,265,000 (2017: $8,362,000) were made including the repayment of the SG Loan and the agreed principal repayments on its borrowings, there was also total drawdowns on the Traxys loan and working capital facility amounting to $60,809,000 (2017: $120,000,000). Other changes amounted to $1,491,000 leading to a closing debt balance of $144,949,000. See note 31 for more details. The cash and cash equivalents brought forward were $43,022,000

(2017: $40,258,000) with a $8,623,000 outflow (2017: 2,277,000 inflow) during the year and also foreign exchange losses of $248,000 ($487,000 gain) and so therefore a closing balance of $34,649,000 (2017: $43,022,000). The Group has substantial cash balances as at 31 December 2018. The Group will continue to monitor any such risks and take appropriate actions.

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 25 and on its trade and other receivables as set out in note 23. 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. On 1 January 2018, CMK Mining Limited (now known as CMK Mining B.V.) entered into a zinc and lead concentrate off-take arrangement with Traxys, which has been fixed through to 2022. The commitment is for 100% of the Sasa concentrate production. As of January 2019 this arrangement is now with CAML MK.

For banks and financial institutions, only parties with a minimum rating of BBB- are accepted. 15% of the Group's cash and cash equivalents including restricted cash at the year-end were held by an A+ rated bank (2017: 37% by an A+ bank). The rest of the Group's cash was held with a mix of institutions with credit ratings between A to BBB- (2017: 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 with high quality credit ratings.

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 2018, the Group's borrowings at variable rates were denominated in North Macedonian Denars and 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 $1,065,000 (2017: $293,000) 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 $13,044,000 of cash balances on short-term deposit as at 31 December 2018 (2017: $7,814,000). The average fixed interest rate on short-term deposits during the year was 1.2% (2017: 0.98%).

Categories of financial instruments

Financial assets

	Group	
Cash and receivables:	**31 Dec 18 $'000**	31 Dec 17 $'000
Cash and cash equivalents including restricted cash (note 25)	**39,025**	45,834
Trade and other receivables	**6,609**	9,792
	45,634	55,626

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

Financial liabilities

	Group	
Measured at amortised cost:	**31 Dec 18 $'000**	31 Dec 17 $'000 (restated)
Trade and other payables within one year	**17,637**	14,622
Borrowings payable within one year (note 31)	**38,400**	40,538
Borrowings payable later than one year but not later than five years (note 31)	**106,549**	108,400
Borrowings payable later than five years	**–**	37,600
	162,586	201,160

Trade and other payables excludes 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:

Mineral reserves and resources

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 judgements in relation to depreciation and amortisation, impairment of assets and the assessment of going concern. These resources 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.

Significant judgement is required to generate an estimate based on the geological data available. 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 2018.

Impairment of non-current assets

Estimates are required periodically to assess assets for impairment. The critical accounting estimates are future commodity prices, ore reserves, discount rates and projected future costs of development and production. This includes an assessment of the carrying values of assets held for sale.

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 (previously named Lynx Resources Limited) acquisition in November 2017 requires an annual impairment review. This review will determine 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 20.

Functional currency

The functional currency of the Kazakhstan subsidiaries is Kazakhstan Tenge and the functional currency of the North Macedonian subsidiaries is North Macedonian Denar, which reflects the currency of the primary economic environment in which these entities operate. Determination of functional currency may involve certain judgments to determine the primary economic environment and this is re-evaluated for each new entity, or if conditions change.

Decommissioning and site rehabilitation estimates

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. The discounted provision recognised represents management's best estimate of the costs that will be incurred, but significant judgement is required, as 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; however significant changes in the estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Business combinations

All business combinations in the Group are accounted for under IFRS 3 "Business Combinations" using the acquisition method. When the Group acquires a business, it assesses the fair value of assets and liabilities acquired for the purpose of purchase price allocation as at the acquisition date. When discounted cash flow calculations are undertaken, management estimates the expected future cash flows from the cash generating unit ('CGU') by considering the future metal price, expected ore reserve, grade, mine life, moisture content and discount rate in order to estimate the expected present value of cash flows from the mine. The inputs to these factors are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. In the prior year, the Group completed the acquisition of CMK Resources Limited which has been accounted for under IFRS 3 "Business Combinations" using the acquisition method. The key assumptions used to determine the fair values of assets acquired and liabilities assumed are disclosed in note 6.

5. Segmental information

The segmental results for the year ended 31 December 2018 are as follows:

	Kounrad $'000	Sasa $'000	Unallocated $'000	Total $'000
Gross revenue	92,644	111,508	–	204,152
Silver purchases from Silver Stream	–	(6,023)	–	(6,023)
Freight cost	(275)	(1,770)	–	(2,045)
Off-take buyers' fees	(2,535)	(1,215)	–	(3,750)
Revenue	89,834	102,500	–	192,334
EBITDA	66,833	71,221	(12,746)	125,308
Depreciation and amortisation	(6,335)	(26,951)	(56)	(33,342)
Foreign exchange (loss)/gain	276	(4,165)	10	(3,879)
Other income	359	–	–	359
Other expenses (note 11)	–	(561)	(469)	(1,030)
Finance income (note 15)	10	3	251	264
Finance costs (note 16)	(140)	(8,555)	(6,304)	(14,999)
Profit/(loss) before income tax	61,003	30,992	(19,314)	72,681
Income tax				(18,822)
Profit for the year after tax from continuing operations				53,859
Loss from discontinued operations				(7,274)
Profit for the year				46,585

The segmental results for the year ended 31 December 2017 are as follows:

	Kounrad $'000	Sasa $'000 (restated)	Unallocated $'000	Total $'000 (restated)
Gross revenue	86,443	20,036	–	106,479
Silver purchases from Silver Stream	–	(1,120)	–	(1,120)
Freight cost	–	(646)	–	(646)
Off-take buyers' fees	(2,590)	–	–	(2,590)
Revenue	83,853	18,270	–	102,123
EBITDA	63,565	14,547	(24,227)	53,885
CMK Resources Limited acquisition costs (note 6)	–	–	12,600	12,600
Adjusted EBITDA	63,565	14,547	(11,627)	66,485
Depreciation and amortisation	(6,695)	(4,238)	(56)	(10,989)
Foreign exchange (loss)/gain	(29)	2,683	708	3,362
Other income	268	(16)	–	252
Other expenses (note 11)	–	–	(12,600)	(12,600)
Finance income (note 15)	8	2,296	3,293	5,597
Finance costs (note 16)	(172)	(783)	(1,364)	(2,319)
Profit/(loss) before income tax	56,945	14,489	(21,646)	49,788
Income tax				(13,433)
Profit for the year after tax from continuing operations				36,355
Profit from discontinued operations				(76)
Profit for the year				36,279

EBITDA excludes the following items:

- Income tax expense;
- Finance income and expense;
- Other income/(expense);
- Foreign exchange;
- Depreciation and amortisation; and
- Discontinuing operations.

5. Segmental information continued

A reconciliation between profit for the year and EBITDA is presented below:

	2018 $'000	2017 $'000 (restated)
Profit for the year	**46,585**	36,279
Plus/(less):		
Income tax expense	**18,822**	13,433
Depreciation and amortisation	**33,342**	10,989
Foreign exchange loss/(gain)	**3,879**	(3,362)
Other income	**(359)**	(252)
Other expenses	**1,030**	–
Finance income	**(264)**	(5,597)
Finance costs	**14,999**	2,319
Loss from discontinued operations	**7,274**	76
Group continuing operations EBITDA	**125,308**	53,885
CMK Resources Limited acquisition costs	**–**	12,600
Group continuing operations adjusted EBITDA	**125,308**	66,485

Group segmental assets and liabilities for the year ended 31 December 2018 are as follows:

	Segmental assets		Additions to non-current assets		Segmental liabilities	
	31 Dec 18 $'000	31 Dec 17 $'000 (restated)	31 Dec 18 $'000	31 Dec 17 $'000 (restated)	31 Dec 18 $'000	31 Dec 17 $'000 (restated)
Kounrad	**80,384**	99,872	**1,395**	1,050	**(11,666)**	(13,953)
Sasa	**450,495**	492,777	**13,352**	3,043	**(78,720)**	(137,864)
Assets held for sale (note 22)	**61**	5,760	**907**	2,002	**(40)**	(90)
Unallocated including corporate	**18,785**	21,583	**296**	–	**(133,433)**	(130,786)
	549,725	619,992	**15,950**	6,095	**(223,859)**	(282,693)

The assets and liabilities of the Copper Bay entities and Shuak have been classified as assets held for sale during the year ended 31 December 2018 (note 22).

6. Business combination

a) Summary of acquisition

In the prior year on 6 November 2017, CAML MK Limited, a wholly owned subsidiary of CAML, acquired 100% of the issued share capital of CMK Resources Limited, a holding company for a group of companies that owns the SASA mine. The acquisition has been accounted for under IFRS 3 "Business Combinations" using the acquisition method. The acquisition was classified as a reverse takeover under the AIM Rules for Companies.

Purchase consideration:	Provisionall fair value $'000	Fair value adjustment $'000	Finall fair value $'000
Cash consideration	340,178	–	340,178
Ordinary shares issued	48,883	–	48,883
Deferred consideration	12,000	–	12,000
	401,061	**–**	**401,061**
Less: net debt acquired	(67,000)	–	(67,000)
Total purchase consideration	**334,061**	**–**	**334,061**

The final assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value $'000	Fair value adjustment $'000	Final fair value $'000
Intangible assets	10,842	–	10,842
Property, plant and equipment	402,567	8,090	410,657
Inventories	2,420	–	2,420
Trade and other receivables	13,127	5,969	19,096
Cash and cash equivalents	8,470	–	8,470
Borrowings	(70,276)	–	(70,276)
Silver streaming commitment	(19,981)	(8,090)	(28,071)
Provisions for other liabilities and charges	(3,493)	–	(3,493)
Trade and other payables	(9,615)	(5,969)	(15,584)
Deferred tax liability	(21,558)	(810)	(22,368)
Net assets acquired	**312,503**	**(810)**	**311,693**
Purchase consideration	334,061	–	334,061
Goodwill	**21,558**	**810**	**22,368**

The fair value assessment process has been finalised during the year and within the permitted 12-month period. The provisional fair values reported as part of the 31 December 2017 Financial Statements have been revised to reflect new information obtained about facts and circumstances that were in existence at the acquisition date. There were two amendments to these provisional fair values:

- The fair value of the Silver Stream (note 30) which was originally reported as "deferred revenue" of $19,981,000 has been revised to $28,071,411 and is referred to as a Silver Streaming commitment. The Group acquired this as part of the acquisition and inherited Silver Streaming commitment related to the production of silver during the life of the mine. The net present value of the future cash flows of the Silver Streaming agreement over the life of the mine was calculated comparing the present value of selling the silver at market value compared to the present value of selling at the agreed contractual price. As a result of this fair value uplift there has been a corresponding increase in the fair value of mineral reserves in plant, property and equipment on acquisition.
- A withholding tax liability which was due on income from payments relating to 2016 and 2017 pre the Group's ownership of the CMK Resources Group has been recognised as a payable as at acquisition date and a corresponding receivable as this balance is considered fully recoverable as it relates to a period prior to ownership. This has no overall impact on the net assets acquired.

The goodwill arising on the completion of the transaction, amounting to $22,368,000, is equal to the deferred tax liability which arises on the difference between the assigned fair value of the acquired assets and liabilities and their tax base.

7. Revenue

Group	2018 $'000	2017 $'000
International customers (Europe) – copper cathode	**90,376**	85,342
International customers (Europe) – zinc and lead concentrate	**109,451**	19,373
Domestic customers (Kazakhstan) – copper cathode	**2,269**	1,100
International customers (Europe) – silver	**2,056**	664
Total gross revenue	**204,152**	106,479
Less:		
Silver purchases from silver stream	**(6,023)**	(1,120)
Off-take buyers' fees	**(3,750)**	(2,590)
Distribution and selling costs (note 9)	**(2,045)**	(646)
Revenue	**192,334**	102,123

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 October 2022. The off-take arrangements are for a minimum of 95% of the SX-EW plant's output. The copper cathodes are delivered from the Kounrad site by rail or road under an FCA (Incoterms 2010) contractual basis and delivered to the end customers.

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. 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 2018, the Group sold 13,696 tonnes (2017: 14,001 tonnes) of copper through the off-take arrangements. Some of the copper cathodes are also sold locally and during 2018, 386 tonnes (2017: 180 tonnes) were sold to local customers.

CMK Resources Group

During the year ended 31 December 2018, the CMK Resources Group sold its zinc and lead concentrate to two European smelters. 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 Group sold 18,792 tonnes (two-month period ended 31 December 2017: 2,906 tonnes) of zinc in concentrate and 27,878 tonnes (two-month period ended 31 December 2017: 4,559 tonnes) of lead in concentrate.

On 1 January 2018, the CMK Resources Group entered into a zinc and lead concentrate 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 revenue arising from silver relates to a contract with Osisko Bermuda Limited where the Group has agreed to sell all of its silver at a fixed price of $5.48/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 30).

8. Cost of sales

Group	2018 $'000	2017 $'000 (restated)
Reagents, electricity and materials	**19,676**	7,600
Depreciation and amortisation	**33,407**	10,798
Silver Stream commitment	**(2,627)**	-
Royalties	**7,995**	5,459
Employee benefit expense	**12,053**	5,079
Consulting and other services	**5,412**	1,995
Taxes and duties	**502**	494
	76,418	31,425

9. Distribution and selling costs

Group	2018 $'000	2017 $'000 (restated)
Freight costs	**1,670**	252
Transportation costs	**184**	108
Employee benefit expense	**76**	72
Taxes and duties	**–**	32
Depreciation and amortisation	**15**	18
Materials and other expenses	**100**	164
	2,045	646

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

10. Administrative expenses

Group	2018 $'000	2017 $'000 (restated)
Employee benefit expense	**9,709**	7,982
Share based payments	**4,904**	2,823
Consulting and other services	**6,754**	3,321
Office-related costs	**1,783**	876
Taxes and duties	**45**	27
Depreciation and amortisation	**755**	173
Total from continuing operations	**23,950**	15,202
Total from discontinued operations (note 22)	**153**	533
	24,103	15,735

11. Other expenses

Group	2018 $'000	2017 $'000
CMK Resources Limited acquisition costs (note 6)	**–**	12,600
Loss on disposal of fixed assets	**561**	–
Impairment of recievable from previous owners	**469**	–
	1,030	12,600

The impairment of receivable from he previous owners relates to the $5.9 million withholding tax payable relating to income from payments in 2016 and 2017. This tax relates to a period pre the Group's ownership and so due to the tax indemnity in place on acquisition was considered fully recoverable as per the acquisition accounting. A settlement was reached in April 2019 where previous owners would pay $5.5 million of the withholding tax payable and therefore the Group has recognised a $469,000 write off.

12. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and its associates:

	2018 $'000	2017 $'000 (restated)
Fees payable to the Company's auditors for the audit of the parent company and Consolidated Financial Statements	**146**	147
Fees payable to the Company's auditors and its associates for other services:		
– The audit of Company's subsidiaries	**179**	188
– Tax compliance services	**26**	53
– Acquisition of CMK Resources Limited including Reporting Accountant fees	**–**	2,382
– Other assurance services	**58**	34
	409	2,804

13. Employee benefit expense

The aggregate remuneration of staff, including Directors, was as follows:

Group	2018 $'000	2017 $'000
Wages and salaries	**18,133**	11,661
Social security costs	**1,775**	1,833
Staff healthcare and other benefits	**2,557**	684
Other pension costs	**509**	350
Share based payments (note 28)	**4,904**	2,823
Total for continuing operations	**27,878**	17,351
Total for discontinuing operations	**75**	175
	27,953	17,526

The total employee benefit expense includes an amount of $1,137,000 (2017: $1,314,000) which has been capitalised within property, plant and equipment.

Company	2018 $'000	2017 $'000
Wages and salaries	**4,778**	5,348
Social security costs	**1,325**	1,257
Staff healthcare and other benefits	**479**	85
Other pension costs	**146**	70
Share based payments (note 28)	**4,904**	2,823
	11,632	9,583

Key management remuneration is disclosed in note 36.

14. Monthly average number of people employed

Group	2018 Number	2017 Number
Operational	**885**	375
Construction	**8**	9
Management and administrative	**146**	81
	1,039	465

The monthly average number of staff employed by the Company during the year was 15 (2017: 13).

15. Finance income

Group	2018 $'000	2017 $'000
Gain on currency hedge	–	2,977
Foreign exchange gain on intercompany borrowings	3	2,297
Bank interest received	261	323
	264	5,597

16. Finance costs

Group	2018 $'000	2017 $'000
Provisions: unwinding of discount (note 32)	489	192
Interest on borrowings (note 31)	15,225	2,106
Bank charges	117	21
Gain on modification of the debt facility (note 31)	(832)	–
	14,999	2,319

17. Income tax

Group	2018 $'000	2017 $'000 (restated)
Current tax on profits for the year	20,391	13,953
Deferred tax credit (note 37)	(1,569)	(520)
Income tax expense	18,822	13,433

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

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:

Group	2018 $'000	2017 $'000 (restated)
Profit before taxation including loss from discontinued operations	65,407	49,712
Tax calculated at domestic tax rates applicable to profits in the respective countries	27,410	9,006
Tax effects of:		
Expenses not deductible for tax purposes	2,982	3,582
Profit/(loss) not subject to tax – Group operations in Bermuda	-	180
Movement on unrecognised deferred tax – tax losses	(10,001)	1,185
Movement on recognised deferred tax (note 37)	(1,569)	(520)
Income tax expense	18,822	13,433

Corporate income tax is calculated at 19% (2017: 19.25%) of the assessable profit for the year for the UK company's, 20% for the operating subsidiaries in Kazakhstan (2017: 20%) and 10% (2017: 10%) for the operating subsidiaries in North Macedonia.

Expenses not deductible for tax purposes includes share based payment charges and transfer pricing adjustments in accordance with local tax legislation.

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.

18. 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 26).

	2018 $'000	2017 $'000 (restated)
Profit from continuing operations attributable to owners of the parent	**55,302**	36,391
Loss from discontinued operations attributable to owners of the parent	**(7,274)**	(76)
Profitable attributable to owners of the parent	**48,028**	36,315

	2018 No.	2017 No.
Weighted average number of Ordinary Shares in issue	**176,498,266**	125,144,585

	2018 $ cents	2017 $ cents
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in $ cents per share)		
From continuing operations	**31.33**	29.08
From discontinued operations	**(4.12)**	(0.06)
From profit for the year	**27.21**	29.02

(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.

	2018 $'000	2017 $'000 (restated)
Profit from continuing operations attributable to owners of the parent	**55,302**	36,391
Loss from discontinued operations attributable to owners of the parent	**(7,274)**	(76)
Profitable attributable to owners of the parent	**48,028**	36,315

	2018 No.	2017 No.
Weighted average number of Ordinary Shares in issue	**176,498,266**	125,144,585
Adjusted for – Share options	**3,937,283**	3,115,417
Weighted average number of Ordinary Shares for diluted earnings per share	**180,435,549**	128,260,002

Diluted earnings/(loss) per share	2018 $ cents	2017 $ cents
From continuing operations	**30.65**	28.38
From discontinued operations	**(4.12)**	(0.06)
From profit for the year	**26.53**	28.32

19. Property, plant and equipment

Group	Construction in progress $'000	Plant and equipment $'000	Mining assets $'000	Motor vehicles and office equipment $'000	Land $'000	Mineral rights $'000	Total $'000
Cost							
At 1 January 2017	**3,199**	**61,109**	**1,631**	**1,542**	**–**	**–**	**67,481**
Acquisition of subsidiary (note 6) (restated)	8,722	48,216	–	–	643	353,076	410,657
Additions	3,903	26	–	132	21	–	4,082
Disposals	(28)	(396)	–	(46)	–	–	(470)
Change in estimate – asset retirement obligation (note 32)	–	(477)	–	–	–	–	(477)
Transfers	(5,129)	5,057	–	72	–	–	–
Exchange differences	371	1,648	5	3	–	11,934	13,961
At 31 December 2017 (restated)	**11,038**	**115,183**	**1,636**	**1,703**	**664**	**365,010**	**495,234**
Additions	14,398	108	–	513	–	–	15,019
Disposals	(24)	(596)	–	(60)	–	–	(680)
Change in estimate – asset retirement obligation (note 32)	–	(159)	–	–	–	–	(159)
Transfers	(7,439)	7,432	–	7	–	–	–
Transfer from stock	35	116	–	–	–	–	151
Exchange differences	(691)	(8,809)	(221)	(216)	(30)	(14,677)	(24,644)
Impairment	–	(43)	–	–	–	–	(43)
At 31 December 2018	**17,317**	**113,232**	**1,415**	**1,947**	**634**	**350,333**	**484,878**
Accumulated depreciation							
At 1 January 2017	**–**	**16,365**	**100**	**692**	**–**	**–**	**17,157**
Provided during the year	–	6,321	69	142	–	2,805	9,337
Disposals	–	(435)	–	(19)	–	–	(454)
Exchange differences	–	(40)	(1)	(26)	–	–	(67)
At 31 December 2017 (restated)	**–**	**22,211**	**168**	**789**	**–**	**2,805**	**25,973**
Provided during the year	–	13,086	89	201	–	18,399	31,775
Disposals	–	(66)	–	(30)	–	–	(96)
Impairment	–	(6)	–	–	–	–	(6)
Exchange differences	–	(2,229)	(32)	(108)	–	–	(2,369)
At 31 December 2018	**–**	**32,996**	**225**	**852**	**–**	**21,204**	**55,277**
Net book value at 31 December 2017	11,038	92,972	1,468	914	664	362,205	469,261
Net book value at 31 December 2018	**17,317**	**80,236**	**1,190**	**1,095**	**634**	**329,129**	**429,601**

The Company had $290,000 of office equipment at net book value as at 31 December 2017 (2017: $37,000).

The CMK Resources Group no longer has any pledged building and equipment as security for the borrowings as the SG loan was repaid in full during the year. In the prior year $8,836,000 was held as security for the borrowings in relation to the SG loan (see note 31).

The reduction in estimate in relation to the asset retirement obligation of $159,000 (2017: $477,000) is due to a combination of adjusting the provision recognised at 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 32).

20. Intangible assets

Group	Goodwill $'000	Exploration and evaluation costs $'000	Mining licences and permits $'000	Computer software and website $'000	Total $'000
Cost					
At 1 January 2017	**10,293**	**3,600**	**30,951**	**58**	**44,902**
Acquisition of subsidiary (note 6)	22,368	–	10,412	430	33,210
Additions	–	2,002	–	23	2,025
Assets classified as held for sale (note 22)	–	(5,602)	–	–	(5,602)
Exchange differences	803	–	367	3	1,173
At 31 December 2017	**33,464**	**–**	**41,730**	**514**	**75,708**
Additions	–	–	–	28	28
Disposals	–	–	–	(6)	(6)
Exchange differences	(2,285)	–	(4,096)	(17)	(6,398)
At 31 December 2018	**31,179**	**–**	**37,634**	**519**	**69,332**
Accumulated amortisation					
At 1 January 2017	**–**	**–**	**4,108**	**35**	**4,143**
Provided during the year	–	–	1,628	30	1,658
Exchange differences	–	–	(8)	–	(8)
At 31 December 2017	**–**	**–**	**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**
Net book value at 31 December 2017	33,464	–	36,002	449	69,915
Net book value at 31 December 2018	**31,179**	**–**	**30,097**	**35**	**61,311**

The Company had $3,000 of computer software and website costs at net book value as at 31 December 2018 (2017: $8,000).

Impairment assessment

Kounrad project

The Kounrad project located in Kazakhstan has an associated goodwill balance. In accordance with IAS 36 "Impairment of assets" and IAS 38 "Intangible Assets", a review for impairment of goodwill is undertaken annually or at any time an indicator of impairment is considered to exist and in accordance with IAS 16 "Property, plant and equipment", a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist. The discount rate applied to calculate the present value is based upon the real weighted average cost of capital applicable to the cash generating unit ('CGU'). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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 relevant 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 key economic assumptions used in the review were a five-year forecast average nominal copper price of $6,985 per tonne and a long-term price of $7,472 per tonne and a discount rate of 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, so no impairment identified.

Sasa project

The SASA project located in North Macedonia has an associated goodwill balance. In accordance with IAS 36 "Impairment of assets" and IAS 38 "Intangible Assets", a review for impairment of goodwill is undertaken annually or at any time an indicator of impairment is considered to exist and in accordance with IAS 16 "Property, plant and equipment", a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist.

The assessment compared the recoverable amount of the SASA Cash Generating Unit ('CGU') with its carrying value for the year ended 31 December 2018. The recoverable amount of the CGU is assessed by reference to the higher of value in use ('VIU'), being the net present value ('NPV') of future cash flows expected to be generated by the asset, and fair value less costs to dispose ('FVLCD'). The FVLCD is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions. Cost to dispose is based on management's best estimates of future selling costs at the time of calculating FVLCD. Costs attributable to the disposal of the CGU are not considered significant. The expected future cash flows utilised in the FVLCD model are derived from estimates of projected future revenues based on broker consensus commodity prices, future cash costs of production and capital expenditures contained in the life of mine ('LOM') plan, and as a result FVLCD is considered to be higher than VIU. The Group's discounted cash flow analysis reflects probable reserves as well as resources, and is based on detailed research, analysis and modelling.

At 31 December 2018, the Group has reviewed the indicators for impairment, including forecasted commodity prices, discount rates, operating and capital expenditure, and the mineral reserves and resources' estimates and has not identified any impairment indicators. For the purposes of the impairment review a conservative discount rate of 12% was applied to calculate the present value of the CGU. The key economic assumptions used in the review were a five-year forecast average nominal zinc and lead price of $2,441 and $2,200 per tonne respectively and a long-term price of $2,604 and $2,264 per tonne respectively.

Management then performed sensitivity analyses whereby certain parameters were flexed downwards by reasonable amounts for the CGU to assess whether the recoverable value for the CGU would result in an impairment charge. The following sensitivities were applied:

Long-term zinc price	reduced by US$100/t
Long-term lead price	reduced by US$100/t
Discount rate	increased to 12.5%
Production	decreased by 2.5%

In isolation, 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.

21. Investments

Shares in Group undertakings:

	Company	
	31 Dec 18 $'000	31 Dec 17 $'000
At 1 January	**11,821**	11,771
Investment in Shuak BV	**35**	50
Impairment of investment in Shuak BV	**(143)**	–
Impairment of investment in Copper Bay	**(6,222)**	–
At 31 December	**5,491**	11,821

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

21. Investments continued

Details of the Group holdings are included in the table below:

Subsidiary	Registered office address	Activity	CAML % 2018	CAML % 2017	Date of incorporation
CAML Kazakhstan BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	100	100	23 Jun 08
Shuak BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	80	80	20 Sep 16
Sary Kazna LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SUC operations)	100	100	6 Feb 06
Kounrad Copper Company LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SX-EW plant)	100	100	29 Apr 08
Ken Shuak LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Shuak project (exploration)	100	100	5 Oct 16
Copper Bay Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	75*	75*	29 Oct 10
Copper Bay (UK) Ltd	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	75*	75*	9 Nov 11
Copper Bay Chile Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Holding Company	75*	75*	12 Oct 11
Minera Playa Verde Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Exploration – Copper	75*	75*	20 Oct 11
Zuunmod UUL LLC	Bodi Tower, Chinggis Square, 1st Khoroo, District Chingeltei, Ulaanbaatar 15160, Mongolia	Exploration – Gold	–	85	3 May 07
ZMLUK Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	–	100	10 April 17
CAML MK Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	100	100	5 Sep 17
CMK Resources Limited (previously Lynx Resources Limited)	Cannon's Court, 22 Victoria St, Hamilton HM12, Bermuda	Holding Company	100	100	19 June 2015
CMK Mining B.V. (previously Lynx Mining Limited)	Prins Bernhardplein 200 1097 JB Amsterham, The Netherlands	Seller of zinc and lead concentrate	100	100	30 June 2015
CMK Europe SPLLC Skopje (previously Lynx Europe SPLLC Skopje)	str. Vasil Glavinov no. 7-b/4 Skopje Republic of North Macedonia	Holding Company	100	100	10 July 2015
Rudnik SASA DOOEL Makedonska Kamenica	28 Rudarska Str, Makedonska Kamenica, 2304, North Macedonia	Sasa project	100	100	22 June 2005

* Fully diluted basis

CAML MK

For the period ended 31 December 2018, 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 2018. 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.

Copper Bay

At the year end the investment held in Copper Bay was 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.

Shuak

On 22 November 2016, CAML signed a framework agreement to acquire an 80% effective interest in the subsoil use contract ('SUC') for the Shuak exploration property in northern Kazakhstan with 20% effectively being held by local partners. At the year end, this Company has impaired the investment in full and the Group has impaired the exploration and evaluation assets in full as a result of the Boards decision to no longer develop this asset. However, the Group still believe there is some value in these assets and expects to retain either a minority shareholding or royalty to future income from the asset.

Mongolia

In December 2016, CAML Mongolia BV signed an agreement with a third party to sell its entire interest in Monresources LLC for cash consideration of $100 with deferred consideration dependent on the outcome of future events. Confirmation of the transfer of shares to the third party was received in February 2017.

Following unsuccessful attempts to dispose of the Ereen project, CAML disposed of its interest in Zuunmod UUL LLC in April 2018 when ZMLUK Limited was dissolved in April 2018.

22. Assets held for sale

The assets and liabilities of Shuak entities have been presented as held for sale in the Statement of Financial Position as the Group plan to transfer the shareholding to the minority shareholding in 2019 retaining either a 10% holding or alternatively a royalty. The exploration assets held in Shuak have been impaired in full following the decision not to develop this asset and the plan to transfer the shareholding to the minority shareholding in 2019.

The assets and liabilities of the Copper Bay entities continued to have been 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 sales process. The results of the Copper Bay entities for the year ended 31 December 2018 and the comparative year ended 31 December 2017 are shown within discontinued operations in the Consolidated Income Statement. At the year end the exploration assets and PPE held in Copper Bay have been 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.

In the prior year, 2017, the Group continued to hold for sale the assets it owns in Mongolia. The Group disposed of its interest in Monresources LLC in February 2017 and its interest in Zuunmod UUL LLC in April 2018 (see note 21). The Mongolian assets were fully written-down.

Assets of disposal group classified as held for sale:

	31 Dec 18 $'000	31 Dec 17 $'000
Cash and cash equivalents	**58**	151
Intangible assets*	**–**	5,602
Trade and other receivables	**3**	7
	61	5,760

* During the year there were additions of $907,000 in intangible assets in relation to Shuak as the Group completed the second exploration season at Shuak, undertaking both diamond and core hydrotransport drilling. It was then decided as the Group will not develop the project to recognise an impairment for the entire balance of intangible assets.

Liabilities of disposal group classified as held for sale:

	31 Dec 18 $'000	31 Dec 17 $'000
Trade and other payables	**40**	90
	40	90

22. Assets held for sale continued

Loss from discontinued operations:

	2018 $'000	2017 $'000
General and administrative expenses	(153)	(533)
Other income	–	100
Foreign exchange (loss)/gain	(927)	386
Impairment of exploration and evaluation assets	(6,194)	–
Income tax	–	(29)
Loss from discontinued operations	(7,274)	(76)

Cash flows of disposal group classified as held for sale:

	2018 $'000	2017 $'000
Operating cash flows	(93)	151
Total cash flows	(93)	151

Copper Bay

The Group has reviewed the indicators for impairment under IFRS 6 Exploration and Evaluation of Mineral Resources 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. An impairment of its exploration and evaluation assets amounting to $4,018,000 has been recognised through discontinued operations.

Shuak

At the year end the Group has impaired the exploration and evaluation assets in full as a result of the Boards decision to no longer develop this asset amounting to $2,176,000. However, the Group still believe there is some value in these assets and expects to retain either a minority shareholding or royalty to future income from the asset.

23. Trade and other receivables

	Group		Company	
	31 Dec 18 $'000	31 Dec 17 $'000 (restated)	31 Dec 18 $'000	31 Dec 17 $'000
Current receivables				
Receivable from subsidiary	–	–	215	122
Loan due from subsidiary	–	–	373,182	327,891
Trade receivables	3,746	6,254	–	–
Prepayments	1,463	2,367	395	331
VAT receivable	2,006	1,563	189	547
Other receivables	2,863	9,521	211	11
	10,078	19,705	374,192	328,902
Non-current receivables				
Loan due from subsidiary	–	–	–	1,531
Prepayments	71	39	–	–
VAT receivable	2,049	2,480	–	–
	2,120	2,519	–	1,531

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. Management's policy is to assess all trade and other receivables for recoverability on a regular basis. A provision is made where doubt exists and amounts are fully written-off when information becomes known that the amounts due will not be recovered.

There are two loans due from subsidiaries. One loan is owed by CAML MK, a directly owned subsidiary for $315,116,000 (2017: $327,891,000), accrues interest at a rate of 5% per annum and is repayable on demand. There is another loan which is owed by CMK Mining, a subsidiary, for $58,067,000 (2017: $nil) 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. Also, the expected future cash flows arising from the asset also significantly exceed the intercompany loan values so it is believed these loans can be repaid without any significant issue. It has been concluded that the expected credit loss is immaterial, and no adjustment recognised.

As at 31 December 2018, the total Group VAT receivable was $4,055,000 (2017: $4,043,000) which includes an amount of $2,813,000 (2017: $2,703,000) of VAT owed to the Group by the Kazakhstan authorities. In 2018, the Kazakhstan authorities refunded $223,000 and a further $700,000 is expected in June 2019 and this has been classified as current trade and other receivables as at 31 December 2018. The Group is working closely with its advisors to recover the remaining portion. The planned means of recovery will be through a combination of the local sales of cathode copper to offset VAT liabilities and by a continued dialogue with the authorities.

24. Inventories

Group	31 Dec 18 $'000	31 Dec 17 $'000
Raw materials	6,901	6,440
Finished goods	628	558
	7,529	6,998

The Group did not have any slow-moving, obsolete or defective inventory as at 31 December 2018 (2017: nil). The total inventory recognised through the Income Statement was $1,007,000 (2018: $772,000).

25. Cash and cash equivalents

	Group		Company	
	31 Dec 18 $'000	31 Dec 17 $'000	31 Dec 18 $'000	31 Dec 17 $'000
Cash at bank and on hand	21,605	35,208	2,253	7,269
Short-term deposits	13,044	7,814	13,044	7,814
	34,649	43,022	15,297	15,083
Cash at bank and on hand included in assets held for sale	58	151	–	–
Total cash and cash equivalent	34,707	43,173	15,297	15,083
Restricted cash	4,376	2,812	4,222	2,672
Total cash and cash equivalent including restricted cash	39,083	45,985	19,519	17,755

The restricted cash amount of $4,376,000 (2017: $2,812,000) is held at bank to cover debt compliance and Kounrad SUC licence requirements. Short-term deposits are held at call with banks.

26. Share capital and premium

	Number of shares	Ordinary Shares $'000	Share premium $'000	Treasury shares $'000
At 1 January 2017	112,069,738	1,121	–	(7,780)
Issue of shares	64,428,528	644	191,184	–
At 31 December 2017	176,498,266	1,765	191,184	(7,780)
Treasury shares	–	–	–	1,254
At 31 December 2018	176,498,266	1,765	191,184	(6,526)

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

Employee Benefit Trust shares

During the year there was an exercise of share options by senior management that were satisfied by employee benefit trust shares reducing the trust shares by 459,253 and a movement of $1,199,000 (2017: $nil). A further 30,000 trust shares were satisfied as part of the EBT loan repayment with a movement of $55,000 (2017: $nil).

27. 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 Kazakhstan Tenge and North Macedonian Denar. 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. During 2018, a non-cash currency translation loss of $10,288,000 (2017: gain of $8,269,000) was recognised within equity.

28. 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 $0.68 in February 2010 to reflect the changed economic circumstances of the Company and maintain some form of incentive for staff. Only those staff 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 2018, 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 nil-cost share options granted under this scheme vest on the basis of a third annually depending on the achievement by the Group and the participant of the performance targets as determined by the CAML Remuneration Committee.

As at 31 December 2018, 16,000 (2017: 180,000) Old Scheme options and 3,314,006 (2017: 2,596,043) 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. In general, options vest in one-third tranches over a three-year period. 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:

	2018		2017 (restated)	
	Average exercise price in $ per share option	**Options (number)**	Average exercise price in $ per share option	Options (number)
At 1 January	**0.39**	**2,772,260**	0.44	2,491,537
Granted	**0.01**	**1,067,414**	0.01	714,836
Exercised	**0.01**	**(364,074)**	0.01	(434,113)
Expired	**6.42**	**(164,000)**	–	–
At 31 December	**0.01**	**3,311,600**	0.39	2,772,260

The related weighted average share price at the time of exercise was $3.71 (2017: $2.97) per share. Out of the outstanding options of 3,311,600 (2017: 2,772,260), 1,976,450 options (2017: 1,641,618) were exercisable as at 31 December 2018.

An amount of $4,904,000 (2017: $2,823,000) 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 2018. Included in this amount is an additional dividend related share option charge of $699,232 (2017: $620,000). The number of shares covered by such awards is increased by up to the value of dividends declared as if 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 18) includes these additional awards but they are excluded from the disclosures in this note.

Share options exercised by the Directors during the year are disclosed in the Remuneration Committee Report on page 50.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant – vest	Expiry date of option	Option exercise price $	Share options (number) 2018	2017 (restated)
Old Scheme:				
21 Feb 08	21 Feb 18	6.42	**–**	164,000
21 Feb 10	21 Feb 20	0.68	**16,000**	16,000
New Scheme:				
8 May 12	7 May 22	0.01	**100,000**	100,000
24 Jul 13	23 Jul 23	0.01	**60,155**	60,155
3 Jun 14	2 Jun 24	0.01	**196,355**	223,001
8 Oct 14	7 Oct 24	0.01	**214,354**	289,755
22 Apr 15	21 Apr 25	0.01	**358,948**	507,195
18 Apr 16	18 Apr 26	0.01	**621,790**	697,318
21 Apr 17	21 Apr 27	0.01	**676,583**	714,836
2 May 18	2 May 28	0.01	**1,067,415**	–
			3,311,600	2,772,260

Employee Benefit Trust

The Company set up an Employee Benefit Trust ('EBT') during 2009 as a means of incentivising certain Directors and senior management of CAML prior to the Initial Public Offering ('IPO'). All of the shares awarded as part of the EBT scheme vested on the successful completion of the IPO on 30 September 2010.

2,534,688 Ordinary Shares were initially issued as part of the arrangements in December 2009 followed by a further issue of 853,258 in September 2010. The shares were issued at the exercise price of $0.68, which was the best estimate of the Company's valuation at the time. Details of the awards to Directors of the Company are contained in the Remuneration Committee Report on page 50.

29. Trade and other payables

	Group		Company	
	31 Dec 18 $'000	31 Dec 17 $'000 (restated)	**31 Dec 18 $'000**	31 Dec 17 $'000
Trade and other payables including accruals	**11,137**	10,622	**4,805**	4,825
Deferred consideration (note 6)	**6,500**	4,000	**–**	–
Corporation tax, social security and other taxes	**3,279**	13,739	**191**	154
	20,916	28,361	**4,996**	4,979
Other non-current payables:				
Deferred consideration (note 6)	**–**	8,000	**–**	–
	–	8,000	**–**	–

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

The Group made a provision for the 2018 Kazakhstan corporate income tax liability of $773,000 (2017: $1,331,000) having paid an amount of $13,588,000 in advance during the year (2017: $11,367,000). $1,259,000 was also paid during the year in relation to 2017 corporate income tax (2017: $927,000 in relation to 2016).

The Group made a provision for the 2018 North Macedonian corporate income tax liability of $4,677,000 having paid an amount of $6,372,000 in advance during the year. $4,651,000 was also paid during the year in relation to 2017 corporate income tax.

The prior year balance of corporation tax, social security and other taxes has been restated due to the North Macedonian withholding tax payable which was incurred in relation to the period prior to our ownership of CMK Resources and therefore treated as fully recoverable. This has since been negotiated with the prior owners and a settlement reached which is to be offset against deferred consideration.

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

30. Silver Streaming commitment

The carrying amounts of the Silver Streaming commitment are received advances for silver delivery are as follows:

	Group		Company	
	31 Dec 18 $'000	31 Dec 17 $'000 (restated)	**31 Dec 18 $'000**	31 Dec 17 $'000
Current	**2,263**	2,056	**–**	–
Non-current	**22,905**	25,711	**–**	–
	25,168	27,767	**–**	–

On 1 September 2016, the CMK Group entered into a Silver Purchase Agreement with Lynx Metals Limited which was subsequently transferred to Osisko. The Group acquired this agreement as part of the acquisition and inherited a Silver Streaming commitment related to the production of silver during the life of the mine. The Silver Streaming commitment is recognised in the Income Statement as the silver is delivered based on the units of production. As part of the review of the fair value of acquisition accounting the Silver Streaming commitment balance was fair valued and was revised to $28,071,411 by considering the future cash flows arising from the contractual obligation. See note 6 for more details.

31. Borrowings

	Group		Company	
	31 Dec 18 $'000	31 Dec 17 $'000	**31 Dec 18 $'000**	31 Dec 17 $'000
Secured: Non-current				
Bank loans	**106,549**	141,839	**106,549**	89,711
Secured: Current				
Bank loans	**38,400**	40,075	**38,400**	24,000
	144,949	181,914	**144,949**	113,711

The carrying value of loans approximates fair value:

	Carrying amount		Fair value	
	31 Dec 18 $'000	31 Dec 17 $'000	**31 Dec 18 $'000**	31 Dec 17 $'000
Ohridska Banka AD Skopje	**–**	5,539	**–**	5,539
SG Facility	**–**	62,664	**–**	62,664
Traxys	**144,949**	113,711	**144,949**	113,711
	144,949	181,914	**144,949**	181,914

During the year, $38.5 million of the principal amount of Group debt was repaid as well as a further $12.1 million interest. As at 31 December 2018, non-current and current borrowings were $106.5 million and $38.4 million respectively (2017: $141.8 million and $40.1 million).

In December 2018, CAML consolidated its borrowings into one corporate debt package, increasing and amending the size of its Traxys Europe S.A. facility by $60 million to $151 million. The Group used these funds to fully repay the outstanding balances of the inherited Société Générale and Investec Sasa debt facility of $57 million and Ohridska Bank working capital facility of $1.7 million. The consolidation of the three debt facilities resulted in a 0.25% reduction of margin for the refinanced portion of the Sasa debt to 4.75%. The Group has also simplified the repayment schedule and will now repay $3,200,000 each month and has removed the requirement for cash sweeps based on free cash-flow.

The debt financing agreement with Traxys Europe S.A. remains repayable on 4 November 2022. Interest is payable at LIBOR plus 4.75%. Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts, the Traxys Kounrad off-take agreement as well as over the off-take agreement between CAML MK and Traxys Europe S.A.

The fair value of borrowings has been calculated by discounting the expected future cash flows at contracted interest rates.

As at 31 December 2018, 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:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The debt is subject to financial covenants which include the monitoring of gearing and leverage ratios and these are all currently complied with. The refinance has also lifted the security over Bermuda holding companies, enabling the Group to restructure its CMK Resources entities and this process was completed in Q1 2019.

32. Provisions for other liabilities and charges

Group	Asset retirement obligation $'000	Employee retirement benefits $'000	Other employee benefits $'000	Legal claims $'000	Total $'000
At 1 January 2017	**2,087**	**–**	**–**	**–**	**2,087**
Acquisition of subsidiary (note 6)	2,746	123	184	440	3,493
Change in estimate	(477)	57	(30)	–	(450)
Unwinding of discount (note 16)	192	–	–	–	192
Exchange rate difference	28	–	–	15	43
At 31 December 2017	**4,576**	**180**	**154**	**455**	**5,365**
Change in estimate	(159)	24	18	(108)	(225)
Unwinding of discount (note 16)	489	–	–	–	489
Exchange rate difference	(478)	(8)	(7)	(20)	(513)
At 31 December 2018	**4,428**	**196**	**165**	**327**	**5,116**
Non-current	4,428	159	155	327	5,069
Current	–	37	10	–	47
At 31 December 2018	**4,428**	**196**	**165**	**327**	**5,116**

a) Asset retirement obligation

The Group provides for the asset retirement obligation associated with the mining activities at Kounrad, estimated 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% (2017: 8.07%). The reduction in estimate in relation to the asset retirement obligation of $159,000 (2017: $477,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 5.59% (2017: 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. After the ceasing of mining activities the Group is obliged to restore the mining area and to return it to its initial condition. The Group has 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, TSF4 and the mining properties. The calculation was performed on a basis of this independent assessment performed by an environmental technical expert. The expected current cash flows were projected over the useful life of the mining sites and discounted to 2018 terms using a discount rate of 7.87% (2017: 7.98%). The cost of the related assets are depreciated over the useful life of the assets and are included in property, plant and equipment.

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.

32. Provisions for other liabilities and charges continued

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 employee. Provisions for termination and retirement obligations are recognised in accordance with actuary calculations. Basic 2017 actuary assumptions are used as follows:

- Discount rate: 3.8%
- Expected rate of salary increase: 2.5%

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.

33. Cash generated from operations

Group	Note	2018 $'000	2017 $'000
Profit before income tax including discontinued operations		**65,407**	49,801
Adjustments for:			
Depreciation and amortisation		**33,342**	10,927
Silver stream commitment		**(1,599)**	(304)
Loss on disposal of property, plant and equipment	11	**561**	–
Foreign exchange loss/(gain)		**3,879**	(3,349)
Share based payments	28	**4,904**	2,823
Finance income	15	**(264)**	(5,597)
Finance costs	16	**14,999**	2,319
Other expenses	11	**576**	–
Impairment	22	**6,194**	–
Changes in working capital:			
Inventories	24	**(683)**	(1,259)
Trade and other receivables	23	**(386)**	3,868
Trade and other payables	29	**3,549**	1,113
Provisions for other liabilities and charges	31	**(348)**	70
Cash generated from operations		**130,131**	60,412

34. Commitments

Significant expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Group	31 Dec 18 $'000	31 Dec 17 $'000
Property, plant and equipment	**475**	762
Other	**570**	154
	1,045	916

35. Dividend per share

In line with the Company dividend policy, the Company paid $39,603,000 in 2018 (2017: $23,146,000) which consisted of a 2018 interim dividend of 6.5 pence per share and a final dividend for 2017 of 10.0 pence per share (2017: interim dividend of 6.5 pence per share and a final dividend for 2016 of 10.0 pence per share).

The Directors will propose a final dividend in respect of the year ended 31 December 2018 of 8 pence per share at the forthcoming Annual General meeting ('AGM').

36. Related party transactions

Key management remuneration

Key management remuneration comprises the Directors' remuneration, including Non-Executive Directors, disclosed in the Remuneration Committee Report on page 50.

Non-Executive Directors

Mr Kenges Rakishev became a major shareholder of CAML on 23 May 2014 following completion of the Kounrad Transaction. He was appointed to the CAML Board on 9 December 2013 following the completion of the first part of the transaction. As part of the obligations on Kenges Rakishev for completing the Kounrad Transaction, he signed a relationship agreement with CAML setting out the terms of the relationship between himself and the Group.

In June 2017, Kenges Rakishev sold his 86.09% interest in JSC Kazkommertsbank ('KKB') to JSC Halyk Bank and resigned as Chairman of KKB in July 2017. The Groupthen used the facilities of KKB and JSC Halyk Bank within Kazakhstan for its normal day-to-day banking.

Kenges Rakishev has an interest in other finance and insurance entities in Kazakhstan. The Group has insurance relationships with such entities and has made an insurance claim under which a syndicate of insurers, including some related to Kenges Rakishev, have a potential liability.

In September 2017, Kenges Rakishev sold 10,605,875 Ordinary CAML Shares of $0.01 each at a price of 230 pence per share. In February 2018, he sold his remaining shareholding of 10,605,876 Ordinary Shares at a price of 275 pence per share. Kenges Rakishev resigned as Non-Executive Director on 23 May 2018.

During the year, the Group paid consultancy fees of $13,261 (2017: $75,000) to Nurlan 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 charitable foundation set up in the prior period, was advanced $226,000 to formalise charitable donations to assist local causes. This is a related party by virtue of common Directors.

37. Deferred income tax liability

Group

The movements in the Group's deferred tax assets and liabilities are as follows:

	At 1 Jan 2018 $'000	Currency translation differences $'000	(Debit)/credit to income statement $'000	**At 31 Dec 2018 $'000**
Other timing differences	(121)	10	34	**(77)**
Deferred tax liability on fair value adjustment on Kounrad Transaction	(8,103)	1,056	366	**(6,681)**
Deferred tax liability on fair value adjustment on CMK acquisition (note 6)	(22,972)	891	1,169	**(20,912)**
Deferred tax liability, net	(31,196)	1,957	1,569	**(27,670)**

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 $1,535,000 during the year (2017: $557,000) to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets during the year.

	At 1 Jan 2017 $'000	CMK Resources acquisition $'000	Currency translation differences $'000	(Debit)/credit to income statement $'000	At 31 Dec 2017 $'000 (restated)
Other timing differences	(82)	–	(2)	(37)	(121)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(8,459)	–	(31)	387	(8,103)
Deferred tax liability on fair value adjustment on CMK acquisition (note 6)	–	(22,368)	(774)	170	(22,972)
Deferred tax liability, net	**(8,541)**	**(22,368)**	**(790)**	**520**	**(31,196)**

	At 31 Dec 2018 $'000	At 31 Dec 2017 $'000
Deferred tax liability due within 12 months	**(1,017)**	(1,597)
Deferred tax liability due after 12 months	**(26,653)**	(29,599)
Deferred tax liability, net	**(27,670)**	(31,196)

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.

37. Deferred income tax liability continued

The Group did not recognise other potential deferred tax assets arising from losses of $8,465,000 (2017: $8,758,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2018, the Group had other deferred tax assets of $2,085,000 (2017: $2,195,000) 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 2018 and 2017, respectively.

Company

At 31 December 2018 and 2017 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2018, the Company had not recognised potential deferred tax assets arising from losses of $8,465,000 (2017: $8,218,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2018, the Company had other deferred tax assets of $2,085,000 (2017: $2,195,000) in respect of share based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

38. Events after the reporting period

In January 2019 there was a change to the structure in the Group with the entity CMK Mining Limited, now known as CMK Mining B.V., and its subsidiaries being transferred from CMK Resources Limited to CAML MK Limited. During Q1 2019 CMK Mining Limited was an entity in Bermuda and eventually continued as an entity in the Netherlands in order to simplify the structure within the Group. CMK Resources Limited remains a wholly owned subsidiary of CAML MK Limited but with no subsidiary companies of its own and is expected to be liquidated in 2019.

In April 2019, an agreement with the previous owners of CMK Resources Limited was finalised in respect of the $5.9 million withholding tax liability in North Macedonia that relates to activities of CMK Europe prior to our ownership. This tax liability had been accounted for as part of the acquisition accounting and was considered fully recoverable though the tax indemnity. The settlement amounted to $5.5 million, with an impairment of $469,000 recognised during the year, and as part of this CAML paid the outstanding $12.0 million deferred consideration.

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 Probable 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 or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling
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

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Nick Clarke, 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
David Swan, Non-Executive Director
Nurlan Zhakupov, Non-Executive Director

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