Central Asia Metals PLC - CAML Final Results
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CENTRAL ASIA METALS PLC
("CAML" or the "Company" or "Group")

2016 Full Year Results

Central Asia Metals plc (AIM: CAML) today announces its full year results for the 12 months ended 31 December 2016.

Operational summary

- Record copper production of 14,020 tonnes, an increase of 16% vs. 2015 (12,071 tonnes);
- Record copper sales of 13,938 tonnes, an increase of 16% vs. 2015 (12,040 tonnes);
- Kounrad Stage 2 Expansion materially complete, on schedule and c.30% under budget;
- Framework agreement signed to acquire 80% of Shuak copper-gold exploration property in northern Kazakhstan;
- Copper Bay definitive feasibility study ("DFS") completed on schedule.

Financial summary

- 10 pence final dividend proposed, bringing 2016 total dividend per share to 15.5 pence, an increase of 24% vs. 2015 (12.5 pence);
- Proposed full year dividend represents 31% of gross revenue for the year (2015: 30%);
- Group gross revenue of $69.3 million (2015: $67.3 million);
- C1 cash cost of $0.43/lb, a reduction of 28% (2015: $0.60/lb);
- Group EBITDA of $39.1 million (2015: $34.9 million), a margin of 56%;
- Group cash balance as at 31 December 2016 of $40.4 million (2015: $42.0 million) with no debt.

2017 outlook

- Kounrad copper production target of 13,000 to 14,000 tonnes;
- Leaching from Western Dumps on track to commence April 2017;
- Shuak exploration programme to commence Q2 2017;
- Continued appraisal of business development opportunities to create further shareholder value.

Nick Clarke, Executive Chairman of CAML, commented:

"We are pleased to report record annual copper production and sales, which enables us to propose a record final dividend for 2016 of 10 pence per share, totalling 15.5 pence for the full year.

"While the generally weak copper price environment brought challenges to the industry throughout the year, our continued low cost base has helped us to maintain an EBITDA margin of over 50%, which we have achieved every year since production commenced at Kounrad in 2012. Our financial performance was aided by the 2015 devaluation of the Kazakh Tenge and by the efforts of our loyal and experienced workforce in Kazakhstan.

"Our business development efforts resulted in the completion of the Copper Bay DFS and, in addition, we signed the framework agreement to acquire the Shuak Exploration Project in Kazakhstan. 2017 will mark an important year of development for CAML as we commence leaching of the Western Dumps and exploration work at Shuak in Q2 2017.

"We believe that all of our stakeholders should benefit from our success. As a Company operating in Kazakhstan since 2005, we have established a good working relationship with our surrounding communities, and both the local and national governments. We pride ourselves on employing local workers and contributing socially, something we believe is particularly important when operating in emerging markets."

Analyst presentation conference call

There will be an analyst presentation and conference call on Tuesday 4 April 2017 at 09:30 (BST) at Bell Pottinger's offices. The call can be accessed by dialling +44 (0)20 3059 8125 and quoting the confirmation code 'Central Asia Metals Full Year Results'. The results presentation slides will be available at www.centralasiametals.com and a replay facility will be available following the presentation.

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Note to editors:

Central Asia Metals, an AIM-listed UK company based in London, owns 100% of the Kounrad SX-EW copper project in Kazakhstan. The Company also has a 75% equity interest in Copper Bay Ltd, which is a private company that has conducted a definitive feasibility study at its copper project in Chañaral Bay, Chile. In November 2016, Central Asia Metals signed a framework agreement to acquire an effective 80% interest in the Shuak copper exploration property in northern Kazakhstan. For further information, please visit www.centralasiametals.com.

EXECUTIVE CHAIRMAN'S STATEMENT

2016 has been another positive year for us. Our C1 cash cost remained firmly in the lowest cost quartile of world copper producers, we materially completed our Stage 2 Expansion into the Western Dumps on schedule and expect to complete the project approximately 30% under budget. We concluded the Copper Bay DFS and signed a framework agreement to acquire the Shuak copper-gold exploration project in Kazakhstan.

Key achievements

We have now been producing copper at Kounrad for almost five years and to 31 December 2016 have produced 54,322 tonnes of copper cathode, and paid $96 million in dividends and share buy-backs to our shareholders. We have also self-funded two expansions at Kounrad totalling $26 million, paid almost $82 million in taxes in Kazakhstan and funded many worthy causes in the local community.

During 2016, we made some changes to our Board structure as I made the transition from Chief Executive Officer to Executive Chairman and Nigel Hurst-Brown became Deputy Chairman. We also welcomed Gavin Ferrar to the Board as Business Development Director. I am pleased to report that these changes have been effective and the Company has continued its strong performance throughout 2016. Howard Nicholson stepped down from the Board but remains our Technical Director with responsibility for the day-to-day operations at Kounrad. Howard has been instrumental in the development of Kounrad, having managed the project since before the IPO. The Board owes a debt of gratitude to Howard as we attribute much of the success of this operation to his hard work and diligence.

We are proposing a final dividend for 2016 of 10p per share and, once that total of $13 million has been distributed, we will have paid dividends of $96 million to our shareholders in less than seven years, since listing in late 2010.

Kounrad

During the year, we reported record copper cathode production of 14,020 tonnes (2015: 12,071 tonnes) representing a 16% increase year on year.

Kounrad's position has been maintained firmly in the lowest quartile of the industry cash cost curve. 2016 C1 cash costs were $0.43 per pound (2015: $0.60 per pound) representing a 28% decrease year on year. This is due to several factors, with the most significant being the devaluation of the Kazakhstan Tenge in August 2015. The currency, which is now floating, has retained a similar market value throughout 2016. That, coupled with the fact that we have experienced little in-country inflation on our expenditure at Kounrad, has ensured that our costs remain very low by industry standards.

Corporate social responsibility ("CSR") is very important to us as we believe that the copper we produce is for the benefit of all of our stakeholders. We have now operated approaching 1.45 million man hours without a lost time injury ("LTI"), and we are proud of this as it demonstrates that we have a safe working culture at Kounrad and this is an important philosophy.

We have undertaken numerous health and safety inspections during 2016. In addition to these inspections, the site has also been subject to routine state health and safety and environmental inspections and no major issues arose throughout these processes.

In Q4 2016, CAML materially completed its Stage 2 Expansion on schedule, which is expected to be approximately 30% below budget. This expansion will enable CAML to commence leaching operations from the Western Dumps in Q2 2017 and, in doing so, has extended the life of the operation to beyond 2030. The Kazakhstan Tenge devaluation again played a significant part in our reduced capital expenditure versus budget, but we also secured some cost improvements based on revised engineering solutions.

Copper Bay

We are pleased that the Copper Bay team has generated value in delivering its DFS that has demonstrated a project worth $34.1 million based on a copper price of $3.00 per pound. Given the current uncertainty with regard to the near and medium term expectations for copper, the CAML Board has recommended that the project remains in our development pipeline whilst we review our options.

Shuak

In November 2016, we signed a framework agreement at the third UK-Kazakhstan Inter-Governmental Commission (IGC) meeting in London to acquire an 80% effective interest in the Shuak copper exploration property in northern Kazakhstan. Shuak has potential to host significant copper oxide mineralisation to which we can apply our SX-EW experience from Kounrad.

CAML intends to commence field-based exploration work in Q2 2017, predominantly at our priority target areas, Mongol V and Mongol I and II. During the 2017 exploration season, the Company plans to implement a 1,800 metre trenching programme and to undertake some 22,000 metres of drilling. CAML's 2017 exploration budget for Shuak is approximately $1.3 million.

Market performance

2016 was another challenging year for the copper price, and one which saw the price of the metal reaching seven year lows of $4,311 per tonne in January 2016. The price increased during Q4, ending 2016 at a price of about $5,500 per tonne. This movement seemed to signify renewed positive market sentiment in the copper sector and this outlook has continued into 2017. That said, given our low cash cost of production, we are able to produce profitably and maintain our commitment to paying industry leading dividends even in depressed copper price scenarios.

Outlook

2017 should be a year of development for CAML, as we look forward to establishing our Kounrad copper leaching operations on the Western Dumps. We have set our 2017 copper production target at between 13,000 and 14,000 tonnes.

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. This will result in slightly higher electricity consumption and additional labour to manage the Western Dumps operations. Importantly, after completing our Stage 2 Expansion capital expenditure programme, CAML is now fully invested at Kounrad, with only annual sustaining capital expenditure at a cost of approximately $2 million expected going forward.

We were pleased to have agreed terms to acquire a majority stake in Shuak and we look forward to starting our exploration programme on site and to appraising the copper oxide resource potential. As mentioned above, our experience at Kounrad will allow us to develop another similar leach and SX-EW operation at Shuak. Longer term, we also plan to explore the primary copper porphyry target at depth. We have built our business around our successful copper production facilities at Kounrad and are very comfortable operating in Kazakhstan. Notwithstanding this, we continue our business development efforts in other jurisdictions.

As a Company operating in Kazakhstan since 2005, we have established a good working relationship with our surrounding communities, and both the local and national governments. We pride ourselves on employing local workers and contribute to our communities by supporting worthy local causes. In doing so, our business has been able to flourish and we were recently ranked first place in Kazakhstan's national business ratings.

We believe that all of our stakeholders should benefit from our success, and this is particularly important when operating in emerging markets. Since we commenced copper production at our Kounrad operation almost five years ago, we have paid tax of almost $82 million in Kazakhstan and have supported many local worthy causes such as improving and modernising nearby schools and aiding the elderly. We look forward to continuing our efforts in this regard into 2017.

FINANCIAL REVIEW

Overview

Notwithstanding the fall in average copper price relative to last year, CAML continued to be highly profitable due to sustained low costs of production at its Kounrad operation. The combined effects of the local currency devaluation, higher production volumes and continued cost control resulted in a significant reduction in Kounrad's C1 cash cost of production and further cemented Kounrad's position in the lowest quartile of the industry cost curve for copper production.

The Group generated EBITDA of $39.1 million (2015: $34.9 million), representing an EBITDA margin of 56% (2015: 52%) for the year.

Income statement

Group profit after tax from continuing operations increased to $26.2 million (2015: $22.4 million) and earnings per share from continuing operations increased to 23.66 cents (2015: 20.21 cents).

<u>Revenue</u>

A total of 13,751 tonnes (2015: 11,750 tonnes) of copper cathode from Kounrad were sold through the Company's off-take arrangements with Traxys and a further 187 tonnes (2015: 290 tonnes) were sold locally. Total sales at Kounrad were 13,938 tonnes (2015: 12,040 tonnes) representing a 16% increase in volumes.

While copper cathode sales volumes have increased during the year when compared to 2015, Group revenue was adversely impacted by the decline in copper prices. An average selling price of $4,994 per tonne was achieved in 2016 (2015: $5,336 per tonne), representing a 6% decrease in the price of copper. This generated gross revenues for the Group of $69.3 million (2015: $67.3 million).

During the year, following a competitive tender process, Traxys was retained as CAML's off-take partner. The off-take contract has been fixed for a three year period through to 31 December 2018. The contractual commitment is for a minimum of 90% of the Kounrad copper cathode production.

The Group reports both a gross revenue and a net revenue line which reflects the offset of the off-takers fixed fee from the price of the copper achieved. During 2016 the fixed fee was $2.6 million (2015: $2.9 million), a reduction of 10% despite the increased export volumes due to a marked reduction in the cost per tonne of exporting the copper cathode from the site at Kounrad.

<u>Cost of sales</u>

Cost of sales for the year was $18.4 million (2015: $25.5 million) representing a decrease of $7.1 million.

$5.3 million of the reduction in cost of sales was due to changes to the depreciation policy. Total depreciation and amortisation charges recognised within cost of sales for the year were $5.0 million (2015: $10.3 million). Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment. The original estimate of 10 years useful economic life has now been increased through to 2034, which represents the end of the subsoil use licence. This change in estimate was applied from 1 January 2016 and in combination with the Tenge devaluation has resulted in a reduction in the depreciation and amortisation charge of $5.3 million for 2016 compared to 2015.

The remaining $1.8 million of the reduction in cost of sales is due to lower on-site costs associated with the production of copper cathode at Kounrad, primarily due to savings associated with the Kazakhstan Tenge currency devaluation which started in August 2015.

The average exchange rate for the year was 342 KZT/USD (2015: 222 KZT/USD), resulting in the Kazakhstan Tenge being worth an average 35% less in US Dollar terms in 2016 compared to 2015. Given that the Group's operations in Kazakhstan generate income in US Dollars through the export of copper cathode, the immediate financial impact was positive for the Company as approximately 60% of the total cost base in Kazakhstan is denominated in Tenge (70% of C1 cash costs) and inflationary pressures on costs incurred at Kounrad have been minimal. From 1 January 2016, the Board increased salaries by 25% for staff at Kounrad to compensate employees for the negative effects of the devaluation.

Cost of sales also includes mineral extraction tax ("MET") charged by the Kazakhstan authorities at the rate of 5.7% on the value of the metal recovered during the year. This amounted to a cost of $3.9 million (2015: $3.8 million).

<u>C1 cash cost of production</u>

C1 cash cost of production is a standard metric used in the copper mining industry to allow comparison across the sector. In line with the Wood Mackenzie approach, CAML calculates C1 by including all direct costs of production at Kounrad (reagents, power, production labour and materials) as well as local administrative expenses. Local taxes including MET and depreciation and amortisation charges are excluded from C1 and reported within the fully inclusive unit cost of production.

Kounrad's C1 cash cost of production remains firmly in the lowest quartile of the industry cost curve for copper production at $0.43 per pound (2015: $0.60 per pound). The combined effects of the local currency devaluation, increased production and continued cost control resulted in the significant year on year reduction of 28%.

The Group's fully inclusive unit cost for the year was $1.06 per pound (2015: $1.58 per pound). This includes depreciation and amortisation charges, local taxes including MET and corporate overheads associated with the Kounrad project. The prior year cost includes a non-cash one-off impairment charge of $0.6 million, equating to $0.02 per pound, arising from the write-off of organic inventory. The 33% overall reduction in the fully inclusive unit cost is due to the lower C1 cash cost, lower depreciation and amortisation charges and increased production volumes.

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. This will result in slightly higher electricity consumption and additional labour to manage the Western Dumps operations.

Administrative expenses

During 2016, administrative expenses were $14.1 million (2015: $14.1 million). The Group recognised a share based payment charge of $3.0 million (2015: $2.4 million) in relation to the Company's Share Option Schemes.

Balance sheet

During the year, there were additions to property, plant and equipment of $12.3 million (2015: $7.8 million). The majority of this expenditure was related to the Stage 2 Expansion. A further $1.6 million was capitalised in relation to exploration and evaluation costs incurred on the Copper Bay project feasibility study.

The Stage 2 Expansion was materially complete by the end of the year and is expected to be approximately 30% below the original $19.5 million budget, due to a combination of cost savings associated with the weaker local currency and engineering efficiencies.

As at 31 December 2016, current trade and other receivables were $0.9 million (31 December 2015: $2.6 million) and non-current trade and other receivables were $2.7 million (31 December 2015: $4.3 million).

In February 2016, the Kazakhstan authorities refunded a portion of outstanding VAT totalling $1.7 million and a further $1.8 million was refunded in August 2016 bringing the total VAT successfully refunded in 2016 to $3.5 million. As at 31 December 2016, a total of $2.8 million (31 December 2015: $4.4 million) of VAT receivable was still owed to the Group. A further amount of $0.2 million was refunded in February 2017 and has been classified as a current receivable as at 31 December 2016.

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 copper cathode to effectively offset VAT liabilities and by a continued dialogue with the authorities.

As at 31 December 2016, current trade and other payables were $6.0 million (31 December 2016: $6.3 million). During 2016, instalments of $8.7 million were paid towards the 2016 corporate income tax liability in Kazakhstan and at 31 December 2016, approximately $0.9 million remained outstanding.

On 31 December 2016, the Group had cash of $40.4 million (31 December 2015: $42.0 million) including restricted cash of $0.1 million (31 December 2015: $0.5 million) and no debt.

Shuak investment

On 22 November 2016, CAML signed a framework agreement to acquire an 80% effective interest in the subsoil use contract ("SUC") for the Shuak copper-gold exploration property in northern Kazakhstan. As at 31 December 2016, CAML wholly owned Shuak BV which was incorporated on 20 September 2016. Under the terms of the framework agreement, on 22 February 2017, CAML reduced its interest in Shuak BV to 80%, with 20% being held by local partners. Ken Shuak LLP, which was incorporated on 5 October 2016, is a wholly owned subsidiary of Shuak BV. The consideration for this acquisition is an investment in exploration activities of $2.0 million over five years, subject to continued positive results from exploration activities and the general economic outlook for commodity prices.

Discontinued operations - Mongolia

In December 2016, CAML Mongolia BV signed an agreement with a third party to sell its entire interest in Monresources LLC for a 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 have taken the decision to exit their position in Zuunmod UUL LLC. It is envisaged that this process will be completed in 2017.

The Group continues to hold for sale the assets it owns in Mongolia in this financial period and these assets were fully written off in prior periods.

Cash flows

The continued strong operational performance of the Kounrad project and the associated low costs of production resulted in robust cash flows for the Group. Cash generated from operations increased to $44.7 million (2015: $33.6 million) and during the year $20.4 million was returned to shareholders as dividends (2015: $20.4 million) and a further $12.3 million was invested in the Kounrad Stage 2 Expansion project and sustaining capital expenditure.

$9.2 million of Kazakhstan corporate income tax was paid during 2016 (2015: $10.0 million). Payments made during 2016 included $8.7 million towards the 2016 corporate income tax liability and $0.5 million of 2015 corporate income tax paid in April 2016.

Dividend

The Company's dividend policy is to return a minimum of 20% of the gross revenues generated from the Kounrad project to shareholders.

In conjunction with CAML's annual results, the Board proposes a final 2016 dividend of 10.0 pence per Ordinary Share, bringing total dividends declared for the year to 15.5 pence (2015: 12.5 pence). These dividends equate to approximately 31% of the gross revenue for the year and will be payable on 7 June 2017 to shareholders registered on 12 May 2017.

Having raised $60 million at IPO in September 2010, this latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the listing to $96 million.

Growth opportunities

As of 31 December 2016, the Group has a robust balance sheet with no debt and $40.4 million in cash. This, combined with the Company's strong financial performance and reducing Kounrad capital commitments, means that CAML is well positioned to maintain its dividend policy, finance the Shuak exploration programme and continue to look for attractive growth opportunities.

Nigel Robinson

Chief Financial Officer

CONDENSED FINANCIAL INFORMATION

Consolidated Income Statement
for the year ended 31 December

	Note	**2016 $'000**	2015 $'000
Continuing operations			
Revenue	5	**66,707**	64,412
Presented as:			
Gross revenue	5	**69,269**	67,328
Less: off-take buyers' fees	5	**(2,562)**	(2,916)
Revenue		**66,707**	64,412
Cost of sales	6	**(18,388)**	(25,510)
Gross profit		**48,319**	38,902
Distribution and selling costs	7	**(215)**	(264)
Administrative expenses	8	**(14,083)**	(14,087)
Inventory write-off		**-**	(600)
Other income		**192**	66
Foreign exchange (loss)/gain	11	**(1,234)**	8,992
Operating profit		**32,979**	33,009
Finance income		**67**	41
Finance costs		**(158)**	(304)
Profit before income tax		**32,888**	32,746
Income tax	9	**(6,661)**	(10,365)
Profit for the year from continuing operations		**26,227**	22,381
Discontinued operations			
Loss for the year from discontinued operations		**(130)**	(163)
Profit for the year		**26,097**	22,218
Profit attributable to:			
- Non-controlling interests		**(173)**	(167)
- Owners of the parent		**26,270**	22,385
		26,097	22,218
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	10	**23.66**	20.21
From discontinued operations		**(0.12)**	(0.15)
From profit for the year		**23.54**	20.06
Diluted earnings/(loss) per share			
From continuing operations	10	**23.11**	19.79
From discontinued operations		**(0.12)**	(0.15)
From profit for the year		**22.99**	19.64

Consolidated Statement of Comprehensive Income

for the year ended 31 December	Note	2016 $'000	2015 $'000
Profit for the year		**26,097**	22,218
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	17	**1,034**	(77,352)
Other comprehensive income/(expense) for the year, net of tax		**1,034**	(77,352)
Total comprehensive income/(expense) for the year		**27,131**	(55,134)
Attributable to:			
- Non-controlling interests		**(173)**	(167)
- Owners of the parent		**27,304**	(54,967)
Total comprehensive income/(expense) for the year		**27,131**	(55,134)
Total comprehensive income/(expense) attributable to equity shareholders arises from:			
- Continuing operations		**27,261**	(54,971)
- Discontinued operations		**(130)**	(163)
		27,131	(55,134)

Consolidated Statement of Financial Position as at 31 December

	Note	2016 $'000	2015 $'000
Assets			
Non-current assets			
Property, plant and equipment	12	**50,324**	40,800
Intangible assets	13	**40,759**	40,267
Other non-current receivables	14	**2,738**	4,250
		93,821	85,317
Current assets			
Inventories		**3,319**	3,031
Trade and other receivables	14	**919**	2,648
Restricted cash	15	**118**	494
Cash and cash equivalents	15	**40,258**	41,502
		44,614	47,675
Assets of disposal group classified as held for sale		**45**	83
		44,659	47,758
Total assets		**138,480**	133,075
Equity attributable to owners of the parent			
Ordinary shares	16	**1,121**	1,121
Treasury shares	16	**(7,780)**	(7,810)
Currency translation reserve	17	**(87,435)**	(88,469)
Retained earnings:			
At 1 January		**209,120**	140,484
Profit/(loss) for the year attributable to the owners		**26,270**	22,385
Other changes in retained earnings		**(19,911)**	46,251
		215,479	209,120
		121,385	113,962
Non-controlling interests		**91**	264
Total equity		**121,476**	114,226
Liabilities			
Non-current liabilities			
Deferred income tax liability	22	**8,541**	10,240
Provisions for other liabilities and charges		**2,087**	1,916

		10,628	12,156
Current liabilities			
Trade and other payables	18	**6,020**	6,261
		6,020	6,261
Liabilities of disposal group classified as held for sale		**356**	432
		6,376	6,693
Total liabilities		**17,004**	18,849
Total equity and liabilities		**138,480**	133,075

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 2015		**1,121**	**67,079**	**(9,644)**	**(11,117)**	**140,484**	**187,923**	**-**	**187,923**
Profit/(loss) for the year		-	-	-	-	22,385	**22,385**	(167)	**22,218**
Other comprehensive expense - currency translation differences	17	-	-	-	(77,352)	-	**(77,352)**	-	**(77,352)**
Total comprehensive (expense)/income		**-**	**-**	**-**	**(77,352)**	**22,385**	**(54,967)**	**(167)**	**(55,134)**
Transactions with owners									
Capital reduction	16	-	(67,079)	-	-	67,079	**-**	-	**-**
Share based payments	8	-	-	-	-	2,396	**2,396**	-	**2,396**
Exercise of options	16	-	-	1,663	-	(1,546)	**117**	-	**117**
Sale of EBT shares	16	-	-	171	-	(171)	**-**	-	**-**
Dividends	20	-	-	-	-	(20,358)	**(20,358)**	-	**(20,358)**
Copper Bay Limited acquisition		-	-	-	-	(1,149)	**(1,149)**	431	**(718)**
Total transactions with owners, recognised directly in equity		-	(67,079)	1,834	-	46,251	**(18,994)**	431	**(18,563)**
Balance as at 31 December 2015		**1,121**	**-**	**(7,810)**	**(88,469)**	**209,120**	**113,962**	**264**	**114,226**
Profit/(loss) for the year		-	-	-	-	26,270	**26,270**	(173)	**26,097**
Other comprehensive expense - currency translation differences	17	-	-	-	1,034	-	**1,034**	-	**1,034**
Total comprehensive (expense)/income		**-**	**-**	**-**	**1,034**	**26,270**	**27,304**	**(173)**	**27,131**
Transactions with owners									
Share based payments	8	-	-	-	-	2,959	**2,959**	-	**2,959**
Sale of EBT shares	16	-	-	30	-	-	**30**	-	**30**
Exercise of options		-	-	-	-	(2,466)	**(2,466)**	-	**(2,466)**
Dividends	20	-	-	-	-	(20,404)	**(20,404)**	-	**(20,404)**
Total transactions with owners, recognised directly in equity		-	-	30	-	(19,911)	**(19,881)**	-	**(19,881)**
Balance as at 31 December 2016		**1,121**	**-**	**(7,780)**	**(87,435)**	**215,479**	**121,385**	**91**	**121,476**

Consolidated Statement of Cash Flows for the year ended 31 December

	Note	**2016 $'000**	2015 $'000
Cash flows from operating activities			
Cash generated from operations	19	**44,746**	33,595
Interest paid		**(4)**	(121)
Corporate income tax paid		**(9,208)**	(9,999)
Net cash generated from operating activities		**35,534**	23,475
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(12,331)**	(7,804)
Purchase of intangible assets	13	**(1,594)**	(556)
Proceeds from sale of property, plant and equipment		**147**	-

Interest received		**67**	41
Investment in Copper Bay Limited, net of cash acquired		**-**	1,053
Restricted cash decrease/(increase)	15	**376**	(346)
Net cash used in investing activities		**(13,335)**	(7,612)
Cash flows from financing activities			
Dividends paid to owners of the parent	20	**(20,360)**	(20,368)
(Settlement)/receipt on exercise of share options		**(2,436)**	127
Net cash used in financing activity		**(22,796)**	(20,241)
Effect of foreign exchange losses on cash and cash equivalents		**(669)**	(257)
Net decrease in cash and cash equivalents		**(1,266)**	(4,635)
Cash and cash equivalents at the beginning of the year	15	**41,524**	46,159
Cash and cash equivalents at the end of the year	15	**40,258**	41,524

Cash and cash equivalents at 31 December 2016 includes cash at bank and on hand included in assets held for sale of nil (31 December 2015: $22,000) (see note 15).

The notes below are an integral part of this condensed consolidated financial information.

Notes to the Condensed Financial Information
for the year ended 31 December 2016

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 a parent holding company based in the United Kingdom ("UK").

CAML owns 100% of the Kounrad SX-EW copper project in Kazakhstan. The Company also has a 75% equity interest in Copper Bay Limited, which is a private company that has conducted a definitive feasibility study at its copper project in Chañaral Bay, Chile. In November 2016, CAML signed a framework agreement to acquire an effective 80% interest in the Shuak copper exploration property in northern Kazakhstan. During the year, the Group also held for sale two exploration projects in Mongolia and in February 2017 the Group disposed of its interest in one of the projects (see note 23).

CAML is a public limited company, which is listed on the AIM market of the London Stock Exchange and incorporated and domiciled in the 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 this consolidated financial information are set out in the 2016 Annual Report. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of the Condensed Financial Information
The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 December 2016, but is derived from the Group's audited full financial statements. The auditors have reported on the 2016 financial statements and their reports were unqualified and did not contain statements under s498(2) or (3) Companies Act 2006. The 2016 Annual Report was approved by the Board of Directors on 4 April 2017, and will be mailed to shareholders in April 2017. The financial information in this statement is audited but does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Group's consolidated financial statements, which form part of the 2016 Annual Report, 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 information for the year ended 31 December 2016. The Group financial information is presented in US Dollars ($) and rounded to the nearest thousand.

The preparation of financial information 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 financial information are explained in note 3.

Going concern
The Group meets its day-to-day working capital requirements though its profitable operations at Kounrad. The Group has substantial cash balances and is in a net current asset position as at 31 December 2016. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group sells and distributes its copper cathode product primarily through an off-take arrangement with a minimum of 90% of the SX-EW plant's forecasted output committed as sales for the period up until 31 December 2018.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial information. Please refer to notes 5, 15 and 18 for information on the Group's revenues, cash balances and trade and other payables.

3. Critical accounting estimates and judgments

The Group has five key areas where critical accounting estimates and judgements are required that could have a material impact on the financial information:

Mineral reserves and resources
The major value associated with the Group is the value of its mineral resources. The value of the 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 information.

The Kounrad resources have been independently verified by Wardell Armstrong International and were classified as JORC Compliant in 2013. As part of the 2016 Copper Bay Definitive Feasibility Study, Cube Consulting Pty Ltd, Australia, undertook a Mineral Resource estimate to JORC (2012) standards.

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") 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 13.

Functional currency
The functional currency of the Kazakhstan subsidiaries is Kazakhstan Tenge, which is the primary economic environment in which the entity operates. 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. Provisions are recognised at the net present value of future expected costs using a discount rate of 8.07% (2015: 7.22%) representing the risk-free rate (pre-tax) for Kazakhstan.

The 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.

VAT recoverability
The Group's main receivable is the VAT incurred on purchases within Kazakhstan as explained in note 14. As at 31 December 2016 a total of $2,838,000 (2015: $4,423,000) of VAT receivable was still owed to the Group by the Kazakhstan authorities. In 2016, the authorities refunded $3,494,000 and a further amount of $238,000 was refunded from the authorities in February 2017 and has been classified as current trade and other receivables as at 31 December 2016. 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 by effectively offsetting VAT liabilities and by a continued dialogue with the authorities.

4. Segmental information

The Board is the Group's chief operating decision maker. Management have determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Board considers the business from a project perspective.

The Group has two business segments consisting of an SX-EW copper plant at Kounrad in Kazakhstan and the Copper Bay project in Chile. The Group operations are controlled from a head office in London, UK, but this does not represent a separate business segment. The Shuak exploration project will be reported as a segment in future reporting periods once the exploration programme commences.

The Board assesses the performance of the Kounrad project based on a number of key operational and financial measures which relate to copper production output, revenues from the sales of copper and the overall costs of producing the copper.

The segmental results for the year ended 31 December 2016 are as follows:

	Kounrad $'000	Copper Bay $'000	Unallocated $'000	**Total $'000**
Gross revenue	69,269	-	-	**69,269**
Off-take buyers' fees	(2,562)	-	-	**(2,562)**
Revenue	66,707	-	-	**66,707**
Kounrad EBITDA	**51,321**	**-**	**-**	**51,321**
Copper Bay administrative expenses	-	(817)	-	**(817)**
Unallocated costs including corporate overheads	-	-	(11,400)	**(11,400)**

Group continuing operations EBITDA	**51,321**	**(817)**	**(11,400)**	**39,104**
Depreciation and amortisation	(5,028)	-	(55)	**(5,083)**
Foreign exchange (loss)/gain	(271)	18	(981)	**(1,234)**
Other income	192	-	-	**192**
Finance income	8	-	59	**67**
Finance costs	(158)	-	-	**(158)**
Profit/(loss) before income tax	**46,064**	**(799)**	**(12,377)**	**32,888**
Income tax				**(6,661)**
Profit for the year after tax from continuing operations				**26,227**
Loss from discontinued operations				**(130)**
Profit for the year				**26,097**

The segmental results for the year ended 31 December 2015 are as follows:

	Kounrad $'000	Copper Bay $'000	Unallocated $'000	**Total $'000**
Gross revenue	67,328	-	-	**67,328**
Off-take buyers' fees	(2,916)	-	-	**(2,916)**
Revenue	64,412	-	-	**64,412**
Kounrad EBITDA	**46,068**	**-**	**-**	**46,068**
Copper Bay administrative expenses	-	(475)	-	**(475)**
Unallocated costs including corporate	-	-	(10,656)	**(10,656)**
Group continuing operations EBITDA	**46,068**	**(475)**	**(10,656)**	**34,937**
Depreciation and amortisation	(10,339)	-	(47)	**(10,386)**
Foreign exchange gain/(loss)	8,744	(253)	501	**8,992**
Other income	66	-	-	**66**
Inventory write-off	(600)	-	-	**(600)**
Finance income	23	-	18	**41**
Finance costs	(304)	-	-	**(304)**
Profit/(loss) before income tax	**43,658**	**(728)**	**(10,184)**	**32,746**
Income tax				**(10,365)**
Profit for the year after tax from continuing operations				**22,381**
Loss from discontinued operations				**(163)**
Profit for the year				**22,218**

The total production at Kounrad for 2016 was 14,020 tonnes (2015: 12,071 tonnes) whilst the total quantity of copper sold was 13,938 tonnes (2015: 12,040 tonnes). The average gross price achieved from the sale of copper was $4,994 per tonne (2015: $5,336 per tonne).

EBITDA is a non-IFRS financial measure. CAML calculates EBITDA as profit or loss for the year excluding the following items:

- Income tax expense;
- Exceptional items;
- Finance income and expense;
- Other income;
- Foreign exchange;
- Depreciation and amortisation; and
- Discontinuing operations;

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

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

	2016 $'000	2015 $'000
Profit for the year	**26,097**	22,218
Plus/(less):		
Income tax expense	**6,661**	10,365

Depreciation and amortisation	**5,083**	10,386
Foreign exchange loss/(gain)	**1,234**	(8,992)
Inventory write-off	**-**	600
Other income	**(192)**	(66)
Finance income	**(67)**	(41)
Finance costs	**158**	304
Loss from discontinued operations	**130**	163
Group continuing operations EBITDA	**39,104**	34,937
Corporate and Copper Bay administrative expenses	**12,217**	11,131
Kounrad EBITDA	**51,321**	46,068

Group segmental assets and liabilities for the year ended 31 December 2016 are as follows:

	Segmental assets		Segmental liabilities	
	31 Dec 16 $'000	31 Dec 15 $'000	**31 Dec 16 $'000**	31 Dec 15 $'000
Kounrad	**98,275**	94,666	**(13,700)**	(15,536)
Copper Bay	**4,766**	5,369	**(259)**	(330)
Assets held for sale	**45**	83	**(356)**	(432)
Unallocated including corporate	**35,394**	32,957	**(2,689)**	(2,551)
	138,480	133,075	**(17,004)**	(18,849)

5. Revenue

	2016 $'000	2015 $'000
International customers	**68,442**	65,794
Domestic customers	**827**	1,534
Total gross revenue	**69,269**	67,328
Less: off-take buyers' fees	**(2,562)**	(2,916)
Revenue	**66,707**	64,412

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 31 December 2018. The off-take arrangements are for a minimum of 90% of the SX-EW plant's output. The copper cathodes are delivered from the Kounrad site by rail under an FCA (Incoterms 2010) contractual basis and delivered to the end customers in Turkey.

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.

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 offset from the selling price.

During 2016, the Group sold 13,751 tonnes (2015: 11,750 tonnes) of copper through the off-take arrangements. Some of the copper cathodes are also sold locally and during 2016, 187 tonnes (2015: 290 tonnes) were sold to local customers.

6. Cost of sales

	2016 $'000	2015 $'000
Reagents and materials	**5,291**	6,229
Depreciation and amortisation (note 12 and 13)	**4,975**	10,264
Mineral extraction tax	**3,858**	3,834
Employee benefit expense	**2,670**	3,333
Consulting and other services	**1,138**	1,037
Taxes and duties	**456**	813
	18,388	25,510

7. Distribution and selling costs

	2016 $'000	2015 $'000

Transportation costs	**44**	31
Employee benefit expense	**61**	83
Taxes and duties	**20**	30
Depreciation and amortisation	**16**	36
Materials and other expenses	**74**	84
	215	264

The above distribution and selling costs are those incurred at the Kounrad site in addition to the costs associated with the off-take arrangements. Note 5 refers to the costs associated with the off-take arrangements (off-take buyers' fee).

8. Administrative expenses

	2016 $'000	2015 $'000
Employee benefit expense	**6,411**	6,077
Share based payments	**2,959**	2,396
Consulting and other services	**3,146**	3,359
Office-related costs	**991**	1,170
Taxes and duties	**484**	999
Depreciation and amortisation	**92**	86
Total from continuing operations	**14,083**	14,087
Total from discontinued operations	**130**	163
	14,213	14,250

9. Income tax

	2016 $'000	2015 $'000
Current tax on profits for the year	**9,580**	10,386
Deferred tax credit (note 22)	**(2,919)**	(21)
Income tax expense	**6,661**	10,365

Taxation for each jurisdictions 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:

	2016 $'000	2015 $'000
Profit before taxation including loss from discontinued operations	**32,758**	32,583
Tax calculated at domestic tax rates applicable to profits in the respective countries	**6,553**	7,432
Tax effects of:		
Expenses not deductible for tax purposes	**1,758**	2,224
Movement on unrecognised deferred tax - tax losses	**2,120**	1,187
Movement on unrecognised deferred tax - other	**(851)**	-
Movement on recognised deferred tax (note 22)	**(2,919)**	-
Utilisation of previously unrecognised tax losses	**-**	(478)
Income tax expense	**6,661**	10,365

Corporate income tax is calculated at 20% (2015: 20.25%) of the assessable profit for the year for the UK parent company and 20% for the operating subsidiaries in Kazakhstan (2015: 20%).

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

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

10. 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 16).

	2016	2015

	$'000	$'000
Profit from continuing operations attributable to owners of the parent	**26,400**	22,548
Loss from discontinued operations attributable to owners of the parent	**(130)**	(163)
Profitable attributable to owners of the parent	**26,270**	22,385
Weighted average number of Ordinary Shares in issue	**111,558,091**	111,558,091

	2016 $ cents	2015 $ 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	**23.66**	20.21
From discontinued operations	**(0.12)**	(0.15)
From profit for the year	**23.54**	20.06

(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.

	2016 $'000	2015 $'000
Profit from continuing operations attributable to owners of the parent	**26,400**	22,548
Loss from discontinued operations attributable to owners of the parent	**(130)**	(163)
Profitable attributable to owners of the parent	**26,270**	22,385
Weighted average number of Ordinary Shares in issue	**111,558,091**	111,558,091
Adjusted for		
- Share options	**2,670,098**	2,396,361
Weighted average number of Ordinary Shares for diluted earnings per share	**114,228,189**	113,954,452

Diluted earnings/(loss) per share	**2016 $ cents**	2015 $ cents
From continuing operations	**23.11**	19.79
From discontinued operations	**(0.12)**	(0.15)
From profit for the year	**22.99**	19.64

11. Foreign exchange loss/(gain)

The Tenge devalued by 85% during 2015 which resulted in the recognition of exchange gains through the prior year income statement for the year ended 31 December 2015 of $8,992,000, arising mostly on US Dollar denominated monetary assets and liabilities held by the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge.

12. Property, plant and equipment

	Construction in progress $'000	Plant and equipment $'000	Mining assets $'000	Motor vehicles and office equipment $'000	Total $'000
Cost					
At 1 January 2015	**7,683**	**81,990**	**-**	**1,715**	**91,388**
Additions	6,416	935	-	486	7,837
Disposals	-	(76)	-	(65)	(141)
Change in asset retirement obligation estimate	-	207	-	-	207
Transfers	(9,668)	9,658	-	10	-
Acquisition of Copper Bay	-	3	-	-	3
Transfer from intangible assets	-	-	1,601	-	1,601
Exchange differences	(2,428)	(43,309)	-	(845)	(46,582)
At 31 December 2015	**2,003**	**49,408**	**1,601**	**1,301**	**54,313**
Additions	11,572	557	-	202	12,331
Disposals	-	(246)	-	(3)	(249)
Change in estimate - asset retirement obligation	-	(22)	-	-	(22)
Transfers	(10,443)	10,427	-	16	-
Exchange differences	67	985	30	26	1,108
At 31 December 2016	**3,199**	**61,109**	**1,631**	**1,542**	**67,481**

Accumulated depreciation					
At 1 January 2015	**-**	**16,000**	**-**	**727**	**16,727**
Provided during the year	-	7,630	-	164	7,794
Disposals	-	(69)	-	(56)	(125)
Transfer from intangible assets	-	-	62	-	62
Exchange differences	-	(10,608)	-	(337)	(10,945)
At 31 December 2015	**-**	**12,953**	**62**	**498**	**13,513**
Provided during the year	-	3,445	38	155	3,638
Disposals	-	(246)	-	(3)	(249)
Exchange differences	-	213	-	42	255
At 31 December 2016	**-**	**16,365**	**100**	**692**	**17,157**
Net book value at 31 December 2015	2,003	36,455	1,539	803	40,800
Net book value at 31 December 2016	**3,199**	**44,744**	**1,531**	**850**	**50,324**

Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment and the fair value uplift on the Kounrad Transaction. The original estimate of 10 years useful economic life has now been increased through to 2034 which represents the end of the subsoil user licence. This change in estimate was applied from 1 January 2016 and has resulted in a reduction in the Group's annual depreciation charge.

During 2016, $10,443,000 was transferred from construction in progress to plant and equipment following the material completion of the Kounrad Stage 2 Expansion in late 2016. The amount remaining in construction in progress as at 31 December 2016 relates to equipment for the Stage 2 Expansion including the Lake Balkhash pipeline which will be commissioned in 2017.

The devaluation of the Tenge during 2015 resulted in non-cash foreign exchange losses within property, plant and equipment during the year ended 31 December 2015. This is due to the translation on consolidation of the Group's Kazakhstan-based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge.

The reduction in estimate in relation to the asset retirement obligation of $22,000 (2015: increase of $207,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 6.02% (2015: 5.68%) and discount rate of 8.07% (2015: 7.22%) representing the risk-free rate (pre-tax) for Kazakhstan 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.

13. Intangible assets

	Goodwill $'000	Exploration and evaluation costs $'000	Mining licences and permits $'000	Computer software and website $'000	Total $'000
Cost					
At 1 January 2015	**20,291**	**2,805**	**60,399**	**55**	**83,550**
Additions	-	542	-	14	556
Transfers to property, plant and equipment	-	(1,601)	-	-	(1,601)
Acquisition of Copper Bay Limited	-	1,641	(3,222)	-	(1,581)
Exchange differences	(10,185)	(1,348)	(26,546)	(31)	(38,110)
At 31 December 2015	**10,106**	**2,039**	**30,631**	**38**	**42,814**
Additions	-	1,561	14	19	1,594
Exchange differences	187	-	306	1	494
At 31 December 2016	**10,293**	**3,600**	**30,951**	**58**	**44,902**
Accumulated amortisation					
At 1 January 2015	**-**	**64**	**1,850**	**31**	**1,945**
Provided during the year	-	41	2,668	11	2,720
Transfers to property, plant and equipment	-	(62)	-	-	(62)
Exchange differences	-	(43)	(1,994)	(19)	(2,056)
At 31 December 2015	**-**	**-**	**2,524**	**23**	**2,547**
Provided during the year	-	-	1,554	9	1,563
Exchange differences	-	-	30	3	33
At 31 December 2016	**-**	**-**	**4,108**	**35**	**4,143**

Net book value at 31 December 2015	10,106	2,039	28,107	15	40,267
Net book value at 31 December 2016	**10,293**	**3,600**	**26,843**	**23**	**40,759**

The devaluation of the Tenge during 2015 resulted in non-cash foreign exchange losses within intangible assets for the prior year ended 31 December 2015. This is due to the translation on consolidation of the Group's Kazakhstan-based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge.

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 copper price $6,280 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.

Copper Bay project
The Group has reviewed the indicators for impairment under IFRS 6 Exploration and Evaluation of Mineral Resources and has not identified any indicators of impairment.

The carrying value of the net assets is not currently sensitive to any reasonable changes in key assumptions.

14. Trade and other receivables

Current receivables	**31 Dec 16 $'000**	31 Dec 15 $'000
Prepayments	**347**	836
VAT receivable	**548**	1,769
Other receivable	**24**	43
	919	2,648

Non-current receivables		
Prepayments	**368**	1,493
VAT receivable	**2,370**	2,757
	2,738	4,250

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.

As at 31 December 2016, the total Group VAT receivable was $2,918,000 (2015: $4,526,000) which includes an amount of $2,838,000 (2015: $4,423,000) of VAT owed to the Group by the Kazakhstan authorities. In 2016, the authorities refunded $3,494,000 and a further amount of $238,000 was refunded from the authorities in February 2017 and has been classified as current trade and other receivables as at 31 December 2016. 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 effectively offset VAT liabilities and by a continued dialogue with the authorities.

15. Cash and cash equivalents

	31 Dec 16 $'000	31 Dec 15 $'000
Cash at bank and on hand	**32,209**	33,498
Short-term deposits	**8,049**	8,004
	40,258	41,502
Cash at bank and on hand included in assets held for sale	-	22
Total cash and cash equivalent	**40,258**	41,524
Restricted cash	**118**	494
Total cash and cash equivalent including restricted cash	**40,376**	42,018

The restricted cash amount of $118,000 is held to cover SUC licence requirements.

16. Share capital and premium

	Number of shares	Ordinary shares $'000	Share premium $'000	Treasury shares $'000
At 1 January 2015	**112,069,738**	**1,121**	**67,079**	**(9,644)**
Exercise of options	-	-	-	1,663
Sales of EBT shares	-	-	-	171
Capital reduction scheme	-	-	(67,079)	-
At 31 December 2015	**112,069,738**	**1,121**	**-**	**(7,810)**
Sale of EBT shares	-	-	-	30
At 31 December 2016	**112,069,738**	**1,121**	**-**	**(7,780)**

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

During 2015, the Company completed a court approved capital reduction scheme, which resulted in $67,079,000 being transferred from the share premium account to distributable reserves.

17. Currency translation reserve

Currency translation differences arose primarily on the translation on consolidation of the Group's Kazakhstan-based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge. The Tenge was relatively stable during 2016 and resulted in a non-cash currency translation gain of $1,034,000 recognised within equity. The devaluation of the Tenge during 2015, resulted in a non-cash currency translation loss of $77,352,000 recognised within equity in the prior year ended 31 December 2015.

18. Trade and other payables

	31 Dec 16 $'000	31 Dec 15 $'000
Trade and other payables including accruals	**3,762**	3,907
Corporation tax, social security and other taxes	**2,258**	2,354
	6,020	6,261

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

The Group made a net provision for the 2016 Kazakhstan corporate income tax liability of $940,000 (2015: $638,000) having paid an amount of $8,675,000 in advance during the year (2015: $9,325,000). $533,000 was also paid during the year in relation to 2015 corporate income tax.

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

19. Cash generated from operations

	Note	**2016 $'000**	2015 $'000
Profit before income tax including discontinued operations		**32,758**	32,583
Adjustments for:			
Depreciation	12	**3,520**	7,666
Amortisation	13	**1,563**	2,720
(Gain)/loss on disposal of property, plant and equipment		**(64)**	16
Foreign exchange loss/(gain)	11	**1,234**	(8,992)
Change in provision for doubtful receivables		**-**	(41)
Share based payments		**2,959**	2,396
Write-off of inventory		**-**	600
Finance income		**(67)**	(41)
Finance costs		**158**	304
Changes in working capital:			
Inventories		**(288)**	(1,454)
Trade and other receivables	14	**3,241**	(1,647)
Trade and other payables	18	**(268)**	(515)
Cash generated from operations		**44,746**	33,595

20. Dividend per share

In line with the Company dividend policy, the Company paid $20,360,000 in 2016 (2015: $20,368,000) which consisted of a 2016 interim dividend of 5.5 pence per share and a final dividend for 2015 of 8.0 pence per share (2015: interim dividend of 4.5 pence per share and a final dividend for 2014 of 7.5 pence per share). The dividend declared amount recognised in the statement of changes in equity of $20,404,000 is different to the dividend paid recognised in the cash flow statement of $20,360,000 due to dividends payable as at 31 December 2016 recognised in trade and other payables and foreign exchange differences on the GBP declared dividend.

The Directors will propose a final dividend in respect of the year ended 31 December 2016 of 10.0 pence per share at the forthcoming Annual General meeting (AGM).

21. Related party transactions

Key management remuneration
Key management remuneration comprises the Directors' remuneration, including Non-Executive Directors, disclosed in the Remuneration Committee Report of the 2016 Annual Report and other key management personnel of $428,000.

Kenges Rakishev
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. Consequently, Kenges Rakishev is considered a related party in any dealings he has with the Group. 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.

Kenges Rakishev is the chairman of the board of directors of JSC Kazkommertsbank ("KKB") and has full control over the voting and other rights of a combined 71.31% stake in KKB's issued and outstanding share capital, made up of shares in KKB held by Kenges Rakishev directly and indirectly. The Group uses the facilities of KKB within Kazakhstan for its normal day-to-day banking and as at 31 December 2016, the Group held $4,053,000 with KKB (31 December 2015: $6,107,000). The Group incurred expenditure of $23,000 on insurance premiums with a subsidiary of KKB. The Group has made an insurance claim under which a syndicate of insurers including a subsidiary of KKB and other insurers, of which Kenges Rakishev is an interested party through shareholdings, have a potential liability (see note 23).

22. Deferred income tax liability

The movements in the Group's deferred tax assets and liabilities which are expected to be recovered or settled more than 12 months after the reporting period are as follows:

	At 1 January 2016 $'000	Currency translation differences $'000	Credit to income statement $'000	At 31 December 2016 $'000
Other timing differences	(134)	-	52	(82)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(10,106)	(1,220)	2,867	(8,459)
Deferred tax liability, net	**(10,240)**	**(1,220)**	**2,919**	**(8,541)**

A taxable temporary difference arose as a result of the Kounrad Transaction, 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 this taxable temporary difference has been reduced by $2,867,000 during the year ended 31 December 2016 to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets since the date of acquisition.

	At 1 January 2015 $'000	Currency translation differences $'000	Credit to income statement $'000	At 31 December 2015 $'000
Other timing differences	(276)	121	21	(134)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(20,291)	10,185	-	(10,106)
Deferred tax liability, net	**(20,567)**	**10,306**	**21**	**(10,240)**

The devaluation of the Tenge during 2015 resulted in a currency translation difference on the deferred tax liability of $10,306,000 during the year ended 31 December 2015. This is primarily due to the translation of the goodwill arising on the Kounrad Transaction which is denominated in Tenge.

Where the realisation of deferred tax assets is dependent on future profits, the Group recognises losses carried forward and other deferred tax assets only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise other potential deferred tax assets arising from losses of $7,991,000 (2015: $5,385,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2016, the Group had other deferred tax assets of $1,543,000 (2015: $934,000) 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 2016 and 2015, respectively.

23. Events after the reporting period

Kazakhstan VAT recoverability
As at 31 December 2016 a total of $2,838,000 (2015: $4,423,000) of VAT receivable was still owed to the Group by the Kazakhstan authorities. A portion of this amount totalling $238,000 was refunded from the authorities in February 2017 and has been classified as current trade and other receivables as at 31 December 2016.

Insurance claim
In relation to the insurance claim in respect of the operational incident at Kounrad in June 2015, the Group continues negotiations with the insurer in an attempt to achieve a successful outcome.

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 has taken the decision to exit its position in Zuunmod UUL LLC. It is envisaged that this process will be completed in 2017.

Shuak
Under the terms of the Shuak framework agreement, on 22 February 2017, CAML reduced its interest in Shuak BV to 80%, with 20% effectively being held by local partners. The transfer of the SUC is expected to occur during Q2 2017.

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Final Results - RNS