CENTRAL ASIA METALS PLC

Annual Report and Accounts 2012

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Chief Executive Officer

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Chairman and Chief Executive's Statement

Dear Shareholders

2012 has proved to be a successful year for the Company during which time the construction of a 10,000 tonne per annum Solvent Extraction-Electro Winning (SX-EW) cathode copper plant at Kounrad in Kazakhstan was completed under budget and the production of copper commenced. By 31 December 2012, the plant had produced 6,586 tonnes of copper during its first eight months of production and generated project revenues in excess of $51 million. The Board is pleased to propose a final dividend of 3.7 pence per share bringing the total dividend for 2012 to 10.7 pence per share.

Kounrad Operations

Construction work was completed at the Kounrad site in late April 2012 following a 21 month programme with a final capital cost to completion of $39 million, some $8 million below the original budget. The Company commenced commissioning the plant in early March 2012 and the first cathode copper was produced on 29 April 2012.

The commissioning and initial ramp up of production progressed smoothly such that the plant achieved 100% operational running time by August 2012 and was producing copper above its designed monthly output. The first 8 months of commissioning, initial ramp up and steady state production tested the resilience of the plant's design, choice of plant equipment and also the quality of the in-house construction process. During the eight months of production in 2012, the plant produced 6,586 tonnes of copper, 32% above initial production targets with a specification consistently above 99.997%.

The harsh weather conditions experienced at Kounrad during the winter period were always going to provide a significant learning experience. It is a testament to the staff at Kounrad and the design of the plant that copper was consistently produced throughout the winter period.

During the year, the required exploration works were completed allowing a JORC compliant resource estimate to be established. As a result, the new resource statement has been estimated at 647 million tonnes of mineralised dump material containing an estimated 614,214 tonnes of copper for the Eastern and Western Dumps. This new JORC resource statement correlates closely to previous estimates and to within 2.1% of the unclassified historical figures as stated in the IPO document of September 2010. The revised JORC resource statement indicates a Life of Mine in excess of 25 years at an anticipated annual production rate of 10,000 tonnes. This Life of Mine excludes any mineralised dump material from the Northern Dumps as a management review of the ownership of those dumps has determined that the majority of this material does not fall within the Kounrad subsoil use contract.

Kounrad Financial Performance

In March 2012, a decision was taken by the CAML Board to appoint Traxys as the off-taker for the distribution and sale of the cathode copper. As at 31 December 2012, a total of 6,063 tonnes of copper had been transported from site with an average sale price of $7,935 per tonne. Group revenues of over $30 million during the eight month period, together with the overall cost of producing copper of $5.8 million, enabled the Group to produce profits for the first time. The C1 unit cash cost of production of $1,562 per tonne ($0.71/lb.) makes Kounrad an extremely low cost copper producer.

It is the combination of such low costs and the successful commencement of production that has enabled the CAML Board to return significant funds to shareholders during the year. In total, the Company accounts reflect $11.6 million through a share buyback scheme and the payment of a maiden and special dividend on 1 February 2013. The Board is now proposing a final dividend for 2012 of 3.7 pence per share which would mean that the Company has paid dividends of 10.7 pence per share since production commenced in April 2012 representing a total return to shareholders for 2012 operations of $16.3 million. As at 31 December 2012, the Group had $33.8 million of cash in the bank following the repayment to the parent company of $28.4 million from intercompany loans used to finance the Kounrad project.

Kounrad Growth and Ownership

A draft feasibility study is nearing completion for the construction of a second SX-EW plant and the associated infrastructure at Kounrad. A decision will be taken by the Board later in the year following further leach testing of the Western Dumps, hydrological surveys and once the transfer of ownership of the remaining 40% of the project has been completed from the SAT Group to CAML.

The conclusion of the SAT transaction has taken longer than the Board had envisaged due to the local requirements associated with the transfer of the subsoil use contract and finalising project documentation with the SAT Group. It could take a further 12 months to complete the process and the timing is dependent upon the receipt of the relevant waivers required from the Government of the Republic of Kazakhstan. The Company will endeavour to complete this process as quickly as the required statutory procedures permit.

Chairman (left) with CEO at the opening ceremony of the Kounrad plant

Mongolia

The business environment in the country has been challenging during 2012 and as a consequence the Company has been unable to complete the disposal of its non-core assets despite announcing a deal in September 2012. The interested party was unable to raise the required finance although we understand that they remain keen to purchase the assets and discussions continue for a way forward. An application for a mining licence at Alag Bayan has been submitted to the Mongolian Ministry. Should the application be successful, all the shareholders in the licence area will need to assess the strategy and commercial arrangements and financing required to further progress the asset.

Outlook

The key objective for 2013 is to produce 10,000 tonnes of copper, maintain tight control over the production costs and to complete the transfer of ownership of the project with the SAT Group. The CAML Board remain positive about the copper market and the strong cash flows being generated at Kounrad should enable the Company to consider opportunities in new projects whilst continuing to return funds to shareholders through the dividend policy.

Nigel Hurst-Brown
Chairman

Nick Clarke
Chief Executive Officer

Kazakhstan

Profile

- Kazakhstan became independent from the Soviet Union in December 1991
- Kazakhstan has a stable and growing economy with an average growth of 8% per annum since 2000
- Kazakhstan has extensive mineral and metal resources in the country with well established infrastructure
- GDP per capita in 2012 was estimated at $13,900
- Kazakhstan is ethnically and culturally diverse with a population of 16.6 million
- Kazakhstan is the ninth largest country in the World in terms of area, equivalent in size to Western Europe

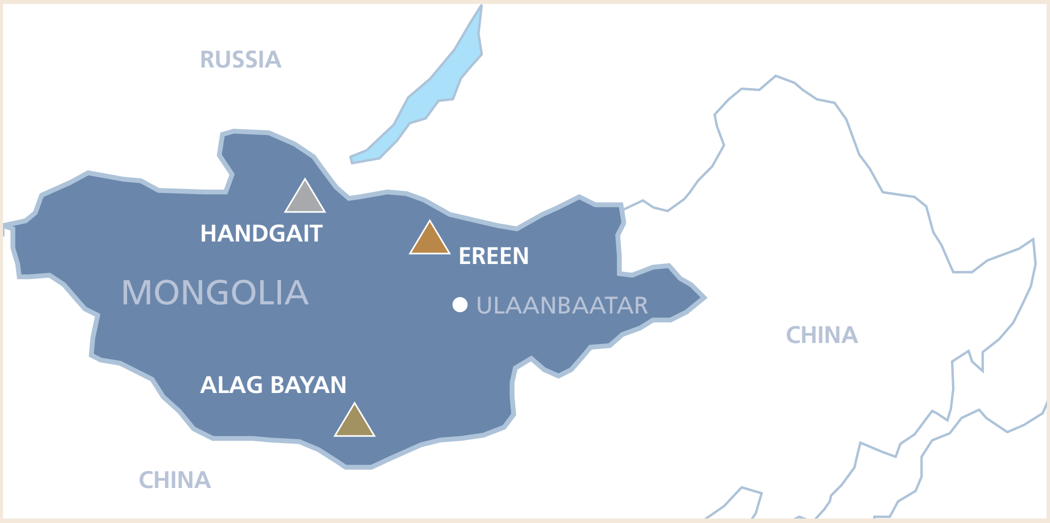
Kounrad Copper Production

- The Company completed construction of the 10,000 tonne per annum SX-EW copper plant in April 2012
- 6,586 tonnes were produced in the first eight months of production generating in excess of $51 million revenue
- Direct cash cost of production for 2012 of $770 per tonne ($0.35/lb.) and C1 cash cost 1,562 per tonne ($0.71/lb.)
- The licence is valid until 2034 and the JORC compliant resources are deemed sufficient for 25 years of operations at current production levels
- The project is jointly owned on a 60:40 basis and CAML has an agreement to purchase the remaining 40% share

Mongolia

Profile

- Minerals represent more than 80% of Mongolia's exports
- Mongolia is the 19th largest country in the World by area
- Mongolia is the most sparsely populated independent country in the World with a population of around 2.75 million people
- GDP per capita in 2012 was estimated at $5,400
- Currently there exists a degree of uncertainty in Mongolia around the proposed new draft mining code and also the laws around foreign ownership of mineral assets



Mongolia Assets

- The Group is currently exploring a copper/gold porphyry target at Alag Bayan license area close to the Oyu Tolgoi deposit in the Southern Gobi
  - Extensive exploration drilling totalling 12,500 meters
  - Results from the drilling program and other technical studies has been submitted to the Ministry for a 30 year mining licence
- The Group also owns two other projects that are held for sale
  - Ereen is a 774,000 ounce JORC compliant gold resource in the Gatsuurt region
  - Handgait is a 42,000 tonne JORC compliant molybdenum resource in the north of Mongolia
  - The local subsidiary has received a claim in relation to a licence for the Ereen project from a minority shareholder demanding the return of the licence. The Company intends to fully defend the claim.
  - Cutfield Freeman & Co have been appointed to sell the assets

2012 Key Achievements at a glance

Focussing on Copper

Central Asia Metals plc ("CAML" or the "Company") was formed in September 2005 to acquire and develop mineral assets in Central Asia, primarily Kazakhstan and Mongolia. During 2006 and 2007, the Company acquired six mineral assets in the region and raised funds privately for their development. During the following years, the focus of the Company was on exploration activity of the various projects.


Harvesting copper

On 30 September 2010, the Company listed on the Alternative Investment Market ("the AIM Market") of the London Stock Exchange (LSE) and successfully raised $60 million. The funds were primarily allocated for a development of Kounrad project.

The Company's strategy has been to focus on those assets that could be converted from the exploration and development phase into production in a relatively short timescale. This strategy review resulted in a management decision to sell four out of the six assets at the first opportunity as they were considered either a management distraction or the cost of development that could not be justified at this time.

Following these strategic decisions, CAML management have focussed their attention almost exclusively on developing the Kounrad copper project in Kazakhstan and building a 10,000 tonne per annum Solvent Extraction–Electro Winning (SX-EW) copper plant. The Company still retains a copper/gold exploration asset in Mongolia which is, peripheral to the current operational activity of the Group.

Delivering on Our Promises

During 2012, the key objectives for the Group were to complete the construction of a 10,000 tonnes per annum SX-EW plant and to commence commercial copper production at Kounrad. The targeted production output for 2012 was 5,000 tonnes of cathode copper at C1 production costs below $2,000 per tonne ($0.90/lb.). The overall assessment of the performance against these targets is summarised right.

Constructing a 10,000 tonne per annum SX-EW copper plant at Kounrad
The Kounrad plant construction programme was completed in late April 2012 for a final capital cost of $38.9 million. This represents a saving of c $8 million against the original estimates determined by the BGRIMM 2010 feasibility study and budgeted at the time of the IPO in September 2010. The main savings were achieved through the use of in-house construction staff and a strong owner's management team to supervise and control the project, with minimal use of contractors.

Strong Production Performance
The first eight months of commissioning, initial ramp up and steady state production has tested the resilience of the plant's design, choice of solvent extraction and electro winning equipment and most importantly the quality of the in-house construction process. By 31 December 2012, the plant had achieved an average of 97% operational running time after allowing for scheduled maintenance.

Assessment of CAML 2012 Key Business Objectives

OBJECTIVES	ACHIEVEMENTS
Complete construction of SX-EW plant at Kounrad within budget	Completed April 2012 Capex of $39m, $8m under budget
Produce 5,000 tonnes of copper	6,586 tonnes produced
C1 production costs below $2,000 per tonne	$1,562 per tonne
Completion of field works to enable preparation of JORC compliant resource statement	Field works completed October 2012. JORC compliant resource statement achieved March 2013

Only three months after the commencement of production, the plant achieved 100% operational running time in August 2012 and at the same time produced over 1,000 tonnes of copper in 30 operating days, some 15% above design. During the eight months of production in 2012, the plant produced 6,586 tonnes of copper, 32% above the original 2012 target, with a quality specification consistently above 99.997%.

Delivering on Our Promises (continued)

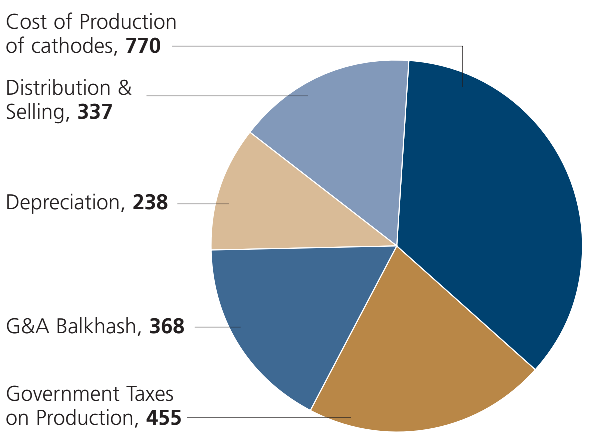
SX building – Kounrad

Low Costs of Production

During 2012 the cost of producing cathode copper at the SX-EW plant was $5.8 million which equates to $770 per tonne ($0.35/lb.). This compares favourably with the comparable numbers at the interim results of $1,058 per tonne ($0.48/lb.). Allowing for the Kazakhstan Government's Mineral Extraction Tax at 5.7% and the costs of distribution and selling, the C1 cost per tonne is a competitive $1,562 (0.71/lb.).

Kounrad – 2012 unit costs of production

USD per tonne of copper



All-inclusive cost $2,167 per tonne ($0.98/lb)

Depreciation in the period of $1.4 million and the cost of indirect overheads at Balkhash of $1.8 million result in a total cost for the period of $14.8 million which represents a fully inclusive cost of production per tonne of copper of $2,167 ($0.98 /lb.).

Establishing a JORC Compliant Resource for Kounrad

At the time of the IPO in September 2010, the Company agreed to undertake a programme to transfer the unclassified dump material to a JORC compliant resource statement by Q1 2013. The exploration works including drilling, trenching and deep pit excavations has been overseen by Wardell Armstrong International (WAI), the Company's retained competent person.

During the year, the required exploration works were completed allowing a JORC compliant resource estimate to be established. As a result, the new resource statement has been estimated at 647 million tonnes of mineralised dump material containing an estimated 614,214 tonnes of copper for the Eastern and Western Dumps. This new JORC resource statement correlates closely to previous estimates and to within 2.1% of the unclassified historical figures as stated in the IPO document of September 2010. The revised JORC resource statement indicates a Life of Mine in excess of 25 years at an anticipated annual production rate of 10,000 tonnes. This Life of Mine excludes any mineralised dump material from the Northern Dumps as a management review of the ownership of those dumps has determined that the majority of this material does not fall within the Kounrad subsoil use contract.

2012 Key Achievements at a glance

Creating Value for Shareholders

Selling Copper Cathodes
In the first eight months of production at Kounrad, revenues in excess of $51 million have been generated at the project level. By 31 December 2012, a total of 97 rail wagons had been dispatched from site, under the off-take arrangement with Traxys. These shipments contained 6,063 tonnes of copper which was subsequently sold for an average price of $7,935 per tonne. Additionally, 320 tonnes of copper was sold locally.

The basic terms of the off-take arrangements are that the copper is loaded onto rail wagons at the Kounrad site with risks transferring at that stage to Traxys. These arrangements are beneficial in terms of cash flow to the business as payment can be requested at the time of dispatch from site. Title to the copper transfers on any payment being made by Traxys.

Achieving Profitability
The combination of the low costs of production and the strong production performance since late April 2012, has resulted in the Group announcing its first profits. The consolidated net profit after taxation of the Group in respect of the year ended 31 December 2012 amounted to $9.8 million (2011: loss $11.2 million).

On a consolidated level, the Group's 60% share of the Kounrad project revenue was $30.7 million (2011: $1.1 million) and this generated a gross profit of $24.9 million (2011: $0.1 million). Profit after tax from continuing operations of $10.3 million (2011: loss $5.9 million) after just eight months of production at Kounrad is a strong financial performance by the Group.

Strong Balance Sheet and Cashflows
The total assets of the Group as at 31 December 2012 amounted to $91.6 million (2011: $69.4 million) with the main increase coming from increased cash resources derived from the sales of copper during the period. Overall there was an increase in net cash to $33.8 million (2011: $16.0 million) across the Group with $28.2 million (2011: $15.5 million) held in the UK.

The Kounrad project was financed 100% by equity and the funds raised in London were then loaned to the operating subsidiaries for the capital expenditure and other associated costs. These loans within the Group are now being repaid to London following the successful production of copper at Kounrad. During 2012, there was a net repayment of $21.3 million and it is anticipated that the loans will be fully repaid by the end of Q1 2014.

Experienced Management and Board
The CAML senior management team has over 70 years of mining experience and over the past 3 years during the development of the Kounrad project this has proved crucial in the delivery of the IPO commitments. The Company operates in an operationally challenging part of the World and it is their ability to address problems and find solutions

CAML Board of Directors

as they arise that has helped to deliver copper production at Kounrad in line with the Group's commitments.

The growing skills shortage within the mining industry means that securing the services of a loyal, skilled and dedicated professional management team is crucial to CAML's success. The remuneration policy is designed to be competitive and maintain the loyalty of its current management as well as attracting the best talent whenever the situation requires.

Corporate and Social Responsibility (CSR)
The Company has always been keenly focussed on ensuring that the environmental and social aspects of its operation are managed to the highest possible standards. In recognition of this responsibility, a CSR Committee was established by the CAML Board in Q2 2012. The Committee is tasked with co-ordinating and managing all the CSR activities across the Group. A Group CSR policy has been developed and a copy of it can be found on the CAML website at www.centralasiametals.com.

During the construction of the plant, a total of 804,842 man-hours, including sub-contractors, were worked with no lost time injuries and this safety conscious approach has continued into production with induction and refresher courses conducted for all new and existing employees. The Company also continues to build on the already constructive and positive relations with the Kounrad community and authorities by donating generously to local causes. Further 218,387 man-hours were worked with no lost production since commissioning of the plant.

Managing the Business Risks
CAML management have successfully dealt with the technical, delivery and financial risks associated with the Kounrad project. The successful commissioning of the plant and production of 6,586 tonnes of copper during the year has clearly demonstrated these risks have been mitigated. The construction of the SX-EW plant for c $8 million under the planned costs and the cash flows generated from the initial sales of copper have also reduced the financial risks associated with the project. Despite these successes, the management remain vigilant and are constantly monitoring the risks associated with the operations.

Returning Value to Shareholders

Share Buy Back Programme

In early July 2012, the Company commenced a share buyback scheme with some of the funds that were being generated from the sales of copper on site at Kounrad. As at 31 December 2012 1,318,929 shares had been purchased at a value weighted average price of 93.059 pence. During the buyback programme the share price responded by increasing from around 69 pence in July 2012 to around 97 pence per ordinary share in early December 2012.

CAML Dividend Policy

The CAML Board agreed in early December 2012 to commence the payment of dividends to its shareholders owing to the combination of a strong operational performance at Kounrad during 2012 and the resilient copper price. Whilst the agreed dividend policy was to distribute annually a minimum of 20% of attributable revenue, the Company targeted 30% of the attributable revenue for 2012. The Board also decided that it was appropriate to return some of the savings made arising from the Kounrad project capital programme by way of a special dividend.

A special dividend of 3.7 pence per ordinary share and an interim dividend of 3.3 pence per ordinary share were both announced on 13 December 2012 and paid on 1 February 2013. The Board proposes a final dividend for 2012 of 3.7 pence per ordinary share to be approved at the AGM bringing total dividends to 10.7 pence per ordinary share for the year.

Looking to Future Growth

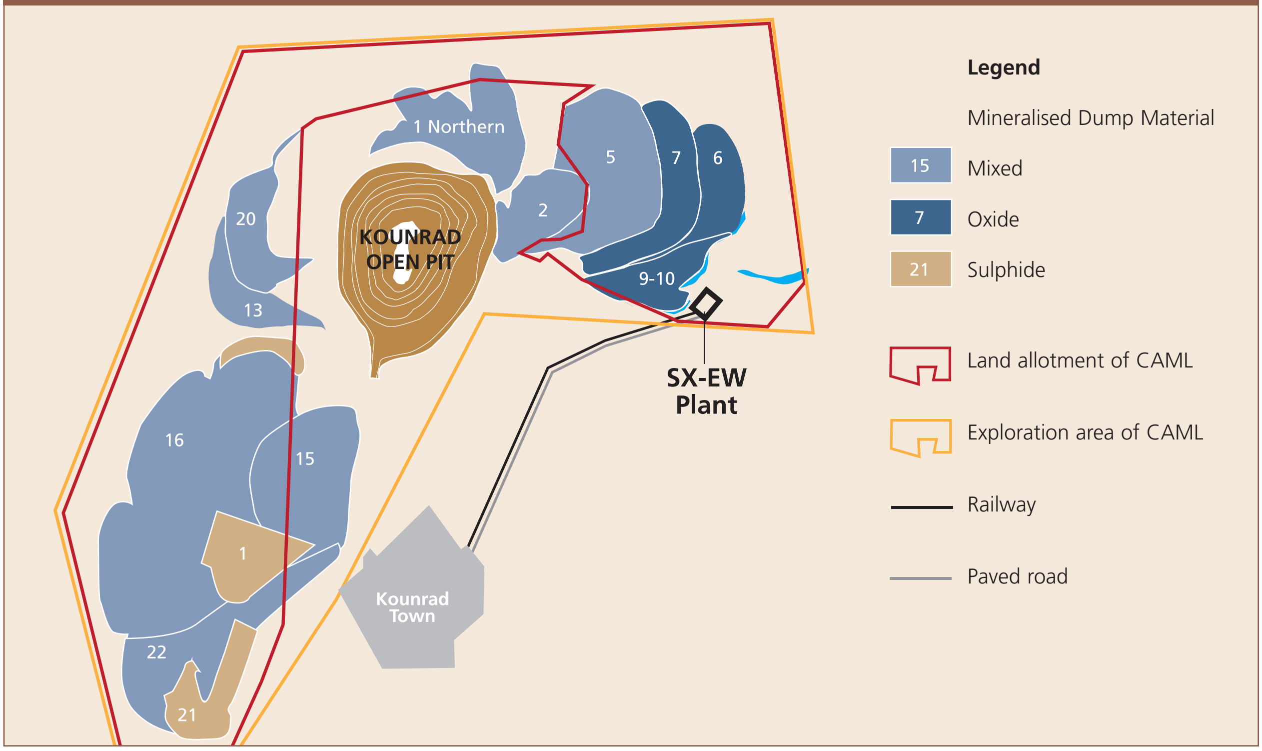
EW cells – Kounrad

The strategy of the Company looking forward beyond 2012 is focussed on increasing copper production output, either through organic growth at Kounrad or the consideration of other potentially profitable opportunities which may present themselves to management. Whilst the Company started out with a focus on a geographical region in Central Asia, the strategy moving forward will not be constrained by such considerations and may well consider opportunities in other jurisdictions around the World. The key objectives of the Group for 2013 are the following;

- produce 10,000 tonnes of copper;
- maintain tight control over the production costs;
- complete the transfer of 40% ownership of the project to the Group, and
- sell the assets held for sale for a reasonable consideration and obtain the mining licence at Alag Bayan.

Operational Review – Kounrad

Basic layout of Kounrad copper project



Dump Leaching and Irrigation of the dumps

The site consists of two areas separated by the Kounrad open pit, namely the Eastern and Western Dumps. The mineralised material to be leached in the current phase of the project is that contained within the Eastern Dumps.

Based on an estimated recovery rate from the testwork conducted within the Eastern Dumps, management estimate that there is sufficient resource for in excess of eight years of operations at the current planned output of 10,000 tonnes per annum.

The diagram above illustrates the site layout and the position of dumps 2, 5, 6, 7, 9-10 which comprise the Eastern Dumps.

A total of nine kilometres of irrigation distribution piping and over 700 kilometres of drip irrigation piping have been installed on dump 9-10. The piping is laid out on the dumps in a structured manner to enable management to isolate and manage specific areas, known as leach cells, throughout the year. Each leach cell varies in size, according to the dump height and contained copper grade. Typically the cells measure 10 hectares (100,000 m^2) and are leached for a period of up to 6 months.

At the base of dumps 6 and 9-10, a 2 kilometre HDPE-lined solution interceptor trench has been constructed. On a continuous basis, the copper bearing pregnant leach solution (PLS) is collected in the collector trenches following the irrigation of the dumps with diluted sulphuric acid solution, known as raffinate. The PLS is then pumped into a series of storage ponds at the SX-EW plant for processing and plating of the copper.

During 2012 all of the leaching activity was concentrated on dump 9-10. The average area under leach at any one time during 2012 was slightly more than 40 hectares and the irrigation solution application rate varied on a monthly basis between 2 to 3.4 litres per square metre per hour.

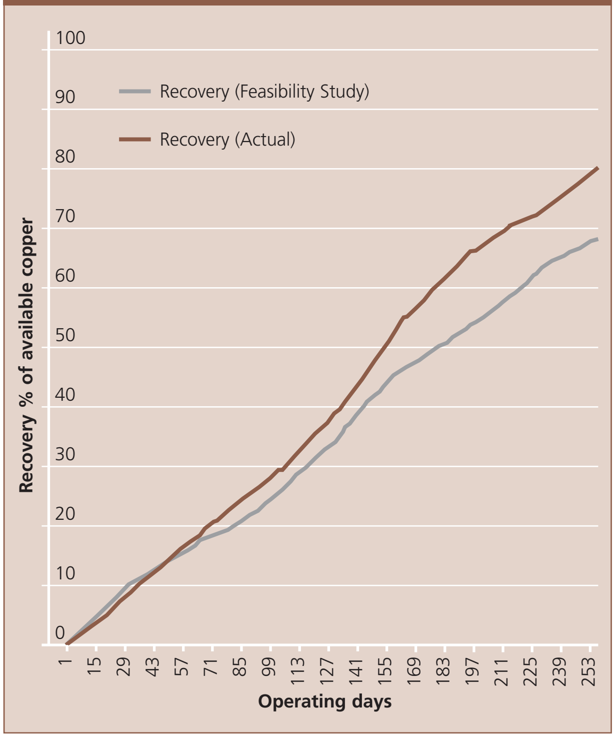
Following on from the three years of mini plant operations on a section of dump 6 during the feasibility study and design phase, a leaching curve was developed to predict the amount of copper deemed recoverable from each of the dumps over a six month time period. This was based on the assumed tonnage of mineralised material under leach within the dump and also the estimated grades of copper.

Whilst is not definitive, the leaching curve provides a basis for the management of the leaching process on the dumps and the expected rate of recovery of copper from any particular cell.

Since the start of commercial operations, monthly reconciliations have been prepared to compare the actual recovery of copper against this predictive tool. As the graph illustrates, the achieved results to 31 December 2012 have indicated that the recovery of copper has reached 80% of the predicted quantity over 253 days, being about 10% more than the model forecasts. With at least a further two, possibly three, more months of active leaching to be completed on dump 9-10, this data provides a good degree of confidence that the recovery targets for the dumps will be achieved.

It is anticipated that dump 9-10 will be exhausted during the first half of 2013 and consequently leaching is scheduled to commence on dump 6 in early Q2 2013. In order to facilitate this, a 1.5 km extension to the existing solution interceptor trench was completed in summer 2012, encompassing the entire periphery of dump 6 and the whole surface of the dump has been laid with irrigation piping.

Copper Recovery – Actual vs Feasibility Study



Kounrad SX-EW plant

Construction took 21 months to complete during which time a total of 4,206m^3 of steel re-enforced concrete was poured and 725 tonnes of structural steel erected. The construction of the plant also utilised a total of 804,842 man-hours, including sub-contractors, with no lost time injuries.

The construction programme was completed for a final capital cost of $38.9 million which represented a saving of c $8 million against the original capital estimates determined by the BGRIMM 2010 feasibility study. The main capital savings were achieved through the use of in-house management and construction staff in the execution of the project. The Group continues to manage the project by maintaining a strong owner's team and all aspects of the planning and implementation of the project are co-ordinated and controlled centrally where feasible.

Commissioning and initial ramp up of production

By the beginning of April 2012, the dry testing and commissioning activities commenced. This pre-production testing was overseen and supervised by commissioning engineers from Australia, PPM Solutions Pty Ltd, who have significant experience in the start-up of SX-EW plants worldwide. The Company had completed all of the initial commissioning tests by mid-April in readiness for the introduction of the first copper rich pregnant leach solutions into the SX-EW plant. The initial copper extraction efficiency from PLS within the solvent extraction (SX) circuit was recorded at 89% and within a matter of days the entire extraction, washing, stripping and electro-winning circuits were operating 24 hours per day under steady state conditions. Copper plating on to the stainless steel cathodes commenced on 23 April and by 29 April 2012, the first harvest of copper occurred resulting in the production of 33 tonnes of copper cathode plates.

Rail wagons at Kounrad ready for copper loading

This commissioning period allowed all components of the circuit, both within the SX and EW sections, to be fully tested at maximum design capacity parameters. This final testing phase proved to be a success and all of thesign parameters were either met in full or exceeded by August 2012.

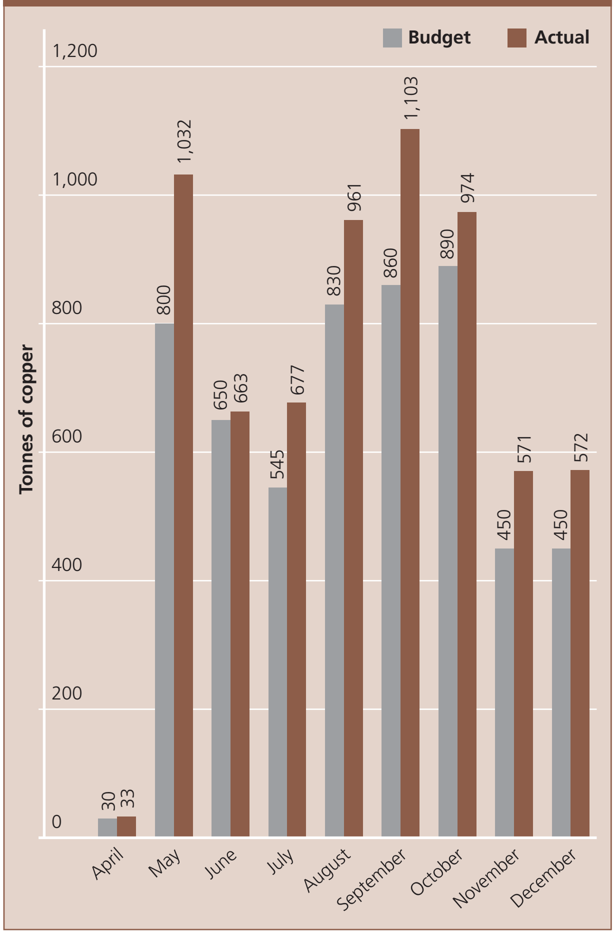
Winter operations

The harsh weather conditions experienced at Kounrad during the winter period were always going to provide a significant learning experience with large amounts of solution flow at very low temperatures. With this in mind an 8.4MW coal fired boiler house was included in the plant design to heat the solutions. During December 2012, the dawn temperatures fell to minus 32 degrees Celsius for a 10 day period. Throughout this period the plant was able to continue operations and it is a testament to the staff at Kounrad and the design of the plant that, despite such low temperatures, in excess of 1,000 tonnes of copper was produced in November and December.

Summary of 2012 production

The chart below illustrates the monthly production achieved against the original budgets.

Copper Production – Actual vs Budget




Cathode copper ready for harvesting

Resources Update

At the time of the IPO in September 2010, the Company agreed to undertake a programme to transfer the unclassified mineralised dump material to a JORC compliant resource statement by Q1 2013. Between 2007 and 2012, significant drilling and sampling works have been undertaken on the Kounrad dumps to achieve this objective, and most recently the work has been overseen by WAI.

This site work comprised a total of 132 boreholes, totalling 4,176 metres on a 200m grid. Following the drilling programme, a total of 1,370 samples were collected for analysis which was undertaken by the local State certified laboratory in Ust Kamenogorsk. In order to guarantee the quality of the work, 70 duplicate and standard samples were also cross checked by ALS Laboratories in Moscow.

In addition to the above, material from 20 pits was excavated, surveyed and weighed in order to make an accurate assessment of the bulk density of the mineralised material. This recent site work, combined with all the

Copper cathodes – Kounrad

additional data accumulated during the period 2007-2010, has resulted in a resource database consisting of 325 boreholes, 7,426 metres of drilling, 150 sub-surface test pits, 1,400 metres of trenching and 3,702 assays. This data formed the basis of the WAI 2013 JORC Resource Statement.

The results of all this work are summarised below:

During the year, the required exploration works were completed allowing a JORC compliant resource estimate to be established. As a result, the new resource statement has been estimated at 647 million tonnes of mineralised dump material containing an estimated 614,214 tonnes of copper for the Eastern and Western Dumps. This new JORC resource statement correlates closely to previous estimates and to within 2.1% of the unclassified historical figures as stated in the IPO document of September 2010. The revised JORC resource statement indicates a Life of Mine in excess of 25 years at an anticipated annual production rate of 10,000 tonnes. This Life of Mine excludes any mineralised dump material from the Northern Dumps as a management review of the ownership of those dumps has determined that the majority of this material does not fall within the Kounrad subsoil use contract.

The results of the drilling and assaying campaigns, particularly during 2011 and 2012, have highlighted that the original categorisation of the differing mineralised materials during the open pit operational life may no longer be applicable, or actually important. According to the original classifications material identified as "mixed" contained between 10 to 20% acid soluble copper, whilst "sulphides" contained less than 10% acid soluble copper. The assay results show that this is no longer the case, with acid soluble assays in a "mixed" dump averaging around 45% and with similar values being determined in some of the "sulphide" dumps. It is highly likely that these higher

WAI 2013 Resource Estimate – JORC Code (2004)					Comparison at IPO
Resource type	**Category**	**Quantity Mt**	**Grade %**	**Contained copper, kt**	**Contained copper, kt**
Eastern Dumps					
Oxide	Indicated	89.7	0.10	85.8	
	Inferred	79.6	0.10	81.7	
Total		**169.3**		**167.5**	**173.7**
Western Dumps					
Sulphide	Indicated	275.4	0.10	276.2	
	Inferred	169.4	0.09	160.3	
Mixed	Indicated	20.9	0.03	6.2	
	Inferred	12.1	0.03	4.0	
Total		**477.8**		**446.7**	**456.8**
Eastern and Western Total		**647.1**		**614.2**	**630.5**
Northern Dumps					
Mixed	Indicated	3.0	0.04	1.3	
	Inferred	2.9	0.05	1.4	
Total		**5.9**		**2.7**	**105.9**
Grand Total		**653.0**		**616.9**	**736.4**

Inaccuracies may be due to rounding

than anticipated levels of soluble copper are due to the natural and continuously active natural oxidation conditions occurring within the dumps over a 70-80 year time frame.

For the Eastern dumps, the JORC compliant Indicated and Inferred resources of 167,539 tonnes of in-situ copper are anticipated to support an operational life of at least 8 years at an extraction rate of 10,000 tonnes per annum. A further 17 years of operational life is estimated from the mineralised material in the Western dumps which has a JORC compliant Indicated and Inferred resources of 446,675 tonnes of in-situ copper.

Concurrently with the commitment to confirm a JORC compliant resource for the Kounrad dumps, the same sample data from the drilling and trenching is being used to determine the resource base by the Kazakhstan State Reserve Committee "GKZ" classification methodology. This data is part of the requirements to convert the exploration licence for the whole site into a mining licence and thereby place all of the resources within the project's SUC onto the approved State balance of geological resources. The SUC is valid until August 2034.

At present 81,125 tonnes of approved copper reserves (C1 category) are registered on the Republic of Kazakhstan State balance of geological resources. These resources are located in the Eastern Dumps, numbers 6, 7 and 9-10. All of the remaining mineralised materials on the Eastern Dumps are in the process of being transferred on to the State balance.

Copper Sales

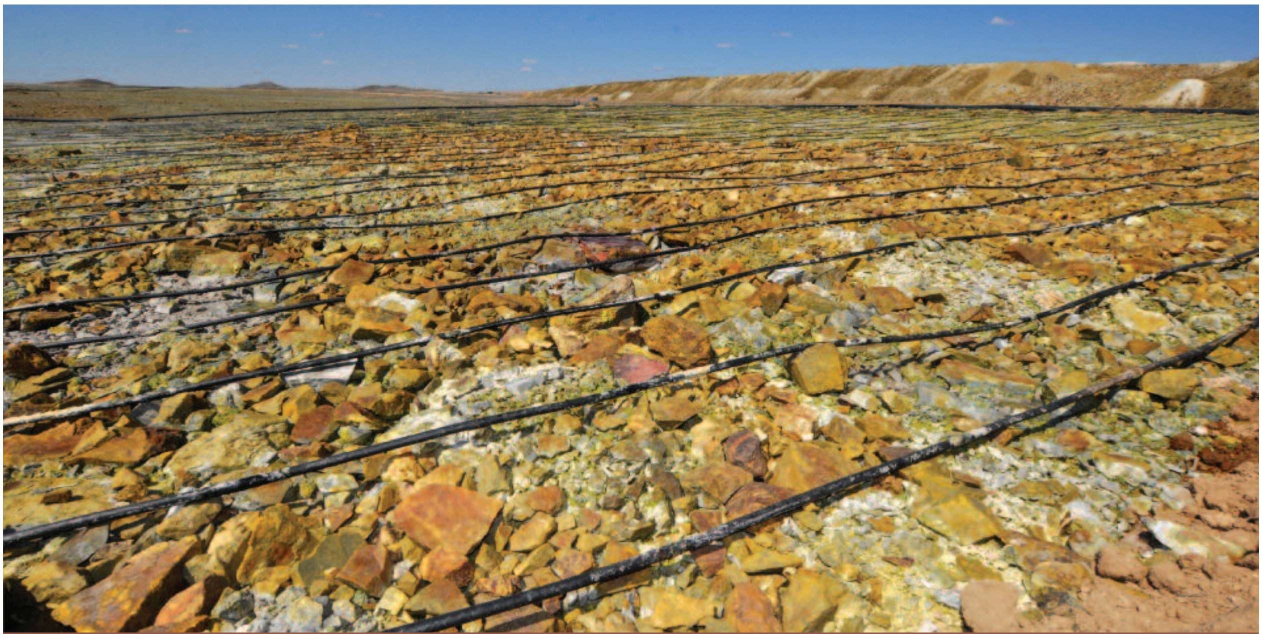
In March 2012, a decision was taken by the CAML Board to appoint Traxys as the off-taker for the distribution and sale of the copper cathodes from the Kounrad SX-EW plant. The first copper cathodes were collected from the plant site railway siding in June 2012 and by the end of that month 22 rail wagons had been despatched from the site carrying a total of 1,386 tonnes of copper cathodes destined for the Turkish markets.

By 31 December 2012, a total of 97 rail wagons had been moved by rail from site, under the off-take arrangement with Traxys, containing 6,063 tonnes of copper cathodes. All the copper was sold into the Turkish market and was shipped via the Russian port of Novorossisysk and onwards by sea. The average sale price achieved for the copper was $7,935 per tonne.

The basic terms of the off-take arrangements are that the copper cathodes are loaded onto rail wagons at the Kounrad site and once the necessary paperwork is completed, responsibility for the copper is transferred to Traxys for onward distribution to the end customers. The value of the copper is determined by reference to the London Metal Exchange (LME) prices and the seller is free to determine the date for fixing the price within 3 months prior to and 30 days post-delivery.

The payment for the copper cathodes can also be requested by the seller at the time of delivery, albeit interest is charged on the advance payments until the earlier of

Kounrad SX-EW plant



Irrigation piping on dumps

such time as Traxys has received payment and 90 days from the date of dispatch. The costs of the distribution and all other logistics costs are borne by the seller of the copper. Upon any payment being made by Traxys for the copper, title is transferred to Traxys.

The Company also sold 320 tonnes of copper locally.

Acquisition of 40% in Kounrad project

In January 2012 SEC Sary Arka, the JV partner in the Kounrad project announced that SAT Group (CAICC) had won a tender to acquire Sary Arka interest in the Kounrad project.

In January 2012, the Company signed a legally binding agreement with the SAT Group, based in Kazakhstan, for the purchase of the additional 40% of the Kounrad project not currently owned by the Group. The regulatory processes required to transfer the ownership commenced in March 2012 with the submission by the Company and the SAT Group, in conjunction with SEC Sary Arka, of all the required documentation for the first stage of the transaction.

During 2012, the regulatory bodies of the government of the Republic of Kazakhstan approved the transfer of the 40% interest in the project from SEC Sary Arka to the SAT Group (CAICC). The 40% ownership in Kounrad Copper Company LLP was transferred from SEC Sary Arka to the SAT Group (CAICC) in December 2012, however the interest in the SUC and JOA has not yet been transferred. Once this transaction is completed, the transfer to the Group can begin.

The value agreed between the parties for the exchange was a consideration of 8,616,593 ordinary shares in the Company. At the time of agreeing the deal in January 2012 this would have resulted in the SAT Group becoming a 9.1% shareholder in the enlarged Company once the transactions are completed. Due to the Company share buy-back programme this consideration will now result in the SAT Group becoming interested in 9.85% of the voting rights of the enlarged Company once the transactions are completed.

Feasibility on second SX-EW plant

A feasibility study is nearing completion on a second SX-EW plant at Kounrad. Metallurgical testing is still being undertaken, the results so far have confirmed that acid leaching of the Western dumps show recovery up to 45% of the contained copper compared to previous estimates of 40%. These results correlate closely with the acid soluble copper assays returned from the analysis of over 2,200 samples from drilling conducted on the dumps in 2011 and 2012.

In addition, the results of these tests correlates closely with the calculated recoveries obtained from the pilot plant operations on the sulphide dumps conducted over the period July to December 2011. A recovery of 45% was calculated based upon a borehole head grade sample and the PLS and raffinate solutions treated and generated through the pilot plant over this period.

Column leaching testwork continues to establish predictive leach recovery curves and determine reagent consumptions. Additionally, during 2013 geophysics and geotechnical surveys will be undertaken.

Operational Review – Mongolia

Logging of core samples – Alag Bayan

Alag Bayan

The 39.4km^2 Alag Bayan licence (3,941 hectares) is located in the middle of Mongolia's prolific copper-gold porphyry mineralisation trend, approximately 100km from the Oyu Tolgoi copper/gold deposit and 80km from the Tsagaan Suvarga copper deposit. In late March 2012, the Company secured a 1 year extension to the Alag Bayan exploration licence which is due to expire in April 2013.

Based on all the previous exploration work conducted on site, including the Induced Polarisation surveys, CAML has worked with its partner Ibex Mongolia LLC during 2012 to assess the best approach to a limited drilling campaign in order to obtain a mining licence by April 2013. The drilling work commenced on site in October 2012 and was completed having drilled a further 800m by late November 2012 in order to submit an application for a mining license. On completion of this work, a total of 12,500 metres has been drilled on the licence area. The mining licence submission was made to the Ministry on 26 March 2013.

During 2012, Ibex Mongolia LLC fulfilled the terms of an agreement by drilling 7 holes totalling 3,529 meters for the Alag Bayan project whereby CAML would transfer 35% of its holding to Ibex Mongolia LLC. Due to the current legal uncertainties in Mongolia surrounding the transfer of any share ownership in companies in the mining industry to foreign investors, this 35% holding has not yet been transferred to Ibex Mongolia LLC.

Should the mining application be successful, all parties, including the 30% minority shareholders, will need to assess the strategy and commercial arrangements and financing required to further develop the asset.

Assets held for sale

CAML is currently holding two projects for sale in Mongolia, namely Ereen and Handgait. The Company appointed Cutfield Freeman & Co, an M&A specialist, to oversee the sale process in February 2012. A targeted marketing campaign was conducted during Q2 2012 and a number of interested purchasers were shortlisted for a more detailed review of the assets.

In September 2012, an offer was received from Mongolian Resource Corporation Limited ("MRC") of Australia for all of the Group's Mongolian assets except Alag Bayan. The offer lapsed in early November 2012 due to MRC's inability to raise the required finance. Despite this, CAML management understand that MRC remain keen to purchase the assets and discussions continue between the parties for a way forward.

Overall, the sale process is taking longer than planned due to the current difficulty for companies to raise project and equity finance in general, but also more particularly in relation to Mongolian legislation. There is currently a degree of uncertainty in Mongolia around the proposed new draft mining law and also the legislation around foreign ownership of assets in the mining sector.

In Q1 2013, ZunnMod UUL Ltd (the operating subsidiary for the Ereen project) received a claim filed in a local court in Mongolia from Songold LLC (one of ZMU minority shareholders) seeking the annulment of the agreement by which ZMU purchased the licence 2616A for the Ereen project from Songold LLC. ZunnMod UUL Ltd has received legal advice on the claim and believes that the claim is without merit. ZunnMod UUL Ltd intends to fully defend its position in court and looks forward to resolving this matter as soon as possible.

Financial Review

Income Statement

The consolidated net profit after taxation of the Group in respect of the year ended 31 December 2012 amounted to $9.8 million (2011: loss $11.2 million). The Group commenced copper production at Kounrad during the year which has been transformational for the income statement so like-for-like comparisons with previous years are of little value.

During the year a total of 6,383 tonnes of copper cathodes were sold at Kounrad which generated a project revenue in excess of $51 million for the 8 months of production. On a consolidated level, allowing for CAML's 60% ownership of the project, CAML Group's revenue was $30.7 million (2011: $1.1 million). The consolidated costs of production were $5.8 million (2011: $1 million) resulting in a gross profit for the Group of $24.9 million (2011: $0.1 million).

The costs of shipping the cathodes to the end consumer during the first eight months of production was $1.3 million (2011: nil) whilst General and Administrative costs across the Group were $8.5 million (2011: $5.4 million). Profit before tax was $14.8 million (2011: loss of $5.9 million) and the estimated corporation tax liability for Kounrad at a consolidated level was $4.5 million (2011: nil) leaving a profit after tax from continuing operations of $10.3 million (2011: loss $5.9 million).

Following a strategic review of the Group's projects, four of the Group's subsidiaries are currently held for sale and the loss of $0.5 million (2011: $5.3 million) reduces the Group profit for the year to $9.8 million (2011: loss $11.2 million).

The profit per share was $0.11 (2011: loss per share $0.13).

Balance Sheet

The total assets of the Group as at 31 December 2012 amounted to $91.6 million (2011: 69.4 million) with the main increase coming from increased cash resources derived from the sales of copper during the period. Overall there was an increase in net cash to $33.8 million (2011: $16.0 million) across the Group with $28.2 million (2011: $15.5 million) being held by the Company in London. During the year the Group's subsidiaries in Kazakhstan commenced the repayment of the loans used to finance the capital expenditure on the Kounrad construction project following the successful first production of copper at the site.

On a project basis, the property, plant and equipment reflects a book value of c $33.8 million which represents the main SX-EW plant capital expenditure incurred since September 2012. Depreciation on the SX-EW plant assets commenced on 1 July 2012 following the commissioning of the project and on a project basis the depreciation charge for this period was c $2.2 million, $1.4 million on a consolidated basis.

The Company's loans to related parties within the Group decreased to $45.4 million (2011: $73.6 million). This effectively breaks down into $32.1 million (2011: $56.6 million) loaned to subsidiaries in Kazakhstan and $13.3 million (2011: $17.0 million) loaned to subsidiaries in Mongolia. It is expected that the recoveries of the Kazakhstan inter-company loans will be completed by the end of Q1 2014 whilst the Mongolian inter-company loan repayments are dependent upon the successful sale of the assets held for sale in the short term.

Copper cathodes ready for dispatch

Collection trench – Kounrad

The main increase in trade payables was $9.8 million (2011: nil) for the CAML Group dividends and $4.2 million (2011: nil) for the provision of corporate tax incurred at Kounrad Copper Company LLP.

There was no change to the Company's equity position other than the purchase of shares under the buyback scheme. The purchased shares are currently held in Treasury pending their cancellation or use within the Company's employee share option schemes.

Share Buy Back Programme

In early July 2012, the Company commenced a share buyback scheme with some of the funds that were being generated from the sales of cathode copper on site at Kounrad. The Board decided to initiate a share buyback scheme due to the low share price at the time which it was felt did not reflect the true value of the business.

Following shareholder approval at the 31 May 2012 AGM, the decision was taken to commence the programme on 2 July 2012. Authority was granted for the purchase of up to 4,300,000 shares which represented approximately 5% of the Company's issued share capital.

As at 31 December 2012, 1,318,929 shares had been purchased at a value weighted average price of 93.059 pence. A total of $1,982,677 was spent on the purchases. The shares are currently held in Treasury pending their cancellation or possible use in the Company employee share scheme.

During the buyback programme the share price responded by increasing from 69 pence in July 2012 to 97 pence in early December 2012. The last purchase of shares was on 5 December 2012.

CAML Dividend Policy

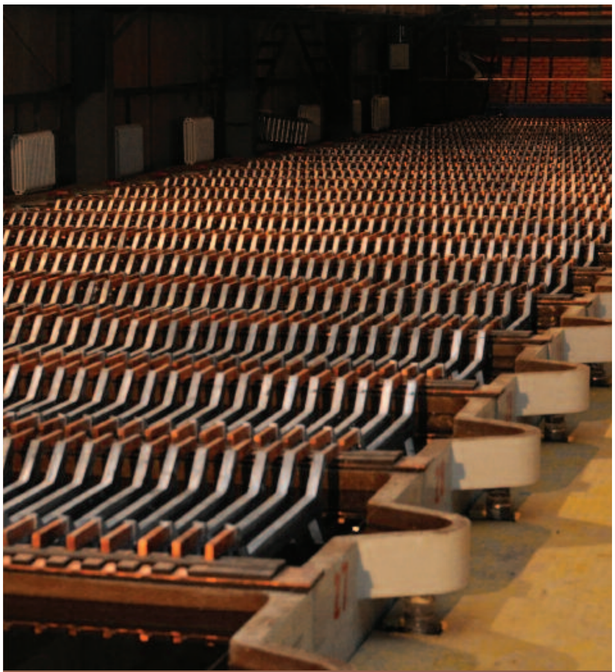
Following on from the share buyback programme during H2 2012 and as a result of the strong cash flows being generated from the sales of cathode copper, the CAML Board took a decision in early December 2012 to commence the payment of dividends to its shareholders. The combination of a strong operational performance at Kounrad during 2012 and the resilient copper price, prompted the decision to commence paying annual dividends. A decision was also taken on the payment of a special dividend due to the significant cost savings made against the SX-EW plant's capital budget.

Prior to announcing the dividend policy, a detailed review of the Company's cash flows was reviewed and sensitivity analysis performed on the results. The potential capital expenditure for the construction of a second plant on site was allowed for in the analysis in order to ensure that such an outlay could be financed in addition to possible future dividend payments.

The dividend policy agreed by the Board was announced on 13 December 2012 and is based on the annual dividend being calculated as a percentage of the attributable revenues earned from its SX-EW copper project at Kounrad, Kazakhstan. A minimum level of 20% of such revenues has been agreed by the CAML Board subject to the Company's cash reserves providing a dividend cover of three times or greater. The payments will be will be made by means of an interim and final dividend.

Due to strong cash-flows generated by the Kounrad project during 2012, the Company set a target for 2012 to distribute 30% of the attributable revenue. A special dividend of 3.7 pence per ordinary share and an interim dividend of 3.3 pence per ordinary share were both announced on 13 December 2012 and paid on 1 February 2013.

The Directors recommend a final dividend for the year ended 31 December 2012 of 3.7 pence per ordinary share which, subject to the approval of shareholders, will be payable on 29 May 2013 to those shareholders on the Company's register on 26 April 2013.



Cathode plates in EW plant – Kounrad

Assessment of the Business Risks

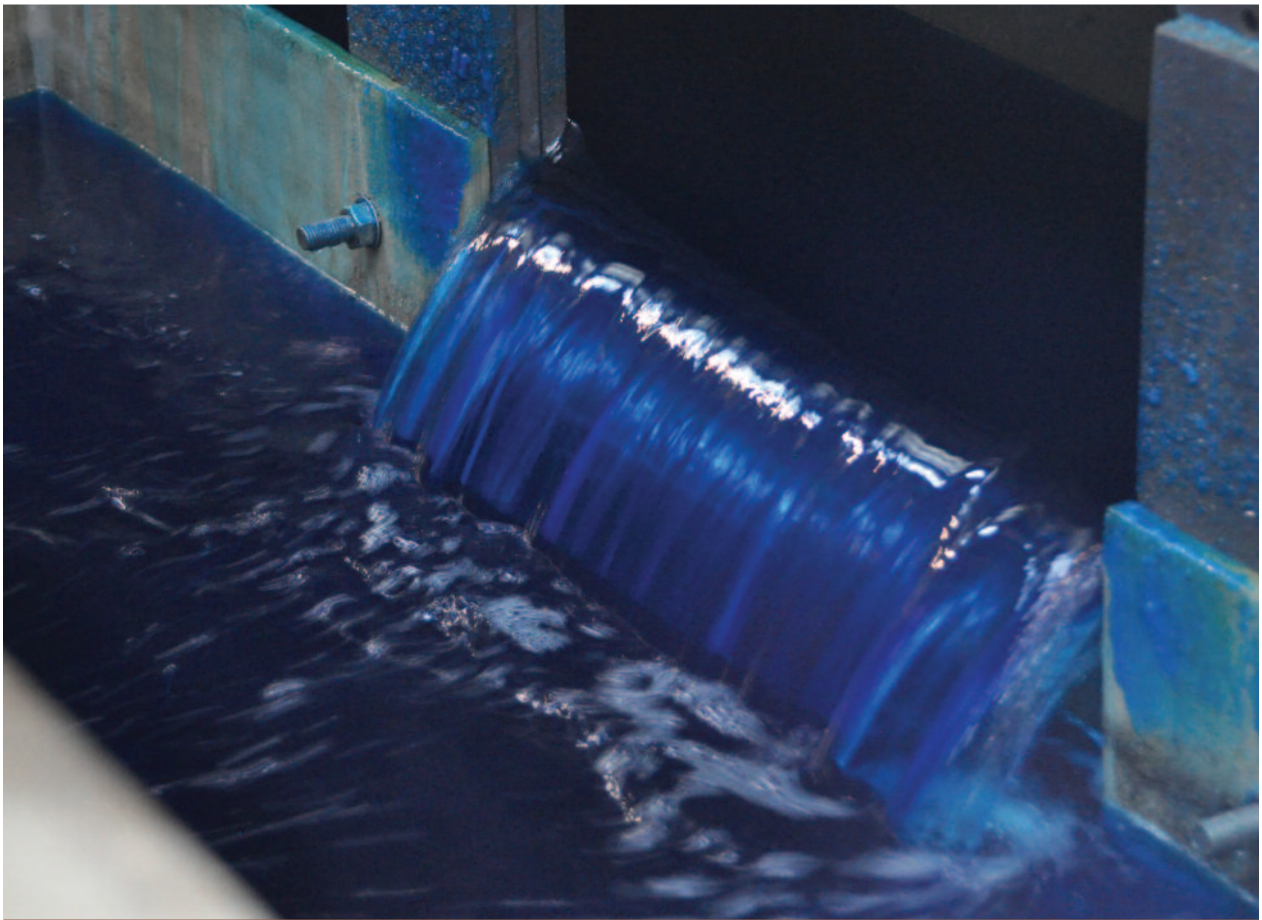
The principal risks currently identified in the Group as a whole are:

Production & Resources

The decision to develop the plant is based on the results of a feasibility study which used estimates of expected project economic returns. These estimates were based on various assumptions relating to the future copper price, the anticipated tonnage, grades and metallurgical characteristics of the ore to be processed together with the anticipated recovery rates.

The initial feasibility study and assessment of the resources available at Kounrad was based on historical data available at the time. In order to mitigate that risk, management have spent over two years since the IPO conducting testwork and drilling on the dumps to convert the resource to a JORC compliant standard. This work was completed by the end of Q1 2013 and, whilst this does not guarantee that the metal will be recovered from the dumps, it helps to improve confidence in the quantity of mineralised material that is available. Additional testwork on the geohydrology and leaching characteristics of the dumps has also been conducted by management during this time in order to better understand their performance and response to the leaching process.

The initial decision to develop the plant was also based on an assessment of the cash costs of operating the plant and the required sustaining capital. In order to mitigate all of these risks, management are constantly monitoring the performance of the plant now that it has been successfully built and commissioned.



Rich electrolyte solution

Joint Ownership Arrangements
Operations at Kounrad are governed by a Joint Operating Agreement (JOA) on a 60:40 basis. Per the agreement, both parties to the agreement have an equal vote in respect of certain issues. If the parties are unable to reach an agreement on key issues then there is a risk of an impact on the overall operational performance and potentially the viability of the project. In order to mitigate this risk, the Company works hard to ensure that it maintains a good working relationship with its local partners and meets regularly with the management to discuss operations and resolve any issues.

Political
The Company operates in areas of the world that are subject to political risk due to the impact of changing legislation on the operating and exploration environments that are imposed and changed by the ruling parties within the countries. The Company manages this risk by complying with all the relevant legislation and working at maintaining close ties with government contacts within the countries. Whilst current indications are that suitably favourable conditions for business will continue for the foreseeable future, the risk remains that the legal, economic and political background in the countries in which the Company operates could change for the worse.

Licences and permitting
The risks associated with gaining and maintaining appropriate permits and licences to construct and subsequently operate a copper production facility in Kazakhstan are recognised by the Company, in particular the subsoil use contract is material for operations at Kounrad. The Directors believe they have sufficient experience gained within the country and the appropriate in-country personnel to manage this risk.

Environmental
Risks to the environment are taken seriously by the Company together with high standards for protecting its staff on site and all potential visitors to its sites. The Company has obtained all requisite environmental permits and licences for its operations and the Directors are aware that they must maintain high environmental standards across all the Company's activities. During 2012, the Company formed a Corporate and Social Responsibility (CSR) Committee to oversee the environmental issues.

Financial
The Company is exposed to a number of financial risks and details of those considered significant by the Directors and the management actions and policies undertaken to mitigate such risks are contained in note 3 of the notes to the consolidated financial statements.

Corporate and Social Responsibilities

The Environment

A Corporate and Social Responsibility (CSR) Committee was set up by the CAML Board in May 2012 to ensure that the correct emphasis was factored into the social and environmental responsibilities that the Company had in its business locations, particularly Kounrad. During 2012, the Company has focussed a lot of effort into the development and implementation of its local environmental policies. A Group CSR policy has been developed and a copy of it can be found on the CAML website at www.centralasiametals.com.

The policy is an integral part of an Environment Management System (EMS) based on the internationally recognised environmental standard of ISO14001. The ISO standard has been developed to assist companies in minimising the impact of their operations on the environment, comply with applicable laws and regulations and provide scope for continual improvement.

In order to achieve the required standards as directed by the CAML Board, the first steps were to enhance the resources of the environment team and develop a suitable planning and monitoring system. A dedicated environmental manager was appointed and the overall team numbers increased by the recruitment of a hydro-geologist and two field technicians. The team is charged with ensuring the companies are in compliance with Kazakh law, ensure that the required monitoring and reporting is undertaken and that a comprehensive environmental management system is developed and implemented.

Independent expert advice was also provided through the services of North Coast Consulting Limited (NCC), who were commissioned by CAML to undertake a review of the measures required by the Group to achieve the desired standards at the Kounrad project. The improvements and recommendations suggested by NCC were discussed by the CSR Committee and CAML Board following a site visit to the Company's leaching operations at Kounrad. The outcome was an action plan to ensure operations in line.

Environmental Monitoring programme

The monitoring programme for the Kounrad site has been approved by the local regulatory authorities and the CAML Board. The monitoring is conducted by a combination of external local specialists, as required by Kazakhstan Law, and our own environmental team. The monitoring of flora & fauna, soils, air, surface waters and ground-waters at the Kounrad site is a requirement of the authorities and undertaken quarterly.

The monitoring of groundwater quality is a key focus at the Kounrad site. The area of the Kounrad site currently being leached, the Eastern Dumps area, is surrounded by 3 concentric rings of monitoring boreholes. The first ring of 38 boreholes was drilled at a distance of 50m from the

Opening ceremony May 2012 – Kounrad plant dumps with the holes at a distance of 50m apart. The second ring of 22 boreholes was drilled at a distance of 100m from the dumps with the holes at a distance of 200m apart. The third ring of boreholes comprises of 14 boreholes located hydraulically down-gradient of the dumps.

There boreholes act as monitoring wells and in the event of any solution leakage become capture and abstraction wells. In addition to the regular monitoring of the boreholes, samples are also taken on a regular basis from the manholes and drainage system that surrounds the SX-EW plant site. Samples are analysed in the onsite laboratory, allowing site management to react as necessary to any non-compliant results.

The Local Community
CAML strives to maintain good working relationships with its local partners in all its areas of operations. The Company recognises that the local communities in the areas that it operates are key stakeholders in the projects and is committed to implementing good working relationships.

During 2012, the Company built on the already constructive and positive relations with the communities and local authorities in the area. The local Akims, equivalent to a regional mayor, were the guests of honour for the Company's opening ceremony of the project in May 2012. During the year, the Company provided assistance to the victims of a house fire in the Kounrad village and for a child from the Kounrad village to undergo medical treatment. The Company also responded to a number of other local requests for support and total estimated donations came to $38,928.

The Company has always helped the local community where possible but in order to formalise the process, a Social Management System (SMS) was developed in 2012. This involved a general review of the Company's existing system by a firm of external consultants resulting in a programme of objectives and targets to be implemented during 2013. A central component of the SMS is the development of a stakeholder engagement plan which will clarify who the main stakeholders are and how the Company should be communicating with these individuals and organisations.


Preparation for site visit

Health and Safety on Site
During the construction of the plant, a total of 804,842 man-hours, including sub-contractors, were worked with no lost time injuries. Management is keenly focussed on the health and safety of our employees, ensuring that full and effective protective work clothing is provided and that safety induction and refresher course are conducted for all new and existing employees. The company employs two full time, qualified health and safety personnel to oversee the specific safety requirements of both Sary Kazna LLP and Kounrad Copper Company LLP in full compliance with Kazakhstan regulations.

Given the nature of the SX-EW plant, an independent safety audit was conducted on site by a safety consultant specialising in petro-chemical type plant. The audit was completed in July 2012 and the findings were circulated to senior management resulting in a plan of action to develop and address all of the issues identified. As at 31 December 2012, all recommendations had been implemented. On a regular basis, the site is also subject to unannounced safety inspections by the local emergency committee department.

The plant site has a fully equipped first aid and rapid response medical facility. This is staffed by qualified nursing personnel 24 hours per day, seven days per week. Their role is to ensure that any minor medical treatments can be given as and when required, as well as being able to respond to any emergency situation. Additionally, the plant maintains an ambulance on site at all times in the event of an emergency requiring urgent transfer to the local hospital in Balkhash. One of the other functions of the nursing team is the mandatory screening of all personnel starting shift work for alcohol levels, with a zero alcohol limit being a key safety aspect for the plant.

Board of Directors' profiles

Nick Clarke
Chief Executive Officer
Nick has 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. Nick is also a Non-Executive Director of Columbus Copper Corporation.

Nigel Robinson
Chief Financial Officer
Nigel is a member of the Institute of Chartered Accountants in England & 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 3 years before leaving to work in commerce. He worked for 6 years in management with British Airways plc before leaving in 2002 to become more involved with smaller enterprises.

Howard Nicholson
Technical Director
Howard is an experienced metallurgist with 33 years of experience in project development and mine operations management. Formerly the COO of European Minerals Corporation, Howard led the technical development of a large copper – gold mine in Kazakhstan and prior to this had held senior level project and operational management positions with Ashanti Goldfields, Lonrho and Anglo American.

The Group also has four Non-Executive Directors;

Nigel Hurst-Brown
Chairman
Nigel Hurst-Brown is currently Chief Executive of Hotchkis and Wiley (UK) 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.

Robert Cathery
Robert Cathery was a member of the London Stock Exchange from 1967 to 2007 and was Managing Director and Head of Oil and Gas at Canaccord Europe. During his career in the City he was a Director of Vickers da Costa and Schroders Securities and Head of Corporate Sales at SG Securities (London) Limited. He is currently a Non-Executive Director of Salamander Energy plc, Vostok Energy plc and SOCO International plc. He is a founder shareholder of CAML.

Dr. Michael Price
Michael Price is a mining engineer and mining finance consultant with more than 35 years of experience in mining and mining finance. Michael has extensive board experience and he is currently a Non-Executive Director of Eldorado Gold Corp (TSX, NYSE), PMI Gold Corp (TSX) and Forbes and Manhattan Coal Corp (TSX). Michael is Chairman of the Audit and Remuneration Committees.

Nurlan Zhakupov
Nurlan is a Kazakhstani national and currently employed as Executive Director, Investment Banking Department at UBS (Kazakhstan). He has extensive experience in the capital markets and has held a number of positions in the Kazakhstan's resource sector for Tau-Ken Samruk (the national mining company), Chambishi Metals PLC and ENRC. He holds Bachelor and Masters Degrees in Economics from the Moscow State Institute for International Relations (MGIMO). Nurlan joined the Company in October 2011.

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2012.

Principal activities

Central Asia Metals plc ("CAML" or "the Company") is the holding company for a group of companies (the "Group") engaged in:

- the processing and subsequent production of base metal products, primarily copper cathodes, from secondary mining techniques;
- the identification, acquisition and development of base and precious metals deposits primarily in the Central Asia region but also worldwide.

CAML is domiciled and incorporated in the UK and the registered office is: Masters House, 107 Hammersmith Road, London W14 0QH, United Kingdom. Financial risk management has been assessed within Note 3.

Review of business

A review of the current and future development of the Group's business is given in the Chairman and Chief Executive's Statement on page 2 to 3 and the Operating and Financial Review (OFR) on pages 4 to 22 which form part of, and by reference are incorporated in, this Directors' Report.

Share Buy Back Programme

In early July 2012, the Company commenced a share buyback scheme with some of the funds that were being generated from the sales of cathode copper on site at Kounrad. The Board decided to initiate a share buyback scheme due to the low share price at the time which it was felt did not reflect the true value of the business.

Following shareholder approval at the 31 May 2012 AGM, the decision was taken to commence the programme on 2 July 2012. Authority was granted for the purchase of up to 4,300,000 ordinary shares of $0.01 which represented approximately 5% of the Company's issued share capital.

As at 31 December 2012, 1,318,929 ordinary shares of $0.01 had been purchased at a value weighted average price of 93.059 pence. A total of $1,982,677 was spent on the purchases. The shares are currently held in Treasury pending their cancellation or possible use in the Company employee share scheme.

Dividends

The Directors announced the adoption of a dividend policy on 13 December 2012.

An annual dividend will be paid by the Company based on a minimum of 20% of the attributable revenues earned from its SX-EW copper project at Kounrad, Kazakhstan. The payments will be made by means of an interim and final dividend subject to the Company's cash reserves providing a dividend cover of three times or greater.

During 2012 the Company has targeted to distribute 30% of the attributable revenue. A maiden interim dividend of 3.3 pence per ordinary share was announced on 13 December 2012. In addition, a Special Dividend of 3.7 pence per ordinary share was also announced at that time. The payment date was 1 February 2013.

The Directors recommend a final dividend for the year ended 31 December 2012 of 3.7 pence per ordinary share payable on 29 May 2013 to those shareholders on the Company's register on 26 April 2013.

Directors and Directors' interests

The Directors listed below served during the year and their interests in the issued share capital of the Company during the year were as follows;

	As at 31 Dec 2012	As at 31 Dec 2011
CN Hurst-Brown *(Chairman)*	694,065	694,065
RM Cathery [1]	3,631,445	4,271,445
MA Price [2]	206,000	451,000
N Clarke *(Chief Executive Officer)*	–	–
N Robinson *(Chief Financial Officer)*	–	–
H Nicholson *(Technical Director)*	–	–
N Zhakupov	–	–
Total Directors' Interests	**4,531,510**	**5,416,510**

No Directors were appointed or resigned during 2012.

Several of the above Directors have also been issued shares as part of the EBT incentive scheme and details are contained in Note 27.

[1] 17,445 shares held by Elizabeth Cathery, the wife of Robert Cathery; 1,834,000 shares held by Robert Cathery; and 1,780,000 shares held by Robert and Elizabeth Cathery are included in the above amounts.

[2] 6,000 shares included in the above amount are held by Shona Price, the wife of Dr. Michael Price.

There have been no changes in the interests of the Directors in the issued share capital of the Company between 31 December 2012 and the date of this report.

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. None of the Directors are required to be reappointed or retire at the AGM. During the year, Directors and Officers liability insurance was maintained for Directors and other Officers of the Group.

Director service contracts and appointment letters

The Executive Directors have entered into service contracts with the Company at the following salaries with effect from 1 January 2013.

Nicholas Clarke	£260,000
Nigel Robinson	£165,000
Howard Nicholson	£165,000

The Executive Directors service agreements 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 garden leave. In the event of a change of control of the Company by way of takeover or delisting 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 the service contracts also contain customary post termination restrictions.

The Executive Directors are currently entitled to earn an annual bonus linked to their salary subject to the achievement of agreed performance targets and at the sole discretion of the CAML Remuneration Committee.

Construction Bonus

During the construction phase of the Kounrad SX-EW plant from July 2010 through to late April 2012, specific performance targets were set related to the completion of the construction programme on time and within the agreed capital expenditure budget of $46.9 million. The CAML Remuneration Committee determined that the construction bonuses would not be paid, either in whole or a part thereof, unless and until copper cathodes were produced at the plant.

As at 31 December 2011, the performance criteria had not been achieved since copper had not at that time been produced. Consequently, no bonuses were paid nor were they accrued given that production of copper at the plant could not be guaranteed.

The first copper cathodes were harvested on 29 April 2012 and subsequently the performance criteria were assessed against the agreed targets. The successful production of copper and the completion of the construction programme for $8m less than the original budget as agreed at the IPO triggered the payments of the bonuses in May 2012.

2012 Production Performance Bonus

The Directors are also entitled to production performance bonuses based on copper production output and the cost per unit of the production as agreed with the CAML Remuneration committee.

As at 31 December 2012 it was assessed that these targets had been achieved and so additional production performance bonuses have been accrued. The targets of 2012 performance bonus were to produce 5,000 tonnes of cathode copper and keep cost of production below $0.90/lb. of cathode copper.

Non-Executive Fees

The Non-Executive Directors have each entered into appointment letters. Under the terms of these letters, the Non-Executive Directors are entitled to an annual fee as set out below.

Nigel Hurst-Brown	£40,000
Robert Cathery	£30,000
Michael Price	£40,000
Nurlan Zhakupov	£30,000

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

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.

	No of Shares	%
Lansdowne UK Strategic Investment Fund Limited	11,394,762	13.22
Legal & General Group plc	9,300,000	10.79
Commonwealth American Partners LLP	7,625,661	8.85
Montoya Investment Limited	5,119,000	6.00
Fidelity Funds European Smaller Companies	4,284,711	4.97
Henderson Global Investors Limited	3,601,277	4.24
Robert Cathery[1]	3,631,445	4.21
Majedie Asset Management	3,607,820	4.19
Ogier Employee Benefit Trust[2]	3,312,946	3.84

[1] 17,445 shares held by Elizabeth Cathery, the wife of Robert Cathery; 1,834,000 shares held by Robert Cathery and 1,780,000 shares held by Robert. Elizabeth Cathery are included in the above amounts.

[2] Ogier EBT shares are shares held in trust on behalf of the CAML management team.

Policy and practice on payment of creditors

It is the Group's policy to settle all amounts due to creditors in accordance with agreed terms and conditions, provided that the supplier has complied with all the trading terms and conditions. As at 31 December 2012, the Company had $113,591 (2011: $103,608) of trade payables which equated to approximately 17 creditor days (2011: 16 days).

Changes in Share Capital

There were no transactions during the year that increased the share capital of the Company. Following shareholder approval at the 31 May 2012 AGM, the decision was taken to commence a share buy-back programme on 2 July 2012. As at 31 December 2012, 1,318,929 shares had been purchased at a value weighted average price of 93.059 pence. A total of $1,982,677 was spent on the purchases.

The shares are currently held in Treasury pending their cancellation or possible use in the Company employee share schemes.

AGM Notice

Resolutions will be proposed at the forthcoming Annual General Meeting, 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 re-appointed will be proposed at the annual general meeting.

Charitable donations

During 2012 the Group's two Kazakhstan based subsidiaries, Sary Kazna LLP and Kounrad Copper Company LLP, both made charitable donations.

Sary Kazna LLP made a donation of $4,092 (2011: $33,693) whilst Kounrad Copper Company LLP made donations totalling $34,836 (2011: nil). The donations were primarily for support to local causes in the Kounrad and Balkhash area.

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

Corporate Governance

The Company statement on corporate governance can be found in the corporate governance report on pages 27 to 28 of these financial statements. The corporate governance report forms part of this Directors' report and is incorporated by cross-reference.

On behalf of the Board

Nigel Robinson
Chief Financial Officer

27 March 2013

Corporate Governance Report

Introduction

The Directors recognise the value of good corporate governance in achieving and sustaining the Group's success. Whilst, under AIM rules, compliance with any particular Code is not required, the Company applies the recommendations on corporate governance of the Quoted Companies Alliance (QCA) for companies with shares quoted on AIM in so far as it is practicable and considered appropriate for the Company.

Board of Directors

The Board of Directors comprises three Executive Directors and four Non-Executive Directors. The Board considers that all the Non-Executive Directors are independent. Robert Cathery is considered independent despite the size of his shareholdings in CAML, because he is considered otherwise independent of management. Consequently, the Directors are of the opinion that the Board comprises a suitable balance of Executive and independent Directors in compliance with the QCA guidance.

The Board, through the Chairman and the Non-Executive Directors as well as the Executive Directors, maintains regular contact with its advisers and seeks to ensure that the Board develops an understanding of the views of major shareholders about the Company.

The Board meets regularly throughout the year and is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is delegated to the three Executive Directors who are charged with consulting the Board on all significant matters. Consequently, decisions are made promptly following consultation amongst the Directors concerned where necessary and appropriate.

All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice at the Company's expense, as and when required.

The Chairman is available to meet with institutional shareholders to discuss any issues and concerns regarding the Group's governance. The participation of the private and institutional investors at the Annual General Meeting is welcomed by the Board.

Internal Controls

The Directors acknowledge their responsibility for the Company's and the Group's systems of internal controls, which are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication. Overall control is achieved by a regular detailed reporting system covering both technical progress of a project and the state of the Group's financial affairs.

Any system of internal controls can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that risk of failure to achieve business objectives is eliminated. The Directors consider that the system of internal controls operated effectively throughout the financial year and up to the date the financial statements were signed.

Based on the size and complexity of the Group, the Board of Directors do not consider that there is a need for an internal audit function.

Committees

Each of the following Committees has its own terms of reference.

Audit Committee

The Audit Committee comprises Dr Michael Price, who is Chairman, and Nigel Hurst-Brown, both of whom are considered independent Directors and attended all meetings of the Committee during the year. The Audit Committee's primary responsibilities are to review the effectiveness of the Company's systems of internal controls, to review with the external auditors the nature and scope of their audit and the results of the audit, and to evaluate and select external auditors and ensure their independence and objectivity.

In accordance with its terms of reference, the Audit Committee held meetings during the year with the auditors to review the plans for and the results of the audit of the 2012 accounts. All Directors received a copy of the report from the auditors prior to the meeting and had an opportunity to comment and raise questions on this. The Chief Financial Officer and a representative of the external auditors are normally invited to attend the Committee's meetings. Other Directors, staff and representatives of the external auditors may be invited to attend as considered beneficial by the Committee.

Remuneration Committee

The Remuneration Committee comprises Dr Michael Price, who is Chairman, and Nigel Hurst-Brown, both of whom are considered independent Non-Executive Directors and attended all meetings of the Committee during the year. 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 with due regard to the interests of Shareholders.

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 awards in the Company and, if these are to be granted, who the recipients should be. The Committee established a new share scheme during the year to enable the grant of share options in the Company to Non-Executive Directors.

Under the share option schemes, nominal priced share options were granted to the Executive Directors and to Nurlan Zhakupov during the year as shown in Note 34. The shares will generally vest one third each year after the date of grant subject to the achievement of any performance conditions to which the awards are subject.

The Company's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee agrees with the Board a framework for the remuneration of Executive Directors and senior management of the Company. The principal objectives of the Committee are to ensure that Executive Directors and members of the senior management of the Company are provided incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

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

Nominations Committee

The Directors are of the opinion that, given the size of the Company, there is no requirement for a separate Nominations Committee and that the Board will take on this responsibility as and when required.

Corporate and Social Responsibility Committee (CSR Committee)

The Company has always been keenly focussed on ensuring that the environmental and social aspects of its operation are managed to the highest possible standards. In recognition of this responsibility, a CSR Committee was established by the CAML Board in May 2012. The CSR Committee comprises Howard Nicholson, who is Chairman, Nurlan Zhakupov and Dr Michael Price. The CSR Committee is tasked with co-ordinating and managing all the CSR activities across the Group. A Group CSR policy has been developed and a copy of it can be found on the CAML website at www.centralasiametals.com.

During the construction of the plant, a total of 804,842 man-hours, including sub-contractors, were worked with no lost time injuries and this safety conscious approach has continued into production with induction and refresher course conducted for all new and existing employees. The Company also continued to build on the already constructive and positive relations with the Kounrad community and authorities by donating generously to local causes.

Risk management

The effective management of risk is critical to the growth and profitability of the CAML Group. The Group is exposed to a number of risks within its business and has a structured approach to identifying, analysing, managing and monitoring such risks.

The principal risks and uncertainties are discussed in more details in the notes to the consolidated financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Tony Hunter
Company Secretary

27 March 2013

Independent Auditors' Report to the Members of Central Asia Metals plc

We have audited the Group and parent Company financial statements (the "financial statements") of Central Asia Metals plc for the year ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistences with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the Group's profit and the Group's and parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Alison Baker *(Senior Statutory Auditor)*
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
27 March 2013

Notes:
(a) The maintenance and integrity of the Central Asia Metals plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 31 December

	Note	Group 2012 $	Group 2011 $
Continuing operations			
Revenue	6	**30,656,304**	1,121,361
Cost of Sales	7	**(5,769,648)**	(974,487)
Gross Profit		**24,886,656**	146,874
Distribution and Selling costs		**(1,289,934)**	(6,945)
General and Administrative Expenses	9	**(8,508,797)**	(5,403,827)
Other Income	10	**316,865**	4,301
Foreign exchange rate Loss	17	**(409,315)**	(873,268)
Operating Profit/(Loss)		**14,995,475**	(6,132,865)
Finance Income	14	**7,898**	231,875
Finance Costs	14	**(220,048)**	(40,745)
Profit/(Loss) before Income Tax		**14,783,325**	(5,941,735)
Income Tax	15	**(4,477,043)**	–
Profit/(Loss) from continuing operations		**10,306,282**	(5,941,735)
Discontinuing operations			
Loss from discontinuing operations	20	**(511,990)**	(5,251,189)
Profit/(Loss) for the year		**9,794,292**	(11,192,924)
Profit/(Loss) Attributable to:			
– Owners of the parent		**9,794,292**	(11,192,924)
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in $ per share)		**–**	–
From continuing operations	16	**0.12**	(0.07)
From discontinued operations		**(0.01)**	(0.06)
From Profit/(Loss) for the year		**0.11**	(0.13)
Diluted earnings per share			
From continuing operations	16	**0.12**	(0.07)
From discontinued operations		**(0.01)**	(0.06)
From Profit/(Loss) for the year		**0.11**	(0.13)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement and statement of comprehensive income. The Company's loss in 2012 for continuing operations is $10,423,483 (2011: $6,314,361).

Consolidated Statement of Comprehensive Income

for the year ended 31 December

	Note	Group 2012 $	Group 2011 $
Profit/(Loss) for the year		**9,794,292**	(11,192,924)
Other comprehensive income:			
Currency translation differences	26	**(1,355,024)**	1,251,252
Other comprehensive Income for the year, net of tax		**(1,355,024)**	1,251,252
Total comprehensive Income for the year		**8,439,268**	(9,941,672)
Attributable to:			
– Owners of the parent		**8,439,268**	(9,941,672)
– Non-controlling interests		**–**	–
Total comprehensive Income for the year		**8,439,268**	(9,941,672)

During 2012 the Group had no balances attributable to non-controlling interests (2011: nil). Items in the statement above are disclosed net of tax.

Statements of Financial Position

at 31 December

		Group		Company	
	Note	**2012 $**	2011 $	**2012 $**	2011 $
Assets					
Non-Current Assets					
Property, Plant and Equipment	18	**20,287,222**	22,462,165	**9,543**	6,624
Intangible Assets	19	**7,473,875**	8,899,230	**1,000,000**	1,000,000
Investments	21	**4,006,244**	–	**5,042,031**	485,787
Trade and Other Receivables	22	**12,342,849**	12,348,934	**45,403,170**	73,615,395
		44,110,190	43,710,329	**51,454,744**	75,107,806
Current Assets					
Inventory	23	**2,591,729**	541,343	**–**	–
Trade and Other Receivables	22	**2,885,214**	720,172	**212,862**	202,435
Cash and Cash Equivalents	24	**33,854,558**	16,042,897	**28,230,933**	15,490,536
		39,331,501	17,304,412	**28,443,795**	15,692,971
Assets of the disposal group classified as held for sale	20	**8,130,838**	8,423,526	**100,000**	100,000
		47,462,339	25,727,938	**28,543,795**	15,792,971
Total assets		**91,572,529**	69,438,267	**79,998,539**	90,900,777
Equity attributable to owners of the parent					
Ordinary Shares	25	**861,659**	861,659	**861,659**	861,659
Share Premium	25	**61,431,533**	61,431,533	**61,431,533**	61,431,533
Treasury Shares	25	**(4,236,232)**	(2,303,803)	**(4,236,232)**	(2,303,803)
Other Reserves	26	**2,963,082**	4,716,650	**2,835,216**	3,237,305
Retained Earnings		**10,008,806**	872,316	**7,994,686**	27,243,542
		71,028,848	65,578,355	**68,886,862**	90,470,236
Non-controlling Interests		**–**	–	**–**	–
Total Equity		**71,028,848**	65,578,355	**68,886,862**	90,470,236
Liabilities					
Non-Current Liabilities					
Obligations under finance leases		**–**	26,390	**–**	–
Provision for Liabilities and Charges	30	**2,138,728**	2,138,753	**–**	–
Borrowings	28	**150,000**	–	**–**	–
		2,288,728	2,165,143	**–**	–
Current Liabilities					
Obligations under finance leases		**19,378**	50,056	**–**	–
Trade and Other Payables	29	**17,458,821**	1,203,013	**11,111,677**	430,541
		17,478,199	1,253,069	**11,111,677**	430,541
Liabilities of disposal group classified as held for sale	20	**776,754**	441,700	**–**	–
		18,254,953	1,694,769	**11,111,677**	430,541
Total Liabilities		**20,543,681**	3,859,912	**11,111,677**	430,541
Total Equity and Liabilities		**91,572,529**	69,438,267	**79,998,539**	90,900,777

The notes on pages 37 to 61 are an integral part of these consolidated financial statements. The Company's registered number is 5559627. The financial statements on pages 31 to 61 were authorised for issue by the Board of Directors on 27 March 2013 and were signed on its behalf by;

Nick Clarke
Chief Executive

Nigel Robinson
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 31 December

	Note	Ordinary Shares $	Share Premium $	Treasury Shares $	Other Reserves $	Retained Earnings $	Total Equity $
At 1 January 2011		**861,659**	**61,431,533**	**(2,303,803)**	**7,065,143**	**7,675,575**	**74,730,107**
Total comprehensive income	26	–	–	–	1,251,252	(11,192,924)	(9,941,672)
Disposal of Tochtar	26	–	–	–	(3,786,540)	4,389,666	603,126
Transactions with owners							
Stock option grants	9, 27	–	–	–	186,795	–	186,795
At 31 December 2011		**861,659**	**61,431,533**	**(2,303,803)**	**4,716,650**	**872,316**	**65,578,355**
Total comprehensive income		**–**	**–**	**–**	**(1,355,024)**	**9,794,292**	**8,439,268**
Transfer of interest in JV		–	–	–	–	8,167,571	8,167,571
Transactions with owners							
Stock option grants	9, 27	–	–	–	504,601	–	504,601
Forfeited options	27	–	–	–	(125,785)	–	(125,785)
Reversal of stock option grants	27	–	–	–	(777,360)	777,360	–
Purchase of own shares		–	–	(1,982,677)	–	–	(1,982,677)
Dividend		–	–	–	–	(9,602,733)	(9,602,733)
Sale of treasury shares		–	–	50,248	–	–	50,248
At 31 December 2012		**861,659**	**61,431,533**	**(4,236,232)**	**2,963,082**	**10,008,806**	**71,028,848**

During 2012 the Group had no balances attributable to non-controlling interests (2011: nil).

Company Statement of Changes in Equity

for the year ended 31 December

	Note	Ordinary Shares $	Share Premium $	Treasury Shares $	Other Reserves $	Retained Earnings $	Total Equity $
At 1 January 2011		**861,659**	**61,431,533**	**(2,303,803)**	**3,278,603**	**33,557,903**	**96,825,895**
Total comprehensive income		–	–	–	(228,093)	(6,314,361)	(6,542,454)
Transactions with owners							
Stock option grants	9, 27	–	–	–	186,795	–	186,795
At 31 December 2011		**861,659**	**61,431,533**	**(2,303,803)**	**3,237,305**	**27,243,542**	**90,470,236**
Total comprehensive income		**–**	**–**	**–**	**(3,545)**	**(10,423,483)**	**(10,427,028)**
Transactions with owners							
Stock option grants	9, 27	–	–	–	504,601	–	504,601
Forfeited options	27	–	–	–	(125,785)	–	(125,785)
Reversal of stock option grants	27	–	–	–	(777,360)	777,360	–
Purchase of own shares		–	–	(1,982,677)	–	–	(1,982,677)
Dividend		–	–	–	–	(9,602,733)	(9,602,733)
Sale of treasury shares		–	–	50,248	–	–	50,248
At 31 December 2012		**861,659**	**61,431,533**	**(4,236,232)**	**2,835,216**	**7,994,686**	**68,886,862**

During 2012 the Group had no balances attributable to non-controlling interests (2011: nil).

Statement of Cash flows
for the year ended 31 December

	Note	Group As at 31 December 2012 $	Group As at 31 December 2011 $	Company As at 31 December 2012 $	Company As at 31 December 2011 $
Cash Flows from Operating Activities					
Cash Generated from operations	31	**28,037,340**	(13,718,855)	**(4,795,883)**	(5,804,808)
Interest Paid	14, 20	**(360,802)**	(42,171)	**(9,092)**	(7,176)
Income Tax Paid		**(9,137)**	–	**–**	–
Receipt from sale of Kenes		**200,000**	–	**–**	–
Net Cash Generated from/(used in) Operating Activities		**27,867,401**	(13,761,026)	**(4,804,975)**	(5,811,984)
Cash Flows from Investing Activities					
Profit on sale of subsidiary Ereen (lost buyer deposit)		**100,000**	250,000	**100,000**	250,000
Payment to minorities Tochtar		**(500,000)**	–	**–**	–
Proceeds from sale of subsidiaries		**–**	825,000	**–**	825,000
Purchases of Property, Plant and Equipment	18	**(5,438,395)**	(17,665,403)	**(11,466)**	(8,800)
Proceeds from sale of Property, Plant and Equipment	18	**31,100**	356,877	**–**	–
Purchase of Intangible Assets	19	**(1,149,592)**	(1,752,874)	**(550,000)**	(342,869)
Investment in Kounrad project	21	**(1,267,235)**	–	**(1,267,235)**	–
Loans to JV Partners/Subsidiaries	34	**–**	–	**21,256,326**	(24,254,459)
Interest Received	11	**14,774**	277,555	**–**	131,130
Net Cash (used in)/generated from Investing Activities		**(8,209,348)**	(17,708,845)	**19,527,626**	(23,399,998)
Cash Flows from Financing Activities					
Receipt of third party loan – Alag Bayan		**150,000**	–	**–**	–
Purchase of treasury shares	26	**(1,982,677)**	–	**(1,982,677)**	–
Net Cash used in Financing Activity		**(1,832,677)**	–	**(1,982,677)**	–
Effect of foreign exchange rates on cash and cash equivalents		**2,865**	147,110	**423**	(30,725)
Net Increase/(Decrease) in Cash and Cash Equivalents		**17,828,242**	(31,322,761)	**12,740,397**	(29,242,707)
Cash and Cash Equivalents at the Beginning of the Year	24	**16,042,897**	47,365,658	**15,490,536**	44,733,243
Cash and Cash Equivalents at the End of the Year	24	**33,871,139**	16,042,897	**28,230,933**	15,490,536

The notes on pages 37 to 61 are an integral part of these consolidated financial statements.

1 General Information

Nature of Business
Central Asia Metals plc ("CAML" or "the Company") and its subsidiaries ("the Group") are a mining and exploration organisation with operations in Kazakhstan and Mongolia and a parent holding company based in the United Kingdom.

The Group's principal business activity at present is the production of copper cathode at its jointly owned production operations at Kounrad in Kazakhstan. The Group also owns various exploration projects in Mongolia with interests in gold, copper and molybdenum.

CAML is a public limited company, which is listed on the Alternative Investment Market of London Stock Exchange and incorporated and domiciled in the UK. The Company's registered number is 5559627.

2 Summary of Significant Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

Basis of Preparation
The Group's consolidated financial statements have been prepared in accordance with International Finance Reporting standards ("IFRS") as adopted by the European Union, IFRIC Interpretations 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 2012. The Group financial statements are presented in US Dollars ($).

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.

Where a change in the presentational format between the prior year and current year financial statements has been made during the year, comparative figures have been restated accordingly.

- **New and amended standards adopted by the Group**
  There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the group.

- **New standards and interpretations not yet adopted**
  A number of new standards and amendments are effective for annual periods beginning after 1 January 2013 but have not been applied in preparing these consolidated financial statements as they are not expected to have a significant effect on the consolidated financial statements of the Group. The following standards and amendments may have an impact;

  Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to Group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

  IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

  IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

  The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

IFRS 11, "Joint arrangements", is a reflection of joint arrangements which focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU, however the likely impact is that interests in the Kounrad Copper Company would be equity accounted as opposed to proportionally consolidated as is currently the case.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

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

Basis of Consolidation

Joint Ventures

The CAML Group's main business activity is a jointly owned project in Kounrad, Kazakhstan. The project is owned on a 60:40 basis with CAML owning 60% through subsidiaries specifically incorporated to manage the project. During 2013 the project is scheduled to produce 10,000 tonnes of copper cathode through a process known in the industry as Solvent Extraction – Electro Winning. Further details of the whole SX-EW process and associated acid leaching of the Kounrad dumps can be found on the CAML website on www.centralasiametals.com.

The project is managed by two legal entities, Sary Kazna LLP and Kounrad Copper Company LLP. The management and financing arrangements for the Kounrad copper project were established under the 2007 joint operating agreement ("JOA"). This was an agreement with the original partner Sary Arka, a regional development company owned by the Republic of Kazakhstan.

The JOA stipulated that Sary Kazna LLP be the appointed operator of the project. Whilst Sary Kazna LLP is 100% owned by CAML, the ownership of the subsoil use contract (SUC), which facilitates the exploration and subsequent mining operations, is jointly owned by Sary Kazna LLP and Sary Arka on a 60:40 basis.

Kounrad Copper Company LLP was set up as part of the arrangements under the JOA to construct and then operate the SX-EW plant. The company is a jointly owned entity with CAML owning 60% through its Dutch subsidiary, CAML Kazakhstan BV, and Sary Arka originally owning the remaining 40%. In December 2012, the 40% stake in Kounrad Copper Company LLP was transferred from Sary Arka to Central Asian Investment Consulting Company LLP ("CAICC").

The above corporate and operating structure is accounted for as follows;

1. The sub soil user licence operations under Sary Kazna LLP are classified as a jointly controlled asset. The assets, liabilities, income and expenditure are proportionately consolidated on a 60:40 basis.
2. All of the operations conducted under Kounrad Copper Company LLP are also proportionately consolidated on a 60:40 basis as it is a jointly owned legal entity.

The JOA also stipulated that prior to commissioning of the SX-EW plant, the CAML Group was responsible for all the technical management of the project and 100% of the SUC operations. The capital expenditure for the SX-EW plant was financed by way of loans made from the Company to the Kazakhstan based operating subsidiaries, Sary Kazna LLP and Kounrad Copper Company LLP.

Upon completion of the commissioning process, the two partners to the joint venture share their proportion of any subsequent financing requirements in the proportion of their respective shares, namely 60:40. Likewise, any profits from the production post commissioning is also be shared on this 60:40 basis.

The impact of the above on the accounting treatments in the CAML Group accounts is as follows;

1. Kounrad Copper Company LLP continues to be proportionately consolidated on a 60:40 basis for all assets, liabilities, income and expenditure. The 40% difference between the CAML loan receivable at 100% and the Kounrad Copper Company LLP loan payable at 60% is recognised as Receivable from related parties (note 22). The amount will disappear once all loans are repaid from the project cash flows.

2. Sary Kazna LLP (SUC activities) is proportionately consolidated on a 60:40 basis for all assets, liabilities, income and expenditure. Prior to commissioning, the income, expenditures and liabilities were accounted for at 100% under the terms of the JOA, whilst the assets were accounted for at 60%. This resulted in the equivalent of 40% of the assets being reported as an intangible asset (note 19). On commissioning the intangible asset was reclassified to Receivables from related parties (note 22). The amount will disappear once all loans are repaid from the project cash flows.

3. Sary Kazna LLP (excluding SUC activities) is proportionally consolidated on a 60:40 basis for all assets, liabilities, income and expenditure. Prior to commissioning, it was consolidated on a 100% basis reflecting the risks taken by CAML. This results in a de-recognition of 40% of Sarry Kazna LLP (see page 34), and a 40% difference between the CAML loan receivable at 100% and the Sarry Kazna LLP loan payable at 60% recognised as Receivables from related parties (note 22). The amount will disappear once all loans are repaid from the project cash flows.

Subsidiaries
The Group financial statements consolidate the financial statements of CAML and the entities it controls drawn up to 31 December 2012.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company 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.

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 balance sheet distinct from parent shareholders 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 the subsidiary makes continuing losses such that the non-controlling interests' share of the losses in a period exceeds its interest in equity, the allocation of losses to the minority ceases and the loss is allocated against the parent company holding.

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. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

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 functional currency"). The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency.

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 presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. 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.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows:

- Mining Property – over the life of the mine
- Plant and Equipment – over 5 to 15 years
- Motor Vehicles – over 5 to 10 years
- Office Equipment – over 2 to 10 years

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
Intangible assets comprise mining licences and permits, software and deferred exploration and evaluation costs.

Mining Licences, Permits and 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 administrative expenses as follows:

- Computer software – over 2 to 5 years
- Permits and Mining licences – 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.

Accounting for Mineral Resources
Exploration and evaluation expenditure is accounted for in line with IFRS 6.

Mining Operations
The Group recognises five key phases in the working lives of its mining operations and these are as follows:

- **Exploration** – the active search for resources suitable for commercial exploitation, including such activities as exploratory drilling, trenching, sampling and associated geological studies;
- **Evaluation** – the technical feasibility and commercial viability studies that lead to a management decision to develop a mine;
- **Development** – the preparation of a site for production purposes;
- **Production** – the extraction and processing of mineral deposits for commercial sale;
- **Closure and rehabilitation** – the activities and obligations associated with the cessation of commercial production

The Group has operations that comprise the first 4 of the above phases.

Deferred Exploration and Evaluation expenditure
All expenditure incurred prior to obtaining the legal rights to explore an area of interest is written off as incurred to the income statement.

Once legal rights have been obtained to explore an area of interest all exploration and evaluation costs related to the area are carried forward as an asset in the balance sheet where it is considered probable that the costs will be recouped through the successful development and exploitation of the area of interest or alternatively by its sale.

Capitalised exploration and evaluation expenditure is written off where it is deemed by management that the above conditions are no longer satisfied.

Capitalised costs include costs directly related to 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.

General and administrative costs are allocated to an exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposal thereof.

Development expenditure
Once the technical and commercial viability of extracting a mineral resource has been proven, expenditure related to the development of the area of interest are no longer capitalised as exploration and evaluation assets but as 'Mining Property' under Property, Plant and Equipment.

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure, together with any general and administrative overheads that can be related directly to the development activity.

No depreciation is recognised in respect of the capitalised mine development costs until such time as a management decision is taken to proceed to the production phase.

Mine properties are tested for impairment in accordance with the note on impairment testing.

Property under construction is carried at cost plus any development cost under IAS 16. After recognition as an asset, plant and equipment shall be carried at cost less any accumulated depreciation and any accumulated impairment losses.

Production cost
Once production commences all costs incurred are expensed and accumulated development costs (which at this stage will include accumulated exploration and evaluation costs) are depreciated.

Pre production expenses incurred as operational activity is increased to a level of commercial production are expensed as incurred and any revenue generated during this phase is included in the income statement.

Any further development expenditure incurred at the area of interest after the commencement of commercial production is carried forward as part of the mining property asset where it is probable that additional future economic benefits associated with the expenditure will arise. Otherwise such expenditure is classified as a cost of production.

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.

Assets held for sale
Non-current assets are classified as held for sale and included in discontinuing operations when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Revenue Recognition
Revenue represents the fair value of consideration received from sales of metal to an end user, net of any value added tax. It is measured as the consideration received for the metal after deduction of sales commissions and any other taxes. The value of the consideration is fair value which equates to the spot price on the date of sale or the contractually agreed price.

Revenue is only recognised at the point when the following criteria are satisfied:

- The significant risks and rewards of ownership of the product have been transferred to the buyer;
- No managerial control remains over the metal product; and
- The amount of revenue earned can be accurately measured.

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.

Current and Deferred Taxation
The current income tax charge is calculated on the basis of 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 or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet 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.

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.

Investments
Investments in subsidiaries are recorded at cost less amounts to be written off.

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.

Share Based Compensation
The Group operates three Share Option Plans, the rules of which were approved by the Board in December 2007, October 2011 and May 2012. 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-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Trade and Other Receivables
Trade and other Receivables do not carry interest and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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.

Provisions

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.

3 Financial Risk Factors

The Group's activities expose it to a variety of financial risks; foreign currency exchange risk, commodity price risk, tax risk, liquidity risk, capital risk, credit risk and interest rate risk. There risks are mitigated wherever possible by the Group's financial management policies and practices described below;

Foreign Currency Exchange Risk

The Group and Company report their financial results in US dollars and consequently they are exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollar. Foreign currency exchange risk arises from both future commercial transactions where projected expenditures are sourced in currencies other than US dollars and from the resulting exchange gains and losses recognised on assets and liabilities and net investments in foreign operations within the Group accounts.

The Group manages its exposure to foreign currency exchange risk associated with material commercial transactions and working capital requirements by maintaining controlled amounts of cash in the required currencies. This primarily applies to the CAML overheads and the working capital requirements for the Kounrad operations. The Mongolian Tugrik (MNT) and European Euro (EUR) requirements are immaterial to the Group's operations.

The Group's main revenue stream from the sale of copper cathode in Kazakhstan is denominated in US dollars.

The following table highlights the major currencies the Group operates in and the movements against the dollar during the course of the year;

	Average Rate		Reporting date spot rate		Movements
	2012	2011	**2012**	2011	Spot rate
Kazakhstan Tenge (KZT)	**149.19**	146.62	**150.74**	148.4	1.58%
Mongolian Tugrik (MNT)	**1,358.99**	1,264.70	**1,392.10**	1,396.37	-0.31%
British Pound (GBP)	**0.631**	0.624	**0.619**	0.647	-4.33%
Euro (EUR)	**0.778**	0.719	**0.757**	0.772	-1.94%

Commodities Price Risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities, primarily copper.

Following completion of the construction programme at Kounrad and the commencement of the production of copper at the plant, the Group's direct exposure to commodity price changes on its revenue is significant.

Management is aware of this impact on its primary revenue stream but knows that there is little it can do to influence the price earned apart from a hedging scheme. Given the low cost of production and absence of any debt liabilities, CAML management feels that a hedging policy at this time is not required and prefers to sell the copper on a 'spot' basis.

The CAML Board will continue to monitor this regularly should conditions change.

Tax Risk

The taxation systems in Kazakhstan and Mongolia are at an early stage of development. The interpretation and application of tax laws and regulations are evolving, which significantly increases the risks with respect to mining and subsoil use operations, and investments in Kazakhstan and Mongolia in comparison with more developed tax systems.

Tax legislation is subject to different and changing interpretations, as well as inconsistent enforcement. Tax regulation and compliance is subject to review and investigation by the authorities who may impose extremely severe fines, penalties and interest charges. The fact that the tax authorities have conducted an audit of a particular period does not prevent them from revisiting that period and raising an additional assessment.

In addition, Kazakhstan's tax system does not recognise the concept of tax authorities giving legally binding rulings on tax issues that are put before them. The inconsistent enforcement and the evolution of Kazakh tax laws create a risk of excessive payment of tax or penalties by the subsoil users if they fail to comply with tax legislation. Further, with the recent adoption of the Subsoil Law, tax stability arrangements for subsoil users in Kazakhstan have been eliminated.

The Group manages this risk by complying locally with all tax regulations and ensuring that its local accounting staff are adequately trained and updated regarding any appropriate tax law changes. CAML also receives tax advice on local issues from its tax advisers, PwC Chartered Accountants and Statutory Auditors, in Kazakhstan and Mongolia.

Liquidity Risk
Liquidity risk relates to the ability of the Group and Company to meet future obligations and financial liabilities as and when they fall due. The Group as at 31 December 2012 has only $150,000 (2011: nil) of outstanding debts and this is specifically associated with a joint exploration programme on its Alag Bayan project in Mongolia. The CAML Group has not guaranteed the repayment of this debt by the parent Company, CAML, and its repayment is the responsibility of the Mongolian subsidiary.

All of the Group's other operations have been funded through the placing of shares.

As the Group currently has sufficient cash resources and material income stream from Kounrad project, the liquidity risk is considered insignificant.

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.

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.

Due to the cash flows being generated at Kounrad from the sale of copper cathode, the Group's capital risk is currently perceived as minimal although the Board will continue to monitor requirements prudently.

Credit Risk
Credit risk refers to the risk that the Group and Company's financial assets will be impaired by the default of a third party. The Group and Company are exposed to credit risk primarily on its cash and cash equivalents as set out in note 24 and on its other receivables as set out in note 22.

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.

The Group is exposed to the risk of not recovering VAT receivable from Kazakhstan and Mongolian tax authorities as set out in note 22.

Interest Rate Risk
The Group is funded by equity capital and has limited exposure to interest rate risk.

4 Critical Accounting Estimates and Judgments

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

Impairment
As mentioned above estimates are required periodically to assess assets for impairment. These estimates will incorporate the expected future commodity prices, estimates of the ore reserves and projected future costs of development and production. This includes an assessment of the carrying values of assets held for sale

Mineral Reserves and Resources
The major value associated with the Group is the value of its mineral resources. 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 capitalized assets are depreciated within the financial statements.

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.

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

5 Segmental Information

Management has determined the operating segments based on the reports reviewed by the Board and decided that it would be appropriate to identify reportable segments on a project by project basis.

As at 31 December 2012, the Group consisted of the following business segments.

Continuing operations:
1. Kounrad – copper production and development in Kazakhstan; and
2. Alag Bayan – copper and gold exploration in Mongolia.

Discontinuing operations:
1. Handgait – molybdenum exploration in Mongolia; and
2. Ereen – gold exploration in Mongolia.

All business segments represent separate geographical areas and have separate independent revenue streams from sales of different metals or independent cost structure related to exploration or development. UK head office does not represent a separate segment.

The Group operates out of three key geographical areas, being Kazakhstan, Mongolia and the UK, even though they are managed on a worldwide basis.

The Board assesses the performance of the operating segments based on a number of operational and financial measures relevant to the stage of development of the project:

Exploration and Evaluation
The main indicators used for these projects relate to the numbers of holes drilled and the depth achieved together with the associated assay results and their impact on the assessment of potential reserves and resources. Financial performance is based on the estimated costs per metre for the drilling and the associated site overheads and any required infrastructure expenditure.

Development and Production
Once a project reaches this stage of maturity, the emphasis for assessing the performance of the projects switches to the measurement of product output and the associated revenues, operating costs or the monitoring of the estimated capital costs to develop the project.

The segment information of segmental results provided to the Board for the reportable segments for the year ended 31 December 2012 is as follows:

	Segmental revenue		Segmental result	
	2012 $	2011 $	**2012 $**	2011 $
Kounrad	**30,656,304**	1,121,361	**21,266,931**	(1,187,247)
Alag Bayan	**–**	–	**(6,050)**	(8,244)
Unallocated costs including corporate	**–**	–	**(5,189,182)**	(3,883,204)
Total continuing operations	**30,656,304**	1,121,361	**16,071,699**	(5,078,695)
Discontinued operations				
Tochtar	**–**	–	**–**	(75,304)
Ereen	**–**	–	**(19,745)**	228,870
Handgait	**–**	–	**(14,540)**	(2,772,774)
Other discontinued	**–**	–	**(497,437)**	(736,834)
Group Revenue	**30,656,304**	1,121,361		
Group EBITDA			**15,539,978**	(8,434,737)
Depreciation and amortisation			**(984,459)**	(246,682)
Profit/(Loss) from operations:			**14,555,519**	(8,681,419)
Foreign exchange rate differences loss			**(250,572)**	(2,751,190)
Other income			**312,417**	4,301
Finance income			**14,774**	277,555
Finance costs			**(360,802)**	(42,171)
Profit/(Loss) before taxation			**14,271,335**	(11,192,924)

Segmental revenues during 2012 are a result of the sale of copper cathodes produced at the Group's newly constructed SX-EW plant at Kounrad, Kazakhstan. Revenue for the year of $30.7 million (2011: $1.1 million). Main plant revenue was $30.4 million generated from the sale of 6,383 tonnes of copper cathode which was sold at an average price of $7,935 per tonne.

Segmental assets and liabilities for the year ended 31 December 2012 are as follows:

	Segmental assets		Segmental liabilities	
	31 Dec 12 $	31 Dec 11 $	**31 Dec 12 $**	31 Dec 11 $
Kounrad	**45,215,279**	39,922,630	**(8,417,068)**	(2,954,508)
Alag Bayan	**5,717,097**	5,371,369	**(178,535)**	(5,888)
Total	**50,932,376**	45,293,999	**(8,595,603)**	(2,960,396)
Assets held for sale	**8,130,838**	8,423,526	**(776,754)**	(441,700)
Unallocated including corporate	**32,509,315**	15,720,742	**(11,171,325)**	(457,816)
Total	**91,572,529**	69,438,267	**(20,543,682)**	(3,859,912)

6 Revenue

Group	**2012 $**	2011 $
Main plant		
International customers	**28,885,462**	–
Domestic customers	**1,503,704**	–
	30,389,166	–
Pilot plant		
International customers	**267,138**	1,121,361
	267,138	1,121,361
Total	**30,656,304**	1,121,361

The Group sells and distributes its copper products by means of an offtake deal with Traxys. The copper cathodes are loaded onto rail wagons at the Kounrad site on an FCA basis and Traxys are paid for managing all the onward selling and distribution (see note 8 below) to the end customer. During 2012, all of the products from the main SX-EW plant sold through the offtake arrangements were shipped to Turkey.

The value of the copper is determined by reference to the London Metal Exchange (LME) prices and the seller is free to determine the date for fixing the price within reason and not more than 30 days post delivery.

The Group also sold 320 tonnes of copper locally.

7 Cost of Sales

Group	**2012 $**	2011 $
Main plant		
Mineral extraction tax at 5.7%	**1,799,086**	–
Reagents and materials	**1,445,548**	–
Depreciation and amortisation	**941,316**	–
Employee benefit expense	**908,847**	–
Consulting and other services	**326,631**	–
	5,421,428	–
Pilot plant	**348,220**	974,487
Total	**5,769,648**	974,487

8 Distribution and Selling costs

Group	2012 $	2011 $
Main plant		
Transportation costs	**1,111,936**	–
Taxes and duties	**114,342**	–
Employee benefit expense	**10,473**	–
Depreciation and amortisation	**6,332**	–
Other expenses	**45,234**	–
	1,288,317	–
Pilot plant	**1,617**	6,945
Total	**1,289,934**	6,945

9 General and Administrative Expenses

Group	2012 $	2011 $
Employee benefit expense	**4,814,512**	2,172,324
Office related costs	**1,253,876**	1,065,716
Consulting and other services	**1,347,573**	954,697
Taxes and duties	**551,424**	999,626
Share based payments	**504,601**	186,795
Depreciation and amortisation	**36,811**	31,614
Total from continuing operations	**8,508,797**	5,410,772
Total from discontinuing operations	**531,720**	701,842
Total	**9,040,517**	6,112,614

10 Other Income

Group	2012 $	2011 $
Other income from continuing operations	**316,865**	4,301

11 Auditors' Remuneration

During the year the Group (including overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2012 $	2011 $
Fees payable to the Company's auditor and its associates for the audit of parent company and consolidated financial statements	**132,800**	145,440
Fees payable to the Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries	**28,800**	23,000
– Tax advisory services	**77,958**	37,770
– Other services	**15,911**	992
Total	**255,469**	207,202

12 Employee Benefit Expense

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

Group Continuing operations:	2012 $	2011 $
Wages and salaries	**6,044,452**	4,951,881
Social security	**640,968**	506,561
Staff healthcare	**26,400**	24,170
Pension related costs	**203,733**	330,285
Stock option grants	**504,601**	186,795
Total for continuing operations	**7,420,154**	5,999,692
Total for discontinuing operations	**341,725**	414,003
Total	**7,761,879**	6,413,695

All staff are entitled to earn an annual bonus linked to their salary subject to the achievement of agreed performance targets and at the sole discretion of the CAML Remuneration Committee. The basic details of the construction bonuses and the 2012 production performance bonuses are contained in the Directors' Report.

A total of $1,380,748 (2011: nil) was paid for the construction bonuses across the Group in May 2012 and $1,124,681 (2011: nil) was either paid or accrued for the 2012 production performance bonuses at 31 December 2012.

Details of the Directors' remuneration has been incorporated within note 34.

13 Average Number of People Employed

Group	2012 Number	2011 Number
Operational and construction	**216**	192
Management and Technical	**43**	20
	259	212

Company
The average number of staff employed by the Company during the year was 7 in 2012 and 6 in 2011.

14 Finance Income and Costs

Group	2012 $	2011 $
Finance Income	**7,898**	231,875
Other Finance Costs	**(220,048)**	(40,745)
Net Finance (Costs)/Income	**(212,150)**	191,130

The Group sells and distributes its copper cathodes through offtake agreements with Traxys. The sales value is due payable to Kounrad Copper Company LLP when Traxys receives payment from the end customer. A 95% of the sales value of the copper cathodes can be requested shortly after delivery. Such a request incurs an interest charge of 3 month USD LIBOR + 3.5% which accrues on a daily basis from the date of receipt of the funds through to the earlier of payment for the products from the end customer or 90 days.

During the early days of production in 2012, the Group requested the cash at the earliest opportunity and incurred interest charges in 2012 of $168,712 (2011: nil).

15 Income Tax

UK corporate income tax is calculated at 24.5% (2011: 26.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation between the expected and the actual taxation charge is provided below:

Operations:	Continuing $	Discontinuing $	2012 Total $
Profit/(Loss) before tax	14,783,325	(511,302)	**9,794,292**
Tax at the domestic income tax rate	3,621,510.73	(125,255)	**3,496,256**
Different tax rates for overseas jurisdictions	505,921	(15,339)	**490,582**
Expenses not deductible for tax purposes	1,509,941	243,041	**1,752,982**
Unrecognised deferred tax	(1,160,329)	(101,759)	**(1,262,088)**
Tax expense and effective tax rate for the year	4,477,043	688	**4,477,731**

Operations:	Continuing $	Discontinuing $	2011 Total $
Loss before tax	(5,941,735)	(5,251,189)	**(11,192,924)**
Tax at the domestic income tax rate 26.5%	(1,574,560)	(1,391,565)	**(2,966,125)**
Different tax rates for overseas jurisdictions	(286,494)	(795,611)	**(1,082,105)**
Expenses not deductible for tax purposes	3,228,691	2,593,877	**5,822,568**
Unrecognised deferred tax asset	(1,367,637)	(406,701)	**(1,774,338)**
Tax expense for the year	–	–	**–**

The CAML Group has an unrecognised deferred tax asset relating to carried forward tax losses of $2,055,359 (2011: $3,462,938).

16 Earnings/(Loss) per share

(a) Basic

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

Group	2012 $	2011 $
Profit/(Loss) from continuing operations attributable to owners of the parent	**10,306,282**	(5,941,735)
Loss from discontinued operations attributable to owners of the parent	**(511,990)**	(5,251,189)
Total	**9,794,292**	(11,192,924)
Weighted average number of ordinary shares in issue	**85,782,437**	86,165,934

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding after assuming conversion of possible exercisable share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Group	2012 $	2011 $
Profit/(Loss) from continuing operations attributable to owners of the parent	**10,306,282**	(5,941,735)
Loss from discontinued operations attributable to owners of the parent	**(511,990)**	(5,251,189)
Total	**9,794,292**	(11,192,924)
Weighted average number of ordinary shares in issue	**85,782,437**	86,165,934
Adjusted for:		
– Share Options	**1,659,816**	947,719
Weighted average number of ordinary shares for diluted earnings per share	**87,442,253**	87,113,653

17 Foreign exchange rate losses

Group Exchange rate Loss from:	2012 $	2011 $
Continuing operations	**(409,315)**	(873,268)

The losses on foreign exchange relate to the translation of foreign currency assets and liabilities at the reporting date.

18 Property, Plant and Equipment

Group	Mining Property $	Construction in progress $	Plant and Equipment $	Motor Vehicles and Office Equipment $	Total $
Cost					
At 1 January 2011	579,407	4,397,589	1,669,392	1,013,486	7,659,874
Additions	8,614	15,138,404	2,196,195	330,805	17,674,018
Disposals	(322,791)	(640)	(153,844)	(297,614)	(774,889)
Transferred to disposal group classified as held for sale	(239,647)	–	–	(175,615)	(415,262)
Exchange Difference	(25,583)	(178,846)	(22,822)	(43,231)	(270,482)
At 31 December 2011	–	19,356,507	3,688,921	827,831	23,873,259
Additions	–	5,111,130	–	327,265	5,438,395
Disposals	–	–	(127,653)	(102,673)	(230,326)
Transfers	–	(20,372,905)	20,372,905	–	–
Change in JV accounting	–	(4,090,011)	(2,354,835)	(201,318)	(6,646,164)
Exchange Difference	–	39,303	37,113	12,198	88,614
At 31 December 2012	**–**	**44,024**	**21,616,451**	**863,303**	**22,523,778**
Accumulated Depreciation					
At 1 January 2011	79,733	–	553,648	532,728	1,166,109
Provided during the year	16,137	–	681,478	207,828	905,443
Disposals	–	–	(151,877)	(266,135)	(418,012)
Transferred to disposal group classified as held for sale	(87,988)	–	–	(110,573)	(198,561)
Exchange Difference	(7,882)	–	(10,822)	(25,181)	(43,886)
At 31 December 2011	–	–	1,072,427	338,667	1,411,094
Provided during the period	–	–	1,173,700	155,290	1,328,990
Disposals	–	–	(117,647)	(81,579)	(199,226)
Change in JV accounting	–	–	(186,421)	(99,863)	(286,284)
Exchange Difference	–	–	(16,450)	(1,568)	(18,018)
At 31 December 2012	**–**	**–**	**1,925,609**	**310,947**	**2,236,556**
NBV at 1 January 2012	–	19,356,507	2,616,494	489,164	22,462,165
NBV at 31 December 2012	**–**	**44,024**	**19,690,841**	**552,356**	**20,287,222**

The Company had $9,543 of office equipment at Net Book Value as at 31 December 2012 (2011: $6,624).

19 Intangible Assets

Group	Deferred Exploration and Evaluation costs $	Mining Licences and Permits $	Computer Software $	Total $
Cost				
At 1 January 2011	10,426,366	2,563,836	79,711	13,069,913
Additions	1,635,110	999,946	9,443	2,644,499
Disposals	(2,397,870)	(152,124)	(64,324)	(2,614,318)
Transferred to disposal group classified as held for sale (note 20)	(3,300,000)	–	–	(3,300,000)
Exchange Difference	(862,306)	–	(209)	(862,515)
At 31 December 2011	5,501,300	3,411,658	24,621	8,937,579
Additions	1,066,542	49,420	33,630	1,149,592
Disposals	(23,379)	(63,751)	–	(87,130)
Change in JV accounting	–	(2,351,208)	(5,148)	(2,356,356)
Exchange Difference	(136,928)	3,917	4,029	(128,982)
At 31 December 2012	**6,407,535**	**1,050,036**	**57,132**	**7,514,703**
Accumulated Amortisation				
At 1 January 2011	7,642	14,582	71,540	93,764
Provided during the year	–	2,989	6,007	8,996
Disposal	–	(12)	(64,324)	(64,336)
Exchange Difference	–	–	(75)	(75)
At 31 December 2011	7,642	17,559	13,148	38,349
Provided during the year	–	364	31,321	31,685
Disposal	(7,642)	(20,861)	–	(28,503)
Change in JV accounting	–	–	(2,993)	(2,993)
Exchange Difference	–	3,799	(1,509)	2,290
At 31 December 2012	**–**	**861**	**39,967**	**40,828**
NBV at 1 January 2012	5,493,658	3,394,099	11,473	8,899,230
NBV at 31 December 2012	**6,407,535**	**1,049,175**	**17,166**	**7,473,875**

The amortisation of mining licences and permits is charged to the appropriate project and the amortisation of software is all charged to general and administrative costs.

Deferred exploration and evaluation costs as at 31 December 2012 are represented by Alag Bayan of $4,617,170 (2011: $4,334,860) and Kounrad of $1,790,365 (2011: $1,158,798). The increase at Alag Bayan is the result of an exploration programme completed during 2012 whilst at Kounrad the increase is primarily due to the exploration programme conducted on the sulphide and mixed waste dumps and the work involved in the conversion of the resource to a JORC resource.

There was no impairment of intangible assets during 2012 and no further transfers to assets held for sale.

The Company had $1,000,000 of intangible assets as at 31 December 2012 (2011: $1,000,000). The amount is represented by the Alag Bayan exploration licence.

20 Assets held for sale

The assets and liabilities related to four of the Group's Mongolian subsidiaries are currently presented as held for sale, Mon Resources LLC (Handgait), Zuun Mod UUL LLC (Ereen), New CAML Mongolia LLC and Mongolian Silver Mountain LLC.

The Company appointed Cutfield Freeman & Co, a M&A specialist, to oversee the sale process on 6 February 2012. A targeted marketing campaign was conducted during Q2 2012 and a number of interested purchasers were shortlisted for a more detailed review of the assets.

Overall, the sale process is taking longer than planned due to the current difficulty for companies to raise finance in general, but also more particularly in Mongolia. There is currently a degree of uncertainty in Mongolia around the mining laws and also the laws around foreign ownership of assets.

(a) Assets of disposal group classified as held for sale

	31 Dec 12 $	31 Dec 11 $
Intangible assets	**7,777,353**	7,454,374
Cash and cash equivalents	**16,580**	562,430
Property plant and equipment	**210,044**	273,305
Trade and other receivables	**126,861**	133,417
Total	**8,130,838**	8,423,526

There was no impairment of assets held for sale as at 31 December 2012 (2011: $2,549,994). During 2011, it was determined that the Handgait project was impaired and a charge of $2,397,870 was recorded against the intangible assets. The Handgait assets were also all transferred to assets held for sale at the written down book value of $3,300,000. The mining licenses and permits of the Asgat project in Mongolia (Mongolian Silver Mountain LLC) were also deemed to be impaired at that time and a charge of $152,124 recorded.

The investment carried directly in the Company's accounts relating to the Ereen project at 31 December 2012 and 2011 is $100,000.

(b) Liabilities of disposal group classified as held for sale

	31 Dec 12 $	31 Dec 11 $
Provisions	**742,448**	390,815
Trade and other payables	**34,306**	50,885
Total	**776,754**	441,700

The Loss from discontinuing operations for 2012 was $511,990 (2011: loss $5,251,189).

Discontinuing operations:	2012 $	2011 $
General & Administrative Expenses	**(531,720)**	(701,842)
Other Expenses	**(4,449)**	(2,715,678)
Exchange rate differences Gain/(Loss)	**158,743**	(1,877,922)
Operating Loss from discontinuing operations	**(377,424)**	(5,295,442)
Finance Income	**6,876**	45,679
Finance Costs	**(140,754)**	(1,426)
Loss before Income Tax from discontinuing operations	**(511,302)**	(5,251,189)
Income Tax	**(688)**	–
Loss from discontinuing operations	**(511,990)**	(5,251,189)

Cash flows of disposal group classified as held for sale:

Group	2012 $	2011 $
Operating cash flows	**(670,346)**	(673,625)
Investing cash flows	**100,000**	1,075,000
Total cash flows	**(570,346)**	401,375

21 Investments

Company Shares in Group undertakings	31 Dec 12 $	31 Dec 11 $
Opening balance	**485,787**	258,853
Addition to investments in Kounrad	**4,006,244**	–
Addition to investments in CAML Mongolia BV	**500,000**	84,065
Addition to investments in CAML Kazakhstan BV	**50,000**	–
Conversion of Intercompany loans in CAML Kazakhstan BV and CAML Mongolia BV to Investments	**–**	342,869
Impairment of Investments in Handgait	**–**	(200,000)
Closing balance	**5,042,031**	485,787

The Group investments relate to funding of the Kounrad project which is not currently controlled.

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

The additions to investments in the Group's Dutch BV structure represented required contributions of $50,000 per Company to their share premium account and a further $450,000 contribution to the share premium account of CAML Mongolia BV. This latter contribution for CAML Mongolia BV was required by a change in the Mongolian law which increased the minimum share capital requirements for all Mongolian subsidiaries to $100,000 each.

Details of Group holdings are included in the table below.

Subsidiary	Country	Activity	CAML % 2012	CAML % 2011	Date of Incorporation
CAML Kazakhstan BV	Holland	Holding Company	100	100	23 Jun 08
CAML Mongolia BV	Holland	Holding Company	100	100	23 Jun 08
Sary Kazna LLP	Kazakhstan	Kounrad project (SUC operations)	100	100	6 Feb 06
Kounrad Copper Company LLP	Kazakhstan	Kounrad project (SX-EW plant)	60	60	29 Apr 08
New CAML Mongolia LLC	Mongolia	Management Services	100	100	8 Jun 07
Zuun Mod UUL LLC (Ereen)	Mongolia	Exploration – Gold	85	85	3 May 07
Mon Resources LLC (Handgait)	Mongolia	Exploration – Molybdenum	80	80	18 May 07
Mongolian Silver Mountain LLC	Mongolia	Exploration – Silver	100	100	1 Apr 07
Bayan Resources LLC	Mongolia	Exploration – Copper/Gold	70	70	1 Aug 08

The CAML Group's main business activity is a jointly owned project in Kounrad, Kazakhstan. The project is owned on a 60:40 basis with CAML owning 60% through subsidiaries specifically incorporated to manage the project. In 2013, the project is scheduled to produce 10,000 tonnes of copper cathode through a process known in the industry as Solvent Extraction – Electro Winning. Further details of the whole SX-EW process and associated acid leaching of the ore dumps can be found on the CAML website on www.centralasiametals.com.

In January 2012 SEC Sary Arka, the JV partner in the Kounrad project, announced that SAT Group (CAICC) had won a tender to acquire SEC Sary Arka's interest in the Kounrad project.

In January 2012, the Company signed a legally binding agreement with the SAT Group, based in Kazakhstan, for the purchase of the additional 40% of the Kounrad project not currently owned by the Group. The regulatory processes required to transfer the ownership commenced in March 2012 with the submission by the Company and the SAT Group, in conjunction with SEC Sary Arka, of all the required documentation for the first stage of the transaction.

During 2012, the regulatory bodies of the government of the Republic of Kazakhstan approved the transfer of the 40% interest in the project from SEC Sary Arka to the SAT Group (CAICC). The 40% ownership in Kounrad Copper Company LLP was transferred from SEC Sary Arka to the SAT Group (CAICC) in December 2012, however the interest in the SUC and JOA has not yet been transferred. Once this transaction is completed, the transfer to the Group can begin.

The value agreed between the parties for the purchase was a consideration of 8,616,593 ordinary shares in the Company. At the time of agreeing the deal in January 2012 this would have resulted in the SAT Group becoming a 9.1% shareholder in the enlarged Company once the transactions are completed. Due to the Company share buy-back programme this consideration will now result in the SAT Group becoming interested in 9.85% of the voting rights of the enlarged Company once the transactions are completed.

The SAT Group has undertaken not to sell its CAML shares for a period of six months from completion of the purchase and, subject to certain conditions, not to purchase any additional shares in CAML for a further period of 12 months. The parties have also agreed to work together to explore the possibility of undertaking new projects.

Details of the Kounrad JV assets, liabilities, income and expenditure, of which 60% has been consolidated, are shown below;

	31 Dec 12 $	31 Dec 11 $
Assets		
Non-current assets	**15,973,127**	17,113,959
Current assets	**10,083,869**	658,863
	26,056,996	17,772,822
Liabilities:		
Non-current liabilities	**1,831,704**	17,847,892
Current liabilities	**5,064,782**	293,222
	6,896,486	18,141,114
Net assets	**19,160,510**	(368,292)
Income	**30,508,257**	99,653
Expenses	**(11,028,667)**	(355,998)
Profit/(Loss) after income tax	**19,479,590**	(256,345)
Proportionate interest in joint venture's commitments	**410,588**	1,389,874

There are no contingent liabilities relating to the Group's interest in the Joint Venture and no contingent liabilities at the venture itself.

22 Trade and Other Receivables

	Group		Company	
	31 Dec 12 $	31 Dec 11 $	31 Dec 12 $	31 Dec 11 $
Trade and Other Receivables, net	**2,175,531**	1,815,942	**113,591**	103,608
Receivables from related parties	**12,340,249**	10,787,990	**45,403,170**	73,615,395
Prepayments	**712,283**	465,174	**99,271**	98,827
	15,228,063	13,069,106	**45,616,032**	73,817,830
Less: non – current portion				
Trade and Other Receivables	**(2,600)**	(1,560,944)	**–**	–
Receivables from related parties	**(12,340,249)**	(10,787,990)	**(45,403,170)**	(73,615,395)
Current Portion	**2,885,214**	720,172	**212,862**	202,435

The carrying value of all the above receivables is a reasonable approximation of fair value.

The amount of $12,340,249 (2011: $10,787,990) related to receivables from related parties within the Group refers to the amounts created by the Joint Venture accounting treatment at Kounrad (see Basis of consolidation note).

As at 31 December 2012 a total of $2,047,553 of the current trade receivables was related to VAT receivable which the Group expects to recover either through the domestic sales of copper cathode or by claiming back from the Kazakhstan tax authorities.

The Group did not generally have any other material trade debtors as at 31 December 2012. During 2012 the sale of copper cathodes at Kounrad was generally paid for soon after loading the wagons at the site.

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 comes to light that the amounts due will not be recovered.

23 Inventory

Group	31 Dec 12 $	31 Dec 11 $
Raw Materials	**2,247,401**	140,537
Finished Goods	**344,328**	400,806
	2,591,729	541,343

The Group did not have any slow moving, obsolete or defective inventory as at 31 December 2012 (2011: nil).

24 Cash and Cash Equivalents

	Group		Company	
	31 Dec 12 $	31 Dec 11 $	**31 Dec 12 $**	31 Dec 11 $
Cash at bank and on hand	**33,854,558**	15,583,238	**28,230,933**	15,490,536
Short term deposits:				
Short term deposits – MNT	**–**	459,659	**–**	–
	33,854,558	16,042,897	**28,230,933**	15,490,536
Cash at bank and on hand included in assets held for sale	**16,581**	562,430	**–**	–
Total Cash and Cash Equivalent	**33,871,139**	16,605,327	**28,230,933**	15,490,536

83.4% of the Group's cash and cash equivalents at the year end were held by an AA- rated bank (2011: 96.6%).

25 Share Capital and Premium

	Number of Shares No	Ordinary Shares $	Share premium $	Treasury Shares $	Total $
At 1 January 2011	**86,165,934**	**861,659**	**61,431,533**	**(2,303,803)**	**59,989,389**
2011 movement	–	–	–	–	–
At 31 December 2011	**86,165,934**	**861,659**	**61,431,533**	**(2,303,803)**	**59,989,389**
Purchase of own shares	–	–	–	(1,982,677)	(1,982,677)
Sale of treasury shares	–	–	–	50,248	50,248
At 31 December 2012	**86,165,934**	**861,659**	**61,431,533**	**(4,236,232)**	**58,056,960**

The par value of ordinary shares is $0.01 per share (2011: $0.01). All shares are fully paid.

During 2012 the Company did not have any changes in the number of shares in issue. A share buy-back programme commenced on 02 July 2012 and as at 31 December 2012, a total of 1,318,929 shares had been purchased at a value weighted average price of 93.059 pence. A total of $1,982,677 was spent on the purchases.

The shares are currently held in Treasury pending their cancellation or possible use in the Company employee share scheme.

26 Other Reserves

Group	Share Option Reserve $	Currency Translation Reserve $	Total Group $
At 31 December 2010	**3,278,603**	**3,786,540**	**7,065,143**
Currency translation differences	–	1,251,252	1,251,252
Disposal of Tochtar	–	(3,786,540)	(3,786,540)
Grant of stock options	186,795	-	186,795
At 31 December 2011	**3,465,398**	**1,251,252**	**4,716,650**
Currency translation differences	–	(1,355,024)	(1,355,024)
Reversal of stock option grants	(777,360)	–	(777,360)
Forfeited options	(125,785)	–	(125,785)
Grant of stock options	504,601	–	504,601
At 31 December 2012	**3,066,854**	**(103,772)**	**2,963,082**

The amount of $504,601 (2011: $186,795) was credited to the stock option reserve and relates to stock options granted during the year – see note 27.

27 Equity Settled Share Based Payments

(a) Share Option Plan

The Company has three share option plans in operation. The first share option plan was introduced by the Company in 2007, the second, a nil-cost share option plan for employees of the Group was introduced in October 2011, and the third, a nil-cost share option plan for Non-Executive Directors was introduced in May 2012.

Share options are granted to Directors and selected employees in order to incentivise them.

The vesting of share options in the first plan was purely conditional upon time whereas the nil-cost share option plan for employees has strict vesting conditions based upon annual performance targets as determined by the CAML Remuneration Committee.

As at 31 December 2012, 2,128,074 options (2011: 1,415,373) to subscribe for ordinary shares in the Company were outstanding as follows:

Date options granted (vest)	Expiry Date of Option	Option Exercise Price $	Number of Shares
21 Feb 08	21 Feb 18	6.42	164,000
21 Feb 08	21 Feb 18	0.68	455,000
03 Sep 10	21 Feb 18	0.68	202,172
06/10/2011 [1]	05 Oct 21	0.01	594,201
Forfeited [2]	21 Feb 18	0.68	(150,543)
08/05/2012 [3]	07 May 22	0.01	863,244
Total			**2,128,074**

Notes:

1 On 6 October 2011, the Company started a new nil-cost option scheme with performance criteria linked to the production of copper at Kounrad primarily. A total of 594,201 options were granted to the Executive Directors on that date and they were specified to vest on the basis of one-third on 6 October 2012, one-third on 6 October 2013 and one-third on 6 October 2014. The Company valued share options granted on 6 October 2011 at its LSE AIM spot price on the date of grant of $1.08.

2 A Sokolov forfeited his options during the year upon leaving the Company's employment upon which the Company made a cash payment equivalent to the market value of the options to A. Sokolov.

3 The Company valued share options granted on 8 May 2012 at its LSE AIM spot price on the date of grant of $1.55.

	2012		2011	
	Average exercise price in $ per share options	**Options (number)**	Average exercise price in $ per share options	Options (number)
At 1 January	**1.06**	**1,415,373**	1.83	821,172
Granted	**0.01**	**863,244**	0.01	594,201
Forfeited	**–**	**(150,543)**	0.84	–
Exercised	**–**	**–**	–	–
Expired	**–**	**–**	–	–
At 31 December	**0.71**	**2,128,074**	1.06	1,415,373

There were no options exercised or expired during the period ending 31 December 2012 (2011: nil).

The weighted average number of options exercisable at 31 December 2012 is 868,696 (2011: 821,172). Options forfeited in 2012 were cash settled using the weighted average share price of the time. The related transaction costs have been netted off the proceeds made.

An amount of $504,601 (2011: $186,795) has been credited to the share option reserve for the grant of stock options for the period ending 31 December 2012.

(b) Employee Benefit Trust

An Employee Benefit Trust (EBT) was set up by the Company during 2009 as a means of incentivising the management of CAML prior to the Initial Public Offering (IPO). The specific goals required for vesting of the shares were agreed by the CAML Remuneration Committee.

A total of 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.

The shares are jointly owned by the Employee Benefit Trust Fund and the employee.

28 Borrowings

	Group		Company	
	31 Dec 12 $	31 Dec 11 $	**31 Dec 12 $**	31 Dec 11 $
Non-current loans	**150,000**	–	**–**	–

During 2012, the Group's Mongolian based subsidiary Bayan Resources LLC received a loan in the amount of $150,000 from High Power Ventures Inc. High Power Ventures Inc. is an associated company of Ibex Mongolia LLC which fulfilled the terms of an earn-in agreement for the Alag Bayan project. The funds were used for a joint programme of exploration works on site and to apply for a mining licence in 2013.

The loan is subject to a fixed 6% interest rate and is repayable by 31 December 2015.

29 Trade and Other Payables

	Group		Company	
	31 Dec 12 $	31 Dec 11 $	**31 Dec 12 $**	31 Dec 11 $
Trade Payables	**2,040,117**	1,008,203	**1,349,199**	350,604
Dividends payable	**9,602,733**	–	**9,602,733**	–
Corporation tax, social security and other taxes	**5,815,971**	194,810	**159,745**	79,937
	17,458,821	1,203,013	**11,111,677**	430,541

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

As at 31 December 2012 $9,602,733 (2011: nil), of the trade payables balance is the provision for the special and interim dividend payment of 7 pence per ordinary share announced by the Company on 13 December 2012. This dividend was paid on 01 February 2013. In addition the CAML Board is proposing a final 2012 dividend of 3.7 pence per share, making 10.7 pence per share for 2012, which will be approved at the AGM.

As at 31 December 2012 a provision of $4,300,820 was made on a consolidated basis for the Corporate Income Tax due at Kounrad Copper Company LLP (2011: nil). In addition, as at 31 December 2012 the Group recognised deferred tax liability of $271,683 (2011: nil).

30 Provisions for Liabilities and Charges

Group	Provisions for Liabilities and Charges $
At 1 January 2011	**433,921**
Arising during the year	–
Asset Retirement Obligations Kounrad	2,138,753
Transferred to disposal group classified as held for sale	(390,815)
Exchange rate difference	(43,106)
At 31 December 2011	**2,138,753**
Change in estimate Asset Retirement Obligations Kounrad	33,176
Exchange rate difference	(33,201)
At 31 December 2012	**2,138,728**

The environmental provision as at 31 December 2012 of $2,138,728 (2011: $2,138,753) is a non-current provision. The provision is expected to be utilised on the closure of the related plant.

31 Cash Used In Operations

		Group As at 31 December		Company As at 31 December	
	Note	**2012 $**	2011 $	**2012 $**	2011` $
Profit/(Losses) before income tax		**14,271,335**	(11,192,924)	**(10,423,483)**	(6,314,361)
Adjustments for:					
Depreciation	18	**1,328,990**	905,443	**8,535**	5,924
Amortisation	19	**31,685**	8,996	**–**	2,238
Foreign Exchange	17, 20	**758,828**	2,751,190	**(79,496)**	(281,432)
Loss on sale of the subsidiary Tochtar		**–**	75,304	**–**	–
Profit on sale of subsidiary Ereen (lost buyer deposit)		**(100,000)**	(250,000)	**(100,000)**	–
Impairment of Intangible Assets		**–**	2,963,133	**–**	352,000
Impairment of Mongolian Intercompany receivables		**–**	–	**4,756,241**	–
Impairment of Sary Kazna non-Kounrad interest receivable		**–**	–	**3,268,006**	–
Reversal of intercompany receivable impairment		**–**	–	**(1,068,347)**	–
Share based payments	26	**504,601**	186,795	**504,601**	186,795
Finance income	14, 20	**(14,774)**	(277,555)	**–**	(131,130)
Finance Costs	14, 20	**360,802**	42,171	**9,092**	7,176
Changes in working capital:					
Inventories		**(2,050,333)**	131,501	**–**	–
Trade and Other Receivables		**(2,152,401)**	(8,401,077)	**(2,749,436)**	357,763
Trade and Other Payables		**6,579,428**	(2,045,870)	**1,078,401**	10,219
Movement in Provisions		**351,608**	1,384,038	**–**	–
Transfer of interest in JV		**8,167,571**	–	**–**	–
Movement in Gold loan liability		**–**	–	**–**	–
Cash generated/(used) in operations		**28,037,340**	(13,718,855)	**(4,795,883)**	(5,804,808)

32 Contingencies

As at 31 December 2012 the Group had no contingent liabilities or assets (2011: nil).

33 Commitments

Group	31 Dec 12 $	31 Dec 11 $
Kazakhstan	**410,588**	2,316,456
UK	**70,979**	146,039
Mongolia	**103,393**	297,498
Total	**584,960**	2,759,993

Group	31 Dec 12 $	31 Dec 11 $
Property, plant and equipment	**185,673**	2,316,456
Intangible assets	**223,835**	98,093
Other	**175,452**	345,444
Total	**584,960**	2,759,993

At 31 December 2012 amounts contracted for but not provided in the financial statements amounted to $584,960 for the Group (2011: $2,759,993).

34 Related Party Transactions

The Group had the following related party balances and transactions during the year ended 31 December 2012. Related parties are those entities owned or controlled by the Company, which is the ultimate controlling party of the Group.

Transactions between the Company and related parties:

Management fees income from related parties	2012 $	2011 $
Sary Kazna LLP	**60,000**	60,000
Total	**60,000**	60,000

The Company recharges $5,000 per month for Management services to New CAML Mongolia LLC and Sary Kazna LLP.

Interest income from related parties	2012 $	2011 $
Sary Kazna LLP	**1,060,614**	972,183
Mon Resources LLC	**297,559**	442,792
Zuun Mod UUL LLC	**459,854**	297,347
Bayan Resources LLC	**280,178**	284,995
Kounrad Copper Company LLP	**738,783**	60,753
Total	**2,836,988**	2,058,070

Management fees receivable from related parties	31 Dec 12 $	31 Dec 11 $
Sary Kazna LLP	**180,000**	120,000
Total	**180,000**	120,000

Loans receivable from related parties	31 Dec 12 $	31 Dec 11 $
Sary Kazna LLP	**21,040,306**	28,723,787
Kounrad Copper Company LLC	**5,508,331**	20,839,009
Zuun Mod UUL LLC	**4,896,598**	4,884,434
Bayan Resources LLC	**4,679,666**	4,602,673
Mon Resources LLC	**–**	1,996,495
Total	**36,124,901**	61,046,398

Total of $4,327,306 intercompany loans with Mongolian subsidiaries were written off as at 31 December 2012 as part of impairment testing (2011: $5,578,273).

Interest receivable from related parties	31 Dec 12 $	31 Dec 11 $
Sary Kazna LLP	**4,623,158**	6,830,544
Mon Resources LLC	**1,457,802**	1,303,505
Zuun Mod UUL LLC	**1,119,699**	822,140
Kounrad Copper Company LLC	**799,536**	60,753
Bayan Resources LLC	**798,075**	517,897
Total	**8,798,270**	9,534,839

As at 31 December 2012, a total of $3,268,006 (2011: nil) of interest receivable associated with several loans to Sary Kazna LLP was written off by the Company. It was determined that such amounts of interest would not be recovered as it had been accrued over several years and all the loans related to non – Kounrad activity.

As at 31 December 2012, $428,935 of interest receivable was written off by the Company as part of impairment testing of Mongolian subsidiaries (2011: nil).

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

Group	2012 Basic salary/Fees $	2012 Annual Bonus [1] $	2012 Benefits in kind $	2012 Total $	2011 Total $
Executive directors:					
Nick Clarke	316,957	683,911	4,795	**1,005,663**	243,072
Nigel Robinson	237,718	526,149	7,261	**771,128**	216,002
Howard Nicholson	237,718	637,769	3,301	**878,788**	212,042
Non-Executive directors					
Dr. Michael Price	63,391	–	4,257	**67,648**	68,747
Nigel Hurst-Brown	63,391	–	–	**63,391**	64,490
Robert Cathery	47,544	–	–	**47,544**	48,368
Nurlan Zhakupov	47,544	–	–	**47,544**	11,668
Alex Capelson	–	–	–	**–**	12,084
Directors' emoluments	1,014,263	1,847,829	19,614	**2,881,706**	876,473

1 These bonuses cover a 30 month period effectively from July 2010 through to 31 December 2012 and are the bonuses for Directors to cover both the construction phase to late April 2012 and also the accrual; of performance bonuses for the first period of production to 31 December 2012.

Directors' Remuneration Group	2012 Construction Bonus $	2012 Performance bonus $	2012 Annual Bonus $
Executive directors:			
Nick Clarke	366,954	316,957	**683,911**
Nigel Robinson	288,431	237,718	**526,149**
Howard Nicholson	360,431	277,338	**637,769**
Total	1,015,816	832,013	**1,847,829**

The emoluments of the highest paid Director totalled $1,005,663 in 2012 (2011: $243,072).

The Executive Directors are currently entitled to earn an annual bonus linked to their annual salary subject to the achievement of certain annual performance target and at the sole discretion of the CAML Remuneration Committee.

Construction Bonus
During the construction phase of the Kounrad SX-EW plant from July 2010 through to late April 2012, specific performance targets were set related to the completion of the construction programme on time and within the agreed capital expenditure budget of $46.9m. The CAML Remuneration Committee determined that the construction bonuses would not be paid, either in whole or a part thereof, unless and until copper cathodes were produced at the plant.

As at 31 December 2011, the performance criteria had not been achieved since copper cathodes had not at that time been produced. Consequently, whilst no bonuses were paid nor were they accrued given that production of copper at the plant could not be guaranteed.

The first copper cathodes were harvested on 29 April 2012 and subsequently the performance criteria were assessed against the agreed targets. The successful production of copper and the completion of the construction programme for $8m less than the original budget as agreed at the IPO triggered the payments of the bonuses in May 2012.

2012 Production Performance Bonus

The Directors are also entitled to production performance bonuses based on copper production output and the cost per unit of the production determined by the CAML Remuneration committee.

As at 31 December 2012 it was assessed that these targets had been achieved and so additional production performance bonuses have been accrued.

Details of the Directors' interests in the ordinary shares of the Company are set out in the Directors' Report.

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 2012	As at 31 Dec 2011
CN Hurst-Brown	250,543	250,543
M A Price	300,543	300,543
N Clarke	1,342,887	1,342,887
H Nicholson (from 7 December 2011)	646,715	646,715
N Robinson	646,715	646,715
Total Directors' Interests	3,187,403	3,187,403

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 IPO and vested upon its successful completion.

Directors' Options awards

During 2012 the Group awarded the following options to the Executive Directors of the Company. These options generally vest at the rate of one-third per annum subject to continued service and the achievement of certain performance conditions.

An additional award of 100,000 options was also granted to Nurlan Zhakupov, a Non-Executive Director, on 8 May 2012.

Group	8 May 12	06 Oct 11
Nick Clarke	219,298	217,391
Nigel Robinson	164,473	188,405
Howard Nicholson	164,473	188,405
Nurlan Zhakupov	100,000	–
Total	648,244	594,201

Annual General Meeting

The Company's Annual General Meeting will be held at the Company's offices at 4-5 Park Place, London SW1A 1LP on 22 May 2013 at 11.30am. The Notice of Meeting follows, and sets out the business to be transacted. An explanation of each of the resolutions follows below.

Resolution 1: To Receive and Adopt the Annual Report and Accounts
The directors of the Company are required to lay the Annual Report and Accounts before the shareholders each year at the Annual General Meeting. Resolution 1 is an ordinary resolution to receive and adopt the Company's Annual Report and Accounts for the financial year ended 31 December 2012.

Resolution 2: To declare a Final Dividend
The Board has recommended that a final dividend for the year ended 31 December 2012 of 3.7 pence per share be declared payable on 29 May 2013 to shareholders whose names appear on the register of members of the Company at the close of business on 26 April 2013. An interim dividend of 3.3 pence per share and a special dividend of 3.7 pence per share were paid on 1 February 2013, making a total dividend for the year of 10.7 pence per share.

Resolution 3: Re-appointment of Auditors
The Company's Auditors are required to be re-appointed at every Annual General Meeting ("AGM"). Resolution 3 is an ordinary resolution to approve the re-appointment of PricewaterhouseCoopers LLP as auditors.

Resolution 4: Auditors' Remuneration
This resolution is to authorise the Directors, as is customary, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider and approve the audit fees on behalf of the Directors.

Resolution 5: Allotment of Relevant Securities
Your Directors may allot shares and grant rights to subscribe for, or convert any security into, shares only if authorised to do so by shareholders. The authority granted at the last AGM is due to expire at this year's AGM. Accordingly, Resolution 5 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares. If given, these authorities will expire at the AGM in 2014 or on 30 June 2014, whichever is the earlier.

Paragraph (a) of Resolution 5 will allow the directors to allot ordinary shares up to a maximum nominal amount of US$282,823, representing approximately one third (33.33 per cent.) of the Company's existing issued share capital as at 27 March 2013 (being the latest practicable date prior to publication of this notice). In accordance with the latest institutional guidelines issued by the Association of British Insurers, paragraph (b) of Resolution 5 will also allow directors to allot, including the ordinary shares referred to in paragraph (a) of Resolution 5, further ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of US$565,647, representing approximately two thirds (66.67 per cent.) of the Company's existing issued share capital as at 27 March 2013.

It is customary for a UK quoted company to maintain such an authority irrespective of any intention to exercise it. The Directors confirm that they do not currently have any intention to exercise this authority. If they do exercise the authority, the Directors will have due regard to institutional shareholder guidelines regarding its use.

Resolution 6: Disapplication of Pre-emption Rights
Your Directors also require a power from shareholders to allot equity securities or sell treasury shares for cash and otherwise than to existing shareholders pro rata to their holdings. The power granted at the last AGM is due to expire at this year's AGM. Accordingly, Resolution 6 will be proposed as a special resolution to grant such a power.

Apart from offers or invitations in proportion to the respective number of shares held, the power will be limited to the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of US$86,166 (being approximately ten per cent. of the Company's issued ordinary share capital at 27 March 2013, the latest practicable date prior to publication of this notice). If given, this power will expire on 30 June 2014 or at the conclusion of the AGM in 2014, whichever is the earlier.

Your directors will have due regard to institutional guidelines in relation to any exercise of this power. It is customary for a UK quoted company to maintain such an authority irrespective of any intention to exercise it. The Directors confirm that they do not currently have any intention to exercise this authority.

Resolution 7: Authority for the Company to Buy Back Shares
This resolution will give the Company authority to purchase its own shares in the market up to a limit of approximately 10 per cent. of its issued ordinary share capital at 27 March 2013, the latest practicable date prior to the publication of the Notice of Meeting. The maximum and minimum prices are stated in the resolution. Whilst they do not currently have any intention to utilise this authority your Directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares as it did during 2012. Your Directors will exercise this authority only if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally.

In the event that shares are purchased, they would either be cancelled (and the number of shares in issue would be reduced accordingly) or, in accordance with the Companies Act 2006, be retained as treasury shares. The Company may consider holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares as was done with the shares purchased in 2012. This gives the Company the ability to transfer treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10 per cent. anti-dilution limit set by the ABI.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Company's offices at 4/5 Park Place, London SW1A 1LP on 22 May 2013 at 11.30am.

AGENDA

To consider and, if thought fit, approve the following Ordinary Resolutions numbered 1 to 5:

1. To receive and adopt the Directors' Report and Accounts for the period ended 31 December 2012;

2. That the final dividend for the year ended 31 December 2012 of 3.7 pence per share be declared payable on 29 May 2013 to shareholders whose names appear on the register of members of the Company at the close of business on 26 April 2013

3. To re-appoint PricewaterhouseCoopers LLP as auditors;

4. To authorise the directors to fix the remuneration of the auditors;

5. That the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:

a) comprising up to an aggregate nominal value (within the meaning of section 551(3) and (6) of the Act) equal to US$282,823 (such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of that amount); and

b) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) equal to US$565,647 in connection with or pursuant to an offer by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever, these authorisations to expire on 30 June 2014 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2014 (save that the Company may before such expiry make any offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted, after such expiry and the directors may allot shares in the Company, or grant rights to subscribe for or to convert any security into shares in the Company, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired).

6. To consider and, if thought fit, to approve the following Special Resolution:

That, subject to the passing of the resolution 5 of the notice of this Annual General Meeting, the directors be given power pursuant to sections 570 (1) and 573 of the Companies Act 2006 (the "Act"), to:

a) allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authorisation conferred by that resolution; and

b) sell ordinary shares (as defined in section 560(1) of the Act) held by the Company as treasury shares for cash,

as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares for cash:

(i) in connection with or pursuant to an offer of or invitation to acquire equity securities (but in the case of the authorisation granted under resolution 5 (a), by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal regulatory or practical difficulties which may arise under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

(ii) otherwise than pursuant to paragraph (i) of this resolution, up to an aggregate nominal amount of US$86,166,

these authorisations to expire on 30 June 2014 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2014 (save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired).

7. To consider, and if thought fit, to approve the following Special Resolution:

That the Company is generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of any of the ordinary shares in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:

(a) the maximum number of ordinary shares which may be purchased is 8,616,593 ordinary shares of US$0.01 each;

(b) the minimum price that may be paid for each ordinary share is the nominal amount of such share which amount shall be exclusive of expenses, if any;

(c) the maximum price (exclusive of expenses) that may be paid for each ordinary share is an amount equal to the higher of: (i) 105 per cent. of the average of the middle market quotations for the ordinary shares of the Company (as derived from the AIM Appendix to the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the day on which such share is contracted to be purchased and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

(d) the Company may, before this authority expires, make a contract to purchase ordinary shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired; and

(e) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 30 June 2014.

BY ORDER OF THE BOARD

Tony Hunter
Secretary

27 March 2013

Registered Office
Masters House
107 Hammersmith Road
London W14 0QH

Registered No. 5559627

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote instead of him/her. A form of proxy is enclosed with this Notice. The completion and return of the proxy form does not preclude a member from attending the Meeting and voting in person.
2. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. To appoint more than one proxy, please sign and date the form of proxy and, if necessary, attach a schedule listing the names and addresses (in block letters) of all of your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. You may not appoint more than one proxy to exercise the rights attached to any one share. If you wish to appoint the Chairman as one of your multiple proxies, simply write "the Chairman of the Meeting".
3. In order to be valid, the form of proxy and any power of attorney, or notarially certified copy thereof, under which it is executed, must be received by the Company no later than 11.30am on 20 May 2013, having been returned in hard copy form by post, by courier or by hand to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.
4. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise such right, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
7. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 11.30am on 20 May 2013 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Subsequent changes to entries on the register of members shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
8. If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, the time referred to in the immediately preceding paragraph will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period, then to be so entitled members must be entered on the Company's register of members at a time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.
9. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

   As at 27 March 2013 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital comprises 86,165,934 ordinary shares of US$0.01 each, each such share carrying one vote, including 1,318,929 shares in Treasury. Accordingly, the total voting rights in the Company as at 27 March 2013 are 84,847,005.