CENTRAL ASIA METALS PLC

Annual Report and Accounts 2013

Central Asia Metals plc is an AIM listed copper producer with primary operations in Kazakhstan. Having successfully delivered on its key promises to investors, it is well placed to grow the business in the region and beyond.

Strategic Report

Governance Report

Financial Statements

Other Information

2013 HIGHLIGHTS

10,509t

Copper produced 2013
(2012: 6,586t)

$0.73/lb C1

C1 cash cost
(2012: $0.71/lb)

418,951

Manhours with no lost time injuries 2013

>600,000t

Contained copper resource at Kounrad (JORC)

Operational

Strong operational performance in first full year of production at the Kounrad SX-EW copper plant. The plant performed to a consistently high standard with an average utilisation rate of 97% and 10,509 tonnes of copper output, 5% more than the planned target.

- Over 1,410 kilometres of piping laid since the commencement of leaching operations
- Average PLS grade of close to 3 grams copper per litre of solution
- 418,951 manhours worked on site in the 12 month period with no lost time injuries
- Plant utilisation 97%
- 10,509 tonnes of LME A grade copper produced
- JORC compliant resource continued at Kounrad and GKZ C1 resources accepted to the Kazakhstan ‘State Balance’ in May 2013

$54.1m

Group revenue
(2012: $30.7m)

$1.13/lb

All inclusive cost of production in Kazakhstan
(2012: $0.98/lb)

$44.5m

Cash at bank
(2012: $33.9m)

9 pence

2013 dividend
(2012: 7 pence)

Financial

The Group has generated $54.1 million of gross revenue in the 12 month period (2012: $30.7 million) which has underpinned the payment of $19.7 million of dividends to shareholders.

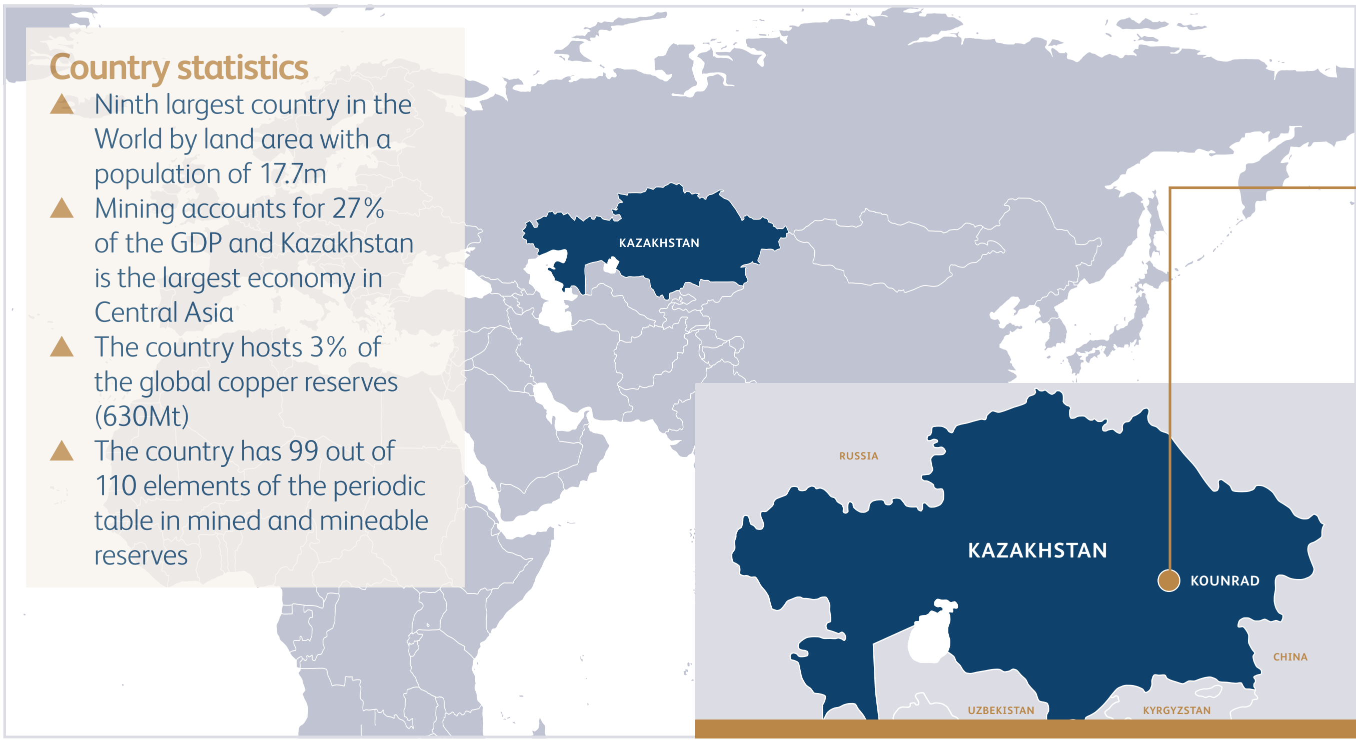
- 2013 attributable revenues of $54.1 million (2012: $30.7 million)
- 10,689 tonnes sold at an average copper price of $7,114 per tonne
- Cost base effectively managed at $0.73/lb C1 cash cost (2012: $0.71/lb)
- Group EBITDA of $32.4 million (2012: $16.0 million)
- $44.5 million cash in the bank at 31 December 2013 (2012: $33.9 million)
- 9 pence full year 2013 dividend – 4 pence paid November 2013

KOUNRAD – KAZAKHSTAN

producing high quality copper cathode

Country statistics

- Ninth largest country in the World by land area with a population of 17.7m
- Mining accounts for 27% of the GDP and Kazakhstan is the largest economy in Central Asia
- The country hosts 3% of the global copper reserves (630Mt)
- The country has 99 out of 110 elements of the periodic table in mined and mineable reserves



Our principal operations are at the Kounrad plant in Kazakhstan and we continue to work towards 100% ownership of the project.

CONTINUED PROGRESS




→ **April 2010**
Brownfield site / $2m cash

→ **September 2010**
IPO / raised $60m

→ **2011**
Construction of SX-EW plant – $39m / $8m under budget

→ **2012**
First production / 6,586 tonnes in 8 months / Cashflow positive

FOCUS

Kounrad Operation

The Group acquired a 60% interest in the Kounrad project in September 2007 following a tender of the subsoil use rights to develop the project with the local Kazakhstan authorities. The project is an in-situ dump leach with a 10,000 tonne per annum copper SX-EW plant. Whilst the project has historically been structured as a 60:40 joint venture, throughout the development and construction phase, it was 100% managed and financed by CAML. The Company has been working towards 100% ownership of the project following the acquisition of the 40% interest in KCC on 21 October 2013. This is planned for completion in H1 2014. In the 20 months to 31 December 2013 the SX-EW plant has produced 17,095 tonnes of copper cathode.

DELIVERY

Kounrad Resource

The resources at Kounrad have been classified as JORC compliant during 2013 following significant drilling and sampling works on the dumps between 2007 and 2012. It is estimated that the dumps contain over 650 million tonnes of ore containing copper in excess of 600,000 tonnes. The leaching process to extract the copper will recover between 35% and 52% of the contained copper depending on the mineralogy of the ore. In parallel to the JORC classification the resources were also placed onto the approved 'State Balance' of geological resources during 2013. The combination of the eastern and western dumps cover a combined area of 22 square kilometres and since the commencement of leaching in 2012 a total of 1,410km of pipework has been installed.

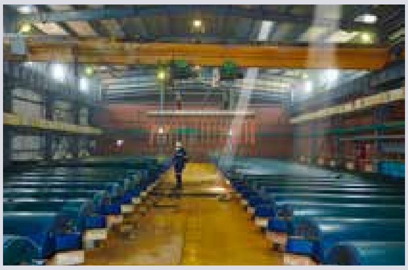
GROWTH

Investment in Chile

The Company acquired a 50% interest in a copper tailings project in Chañaral Bay, Chile, in late November 2013. This was the Group's first acquisition outside of the Central Asia region. From 1938 to 1975, an estimated 250 million tonnes of tailings from inland copper mines were discharged into the Rio Salado which outflows into Chañaral Bay. The area is heavily polluted as a result and there is significant local and national support for the project. Studies to-date estimate that there is a non-JORC compliant resource in the beach and bay area of 116Mt at 0.25% copper equating to approximately 290,000 tonnes of copper. Conventional metallurgical processing methods are proposed to be used and the metallurgical studies conducted so far suggest that up to 80% of the contained copper may be recoverable.

Kounrad Expansion

The Company is well advanced in planning for an increase in production capacity at the Kounrad site. In late 2013, the CAML Board approved a capital expenditure programme of $2.6 million for the addition of two new boilers. It is anticipated the boilers will be commissioned in late October 2014 and the production target for 2014 has been increased to 11,000 tonnes. Additional plans for expansion will be finalised once the Kounrad Transaction is completed and the Group owns 100% of the project.



December 2012

Announce maiden dividends $9.5m (7 pence)

October 2013

Completed purchase of remaining 40% of Kounrad Copper Company

2013

First full year production / 10,509 tonnes / $44.5m cash

2014

Target to complete the purchase of remaining 40% of SUC at Kounrad, commence expansion at Kounrad and growth of Company by acquisition

DELIVERING ON OUR PROMISES

Nigel Hurst-Brown,
Chairman

2013 has proved to be another successful year for the Company. We have delivered on the key promises we made to investors during the IPO and met our production and cost targets for the year.

Dear Shareholders

Key achievements

The year ending 31 December 2013 has been another successful period in the development of the Company. We have delivered a strong operational and financial performance and achieved a number of significant corporate and operational milestones.

2013 was the Company's first 12-month reporting period of full production at the Kounrad plant and we were pleased to have produced 10,509 tonnes of copper which exceeded our production target by over 5%. Further, all of the copper sold through our marketing agreement with Traxys was LME Grade A quality.

We have maintained focus throughout the year on the low cost nature of our operations, maintaining our position within the lowest quartile of cash cost producers globally.

The combination of our operational strength at Kounrad and the resilience of the copper price throughout 2013, enabled the Company to build up significant cash balances which totalled $44.5 million as at 31 December 2013.

Corporate Governance

Since the IPO in September 2010, the Company has sought to build on the governance structures and internal control procedures in place at that time. The Company is committed to upholding the highest levels of Corporate Governance and the Board is well aware that it operates in a challenging business environment.

We work hard to ensure that the appropriate level of business controls are maintained across the Group's operations. A combination of experienced management and regular communications and training has led to further improvements across the Group since the IPO.

$44.5m

Cash at bank (2012: $33.9m)

$54.1m

Group Revenue (2012: $30.7m)

9 pence

2013 Dividend (2012: 7 pence)

In December 2013, Mr Kenges Rakishev was appointed to the CAML Board as a Non-Executive Director. We are delighted to welcome Kenges to the Board and believe that his knowledge of the business environment in Kazakhstan and his entrepreneurial experience will prove of great value to the Company in future years.

Commitments to a sustainable business

Within Kazakhstan we feel we have a positive role to play as we develop our business. The Company is proud to contribute to the wider Kazakhstan economy through our business operations and plan to be there for the long term. The economic benefits generated for our local communities are significant both in terms of the employment opportunities and our social contributions.

As a responsible operator, we are also fully aware of our obligations to the environment and are committed to the sound management of our operating area in full compliance with the applicable environmental regulations and laws of Kazakhstan.

Strategy and Growth

Since listing, the strategy and direction of the business has been clear and focused on the delivery of the Kounrad project. The Board is extremely proud of what has been achieved by the management and staff during this period and the Company can justifiably say that it has delivered on its key promises made at the time of the IPO.

We are now entering an exciting period in the Company's development and growth and are well placed to take advantage of opportunities that may arise in the sector at this stage of the economic cycle. The Company aims to complete the Kounrad Transaction in the first half of 2014, and to subsequently update shareholders on its plans to expand copper production on site. The details and timing of this aspect of the Company's growth strategy will be announced during the course of 2014 as events unfold.

In addition to consolidating our business in Kazakhstan, the Company will be looking to identify attractive opportunities to expand its portfolio of assets in Kazakhstan and elsewhere.

Returns to Shareholders

Our strong operational performance in 2013, has enabled the Company to return funds to shareholders through its dividend policy which was announced in December 2012. Having raised $60 million at IPO in September 2010, the Company has already returned $21.6 million to shareholders through a combination of dividends and share buybacks.

The CAML Board will propose a final dividend for 2013 of 5 pence per ordinary share taking the total dividend for 2013 to 9 pence per ordinary share. This will increase the amount returned to existing shareholders since the commencement of production at Kounrad to $28.6 million, or 47.6% of the amount raised at the IPO.

It is the intention of the Board that the Group's dividend policy, which is financed from the attributable revenue earned at Kounrad, will remain in place as we look to build on the Company's activities and create further shareholder value.

Outlook

As a copper producer the Company's fortunes are inextricably linked to the commodity price cycle over which the Board has no control. However, as a low cost producer, the Board is confident that the Company will be able to operate profitably even if the copper price should fall significantly below current levels.

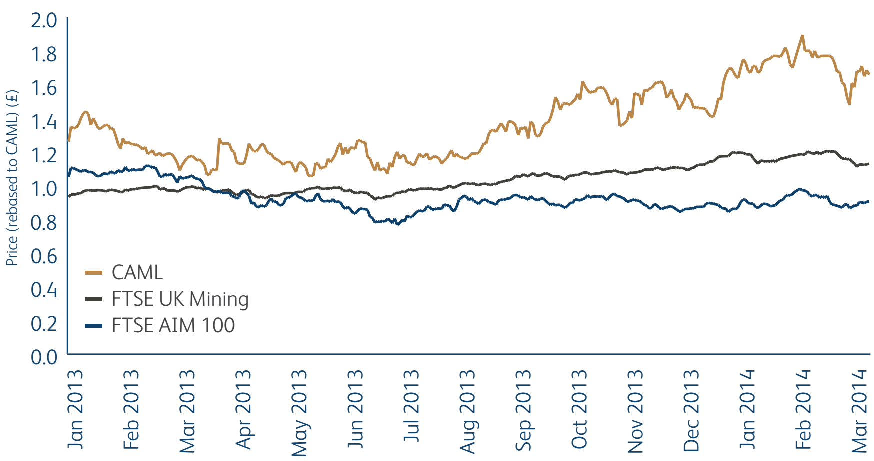
Nigel Hurst-Brown
Chairman

FOCUSING ON SUSTAINABLE LOW COST OPERATIONS

Nick Clarke,
CEO

Since the start of the project we have worked over 1.6 million man-hours on site with no lost-time injuries. This is a testament to our commitment towards ensuring the highest standards of safety and awareness for all our staff.

CAML Share Price



Strong Operational Performance

The Company's first full year of production at the Kounrad Project has been a great success. We produced 10,509 tonnes of copper cathode and surpassed our production target by 5% whilst maintaining a competitive cash cost base. During 2013, our C1 cash cost of production was $0.73/lb (2012: $0.71/lb) and fully absorbed costs within Kazakhstan were $1.13/lb (2012: $0.98/lb).

Since the Company's IPO in September 2010, management has focused the Company's efforts towards early cash flowing projects and away from exploration. The Kounrad SX-EW project in Kazakhstan was identified as the project capable of delivering on this objective and now, just three and a half years later, the Company has a world-class facility that consistently produces high-quality copper cathode at industry competitive cash costs.

The company took a decision pre-IPO to use the services of a Chinese engineering group, BGRIMM, to undertake the design and costing for our Kounrad SX-EW plant which resulted in significant capital cost savings. The design of the plant along with the dedication and professionalism of the Group's 217 employees at site ensured that the plant ran efficiently and profitably.

The generation of $76.0 million of project revenue at Kounrad during 2013, combined with the low costs of production has resulted in healthy cashflows for the Group enabling us to instigate and maintain an aggressive dividend policy. The full-year dividend proposed for 2013 of 9 pence per share amounts to $12.6 million and represents 23% of the Group's attributable revenue for the year.

$76.0m

Project revenue 2013 (2012: $51.1m)

$28.6m

Total returns to shareholders

$44.5m

Cash at Bank (2012: $33.9m)

Capacity expansion at Kounrad

Having successfully met our 2013 production target we have already committed to some minor expansion at the SX-EW plant in advance of completing the ownership transaction with Mr Kenges Rakishev. In January 2014, we announced that our targeted copper production for the year at Kounrad would increase to 11,000 tonnes. The increased capacity will be made possible due to the expansion of the boiler house with the installation of additional coal-fired boilers taking the boiler house capacity to 14MW. In turn, this will allow increased volumes of copper bearing solution to be processed during winter operations.

Additional and more significant capacity expansion at Kounrad is also being evaluated and management thinking is well advanced with regard to the various options available at the site given its size and characteristics. Management believes that the most efficient means by which the resource base can be exploited over the remaining life of the licence is an expansion of the existing plant. This appears to offer the best value for shareholders whilst managing the risks associated with expanding the leaching process to the western dumps.

Further analysis and preliminary engineering design work with BGRIMM and local design institutes is planned for early 2014. The CAML Board will not make a definitive decision on the expansion plans until the transaction with Mr Kenges Rakishev is completed.

Corporate and Social Responsibility

Management is fully committed to adopting the highest possible standards of Corporate and Social Responsibility and in line with this commitment, in July 2013, I was delighted to appoint a hydrogeologist and environmental engineer, Nick Shirley, as CSR Director to lead the Kounrad Health and Safety and environmental team.

The health and safety of our employees and contractors is our number one priority and I am pleased to report that we have had no lost-time injuries during the period. Indeed, since the commencement of construction back in July 2010 we can report in excess of 1.6 million man-hours have been worked without a lost-time injury.

Throughout 2013, we continued to build on the positive relationships we have developed with the local community and stakeholders. We place great importance on such relationships and during the year we contributed over $178,000 towards regional and local causes. We also provided assistance to a number of community development programmes with the focus being on health, welfare and education.

Finally, we have placed particular emphasis during 2013 on raising the environmental awareness of all our staff throughout the Company through specialist training programmes. The aim of the programmes is to ensure all staff are aware of the environmental standards and requirements of the Company.

Kounrad Ownership

As reported last year, the transaction to amalgamate 100% ownership of the Kounrad project within the Group has been going through due process with the Kazakhstan authorities since early 2012. This remains the case as at 31 December 2013, although, as announced on 27 June 2013, the nature of the transaction was renegotiated during the year with Mr Kenges Rakishev.

Significantly, and as a consequence of the renegotiated transaction, the transfer of the 40% interest in Kounrad Copper Company LLP was registered on 21 October 2013. This was a notable milestone for the Company, as this entity owns the SX-EW copper plant which is responsible for the production and delivery of the copper cathodes and is the key revenue generator for the overall business.

On conclusion of this part of the overall transaction, and in accordance with the contractual arrangements, Mr Kenges Rakishev was duly appointed a Non-Executive Director to the CAML Board in December 2013.

The Company will endeavour to complete the final part of the transaction, the transfer of the subsoil use contract to our subsidiary company, as quickly as possible through the help of Mr Kenges Rakishev and our locally based management team. We remain confident that it will be completed during the first half of 2014.

More detail on the transaction is set out on page 9.

Copper Bay Limited

The Company made its first investment outside of the Central Asia region during 2013 with the investment of $3.2 million for a 50% shareholding in Copper Bay Limited. The funds will be used to complete a pre-feasibility study on the copper tailings project at Chañaral Bay, Chile.

Management believe that the Chañaral Bay project has merit and we look forward to working with the Copper Bay management team in taking it to the next phase. The Company has the option to invest a further $3 million to increase its shareholding to 75% in Copper Bay Limited. It is currently envisaged that this further investment would be used to complete a definitive feasibility study on the project.

Drip feeders

Mongolia

The Company's Mongolian assets were not progressed during the year. Efforts to sell the Ereen and Handgait projects were unsuccessful, however we continue to look to dispose of these projects. Our application for a mining permit at the Alag Bayan exploration project was not successful and as a result our exploration licence expired.

Consequently, management took the decision to close down our Mongolian operations and accordingly incurred a write down on the asset values of $12.9 million. As at 31 December 2013, two of the subsidiaries, New CAML Mongolia LLC and Mongolian Silver Mountain LLC, had been sold locally for nil consideration and a third, Bayanresources LLC was close to finalisation, also for nil consolidation.

The Ereen and Handgait projects remain available for sale and management hope to complete this process during 2014.

Outlook

The Company's primary objective for 2014 is to produce 11,000 tonnes of copper at Kounrad and remain in the lowest quartile of the cash cost curve. Completion of the ownership transaction with Mr Kenges Rakishev remains a key objective for the first half of the year and this will then enable the Company to finalise its expansion plans for the Kounrad SX-EW project.

Outside of Kazakhstan, we will look for other opportunities to grow the business. We continue to evaluate other investment and acquisition opportunities worldwide for the Company which would add value to the shareholders and strengthen the Group's asset portfolio.

I look forward to an exciting 2014 and would like to take this opportunity to thank all the staff for their hard work and dedication in making 2013 such a successful year for the Company.

Nick Clarke
Chief Executive Officer

In 2014 the Company will complete the Kounrad Transaction and commence the process of increasing capacity on site. We will also look at opportunities for growth elsewhere in the World.

Boiler Plant $2.6m

- Construction will commence in April 2014
- Planned commissioning of two additional boilers in November 2014
- Will increase capacity to process copper bearing solution in winter periods

Increase ownership of Kounrad to 100%

- SX-EW plant already owned 100%
- Final waivers submitted for transfer of subsoil use contract and issuance of CAML shares
- Expected completion by 30 June 2014

SX-EW expansion

- Engineering designs and project plans well advanced
- Geological and hydrogeological testing of western dumps completed
- Over 200,000 tonnes of recoverable copper estimated within the western dump

Business Development

- Exit Mongolia
- Develop a pre-feasibility study for Copper Bay
- Assess other business opportunities both in Kazakhstan and elsewhere

Kounrad Ownership

THE KOUNRAD TRANSACTION

- September 2007, the Group awarded the subsoil use contract ("SUC") to develop the Kounrad Project
- SUC historically owned jointly on a 60:40 basis between Sary Kazna LLP ("SK"), a 100% owned CAML subsidiary, and SEC Sary Arka ("SA"), a Kazakhstan government organisation
- Kounrad Copper Company LLP ("KCC") incorporated in October 2008 to build and operate the SX-EW plant and owned on a 60:40 basis between the Group and SA

Changes in Ownership Structure – Initial deal with the SAT Group – January 2012

- January 2012, SA sells its 40% share in the Kounrad Project to the SAT Group ("SAT"), based in Kazakhstan
- January 2012, CAML agrees to purchase the 40% share from SAT for a consideration of 8,616,593 ordinary shares in the Company

Revised deal with Mr Kenges Rakishev – June 2013 – the "Kounrad Transaction"

During the early part of 2013, it was becoming clear to CAML management that the above deal with the SAT Group was taking longer to conclude than had been anticipated. A meeting was convened with the major shareholder and effective owner of the SAT Group, Mr Kenges Rakishev ("KR") in March 2013. The purpose of the meeting was to understand where the possible problems and delays were originating from and what could be done to expedite the process.

The outcome of the meeting was a revised deal whereby KR personally agreed to oversee the completion of the deal in exchange for an enhanced ownership in the Company of 20% post completion of the transaction. After careful consideration and deliberation, the CAML Board decided to accept the offer from KR and on 27 June 2013 the Company announced a new Framework Agreement (the "Agreement") for the acquisition of the remaining 40% of the Kounrad Project. The Agreement superseded the previous arrangements with SAT.

The Agreement will result in CAML obtaining control over the Kounrad Project in two transactions:

- The first transaction ("KCC Transaction") will be effected by the transfer of the remaining 40% share capital of KCC from SAT to KR, followed by a subsequent transfer to CAML's wholly owned subsidiary CAML Kazakhstan BV ("CAML BV")
- The second transaction ("SUC Transaction") will be effected by the transfer of the remaining 40% economic interest in the SUC from SAT, once it acquired it from SA, to KR, followed by a subsequent transfer to CAML's wholly owned subsidiary SK
- The two elements of the deal together being referred to as the "Kounrad Transaction". Both parts are required to be completed for any consideration to be paid
- In March 2014, the long stop date, namely the date by which both parties committed to complete all aspects of the deal, was extended by mutual agreement to 30 June 2014

The agreed purchase consideration consists of 21,211,751 Ordinary Shares in the capital of the Company ("CAML Shares") and an entitlement to a cash payment in lieu of any benefits to which KR might have been entitled to had the CAML Shares been issued to KR on the transfer of the KCC interest to CAML BV, rather than on completion.

The CAML Shares will be allocated in two tranches, with one tranche of 15,336,096 Ordinary Shares (72.3% of the CAML Shares) for the transfer of the 40% share capital of KCC to CAML BV (the "CAML Shares 1"). The remaining 5,875,655 Ordinary Shares (27.7% of the CAML Shares) for the transfer of the 40% economic interest in the SUC to SK (the "CAML Shares 2").

As part of the Agreement, KR was to be appointed to the CAML Board and this was duly completed on 9 December 2013.

Status of ownership changes as at 31 December 2013

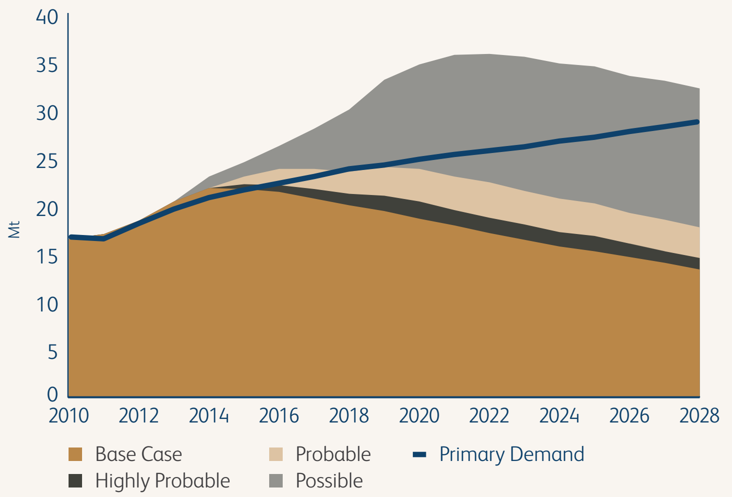
- The KCC transfer to the Group was registered on 21 October 2013
- The SUC Transaction remains outstanding as at the year end, pending receipt of the relevant consent and waiver of the pre-emptive rights of the government of the Republic of Kazakhstan

The accounting treatment for the Kounrad Transaction is detailed in note 33 to the accounts under Business Combinations.

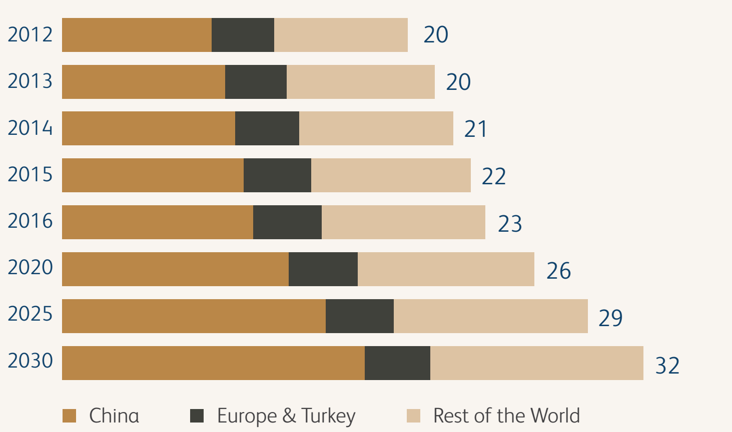
FOCUSED ON COPPER

The World currently consumes in excess of 20Mt of copper per annum and during 2013 there was a further increase of approximately 4%. Whilst predicting future consumption can be notoriously difficult, it seems reasonable to conclude that demand will remain robust into the future.

Predicted Global copper supply (Mt)



Copper consumption by region (Mt)



Global copper supply

Why Copper...

- Copper is used extensively in the construction and electrical industries – it is a "bellwether" for the global economy
- Copper's unique properties in terms of malleability, strength and conductivity make it very hard to substitute with alternative materials

Supply against demand...

- Market analysts expect global demand for copper to rise by approximately 4% per annum through to 2030
- To meet the demand, global copper supply will need to rely on higher-risk projects
  - Lower average head grades and more remote mine locations
  - Higher capital costs of construction and lack of funding
  - Volatile commodity markets can impact investment decisions and delay start ups
  - Unstable mining jurisdictions
- Over-stated global supply projections due to market disruptions
  - between 2005 and 2012 there was an accumulated loss in forecast production of approximately 8Mt
  - equates to approximately 1Mt per annum which is approximately 5% of projected annual demand

Regional demand...

- China consumes in excess of 40% of global demand and is forecast to increase consumption by approximately 5% per annum through to 2030
- Europe and Turkey consume approximately 20% of global demand

Kazakhstan is ideally located to serve both of these markets

In the longer term the fundamentals for the copper market remain strong.

Copper price in 2014

During 2013 mined copper supply started to expand at a faster pace than demand after a long period of constrained and disrupted output growth – it is estimated there was a 6% increase in 2013. Many "greenfield" projects are set to come on line or ramp up production significantly in the next few years, although not all the projected mine capacity will necessarily lead to higher global output as many older mines start to decrease production.

During 2013 the copper price fell by 6% and the start of 2014 has seen the metal come under further price pressure. There are concerns over the demand from China and the linkage of the metal to the Chinese credit market where copper has been used over the past decade as collateral for many Chinese financial transactions. The impact of this potential slowing industrial demand, combined with a change in sentiment by the Chinese authorities to loan defaults, may lead to additional pressure on the copper price in the short term.

In early March 2014, the price dropped by almost 10% in just five trading days despite no obvious disruptions to the supply market or perceived changes to the global demand. Indeed, the copper price is down by about 10% in Q1 2014 for the year and almost 35% from its all-time peak in 2011.

It is the view of CAML management that the marginal cost of production will support the copper price at a level based on the cost curve into the foreseeable future.

CAML's copper market – the smaller producer

The impact of price pressures on the copper market will affect the profitability of the Kounrad operation. Despite this, the key to survival in such a market and during any potential downturn in the copper price is maintaining low costs of production.

Kounrad is a low cost operation and in the lowest quartile on the cash cost curve.

$0.73/lb C1

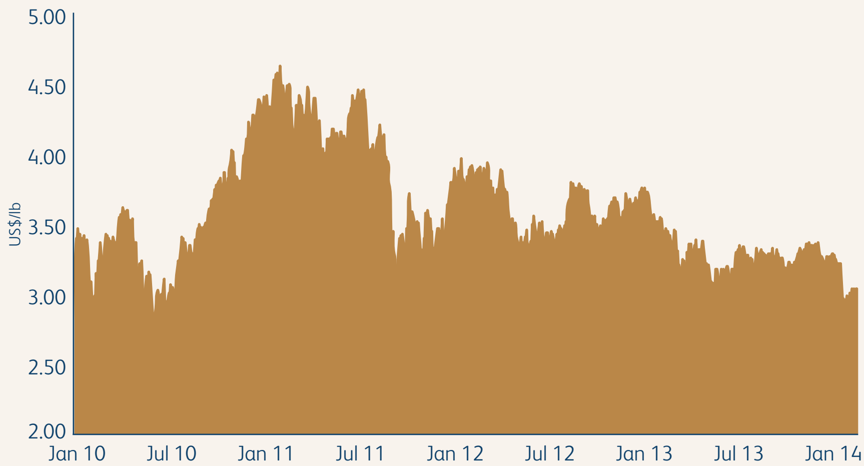
(2012: $0.71/lb)

Business opportunities for growth

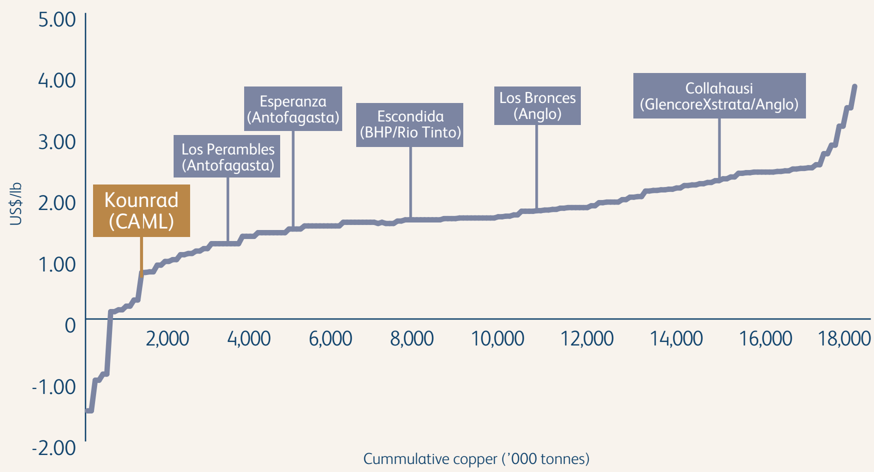
Within this global market, over 50% of the supply is provided by the ten biggest producers. The balance of the supply market comes from smaller projects and the scope for overall consolidation and growth in the market is compelling. CAML is a well-managed copper producer with available funds to take advantage of this position.

- Of approximately 416 worldwide copper projects, 335 (80%) have an annual copper output of < 50Kt
- Copper production by SX-EW contributes approximately 3.6Mt to global annual production
- Of approximately 96 SX-EW projects, 74 (77%) are smaller than 50Kt per annum

Copper price (US$/lb)



Copper cost curve (US$/lb)



OUR VISION

Since the IPO in September 2010, the Group has been primarily focused on delivering cash-generative copper production at Kounrad. Having succeeded in that objective, the Group has a vision to expand the business both organically at Kounrad as well as through acquisition elsewhere in the World.

Our Objectives

	Objective	Progress during 2013	Priorities for 2014
	Operational		
1	**Generating positive cashflows from the production of copper at Kounrad**	▲ During 2013 the Company produced 10,509 tonnes of copper – 5% above target ▲ Initial planning for capacity expansion at Kounrad and assessment of the various options	▲ Produce 11,000 tonnes of copper in FY 2014 ▲ Complete the construction of the two additional boilers to increase PLS processing volume capability ▲ Finalise plans for further capacity expansion at Kounrad
2	**Increase CAML's ownership of the Kounrad Project to 100%**	▲ Revised ownership deal – the Kounrad Transaction – announced 27 June 2013 ▲ Ownership of KCC LLP increased to 100% on 21 October 2013 ▲ *Further details see page 9*	▲ Complete the Kounrad Transaction during H1 2014 ▲ *Further details see page 9*
3	**Ensure that copper production at Kounrad achieves the minimum acceptable quality standards**	▲ The copper has been consistently delivered to a LME standard of copper as required by the offtake agreements	▲ Continue to focus on quality initiatives at Kounrad ▲ Work with offtake partners Traxys for incremental improvements in quality
4	**Seek additional business opportunities for growing the Group in order to enhance shareholder value**	▲ Completed the purchase of 50% of Copper Bay Limited for $3.2 million ▲ Other opportunities reviewed and assessed	▲ Deliver a pre-feasibility study on the Copper Bay project in order to assess its future viability ▲ Continue to assess other business opportunities as and when they arise


SX building – Kounrad

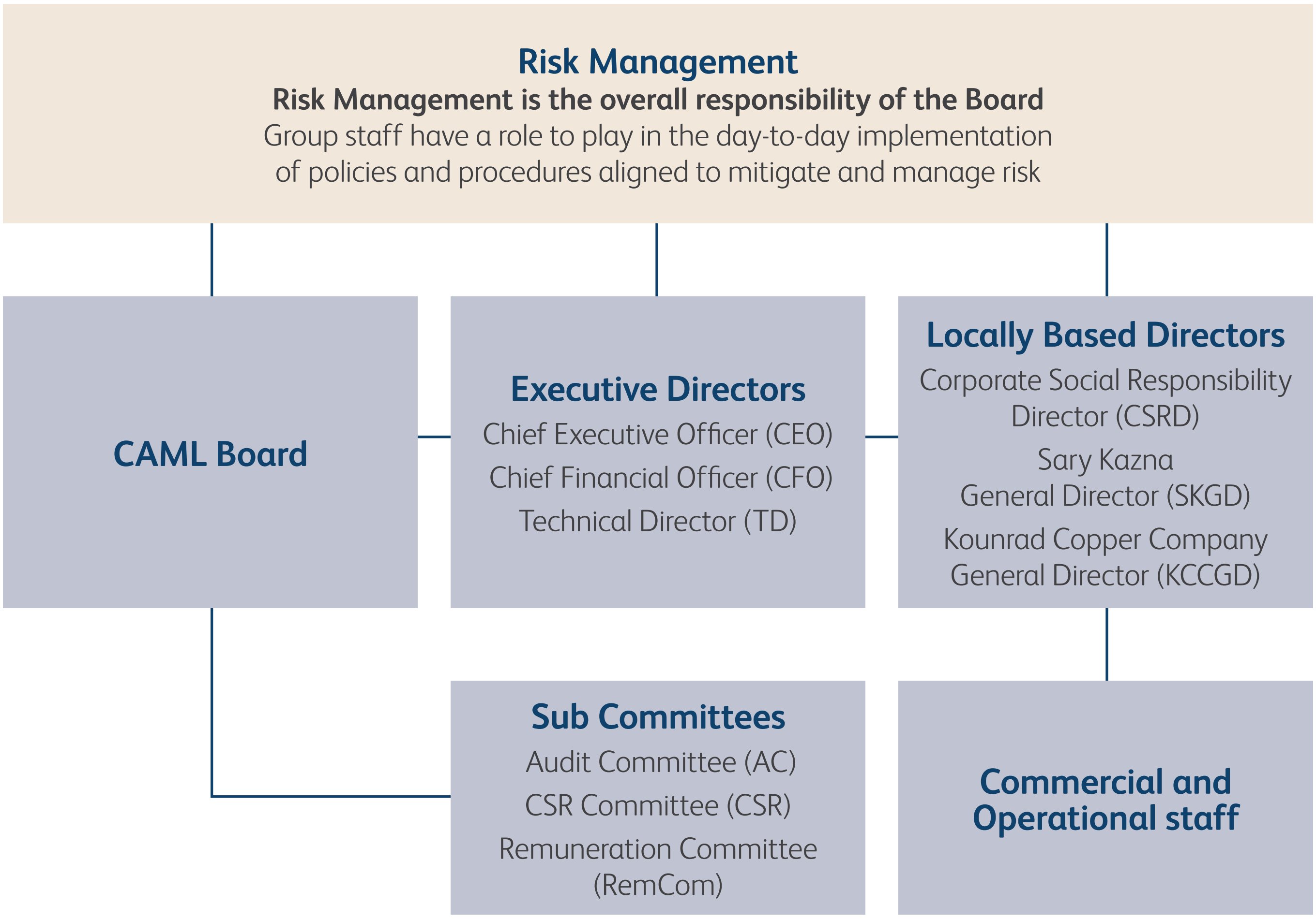
Objective	Progress during 2013	Priorities for 2014
Safety, Social & Environmental		
5 Ensure that all staff employed by the Group work in a safe environment	▲ 418,951 manhours worked at the Kounrad site without a lost-time injury	▲ Further develop the risk based management processes ▲ Implement action plan from 2013 audit
6 Ensure that the Group's operations are sustainable	▲ Appointment in July 2013 of a locally based CSR Director to oversee and implement best practice ▲ Development of the Group CSR Policy – see the website www.centralasiametals.com	▲ Continue to improve communications with the local community through press articles and meetings ▲ Maintain our contributions to the local community and support them where possible ▲ Continue to monitor all environmental aspects of the operation
Financial		
7 Ensure that the Group maintains its cash cost base in the lowest half for copper producers	▲ C1 cash cost of production in 2013 was $0.73/lb (2012: $0.71/lb) ▲ All inclusive cost of production, including all Group costs, was $1.43/lb (2012: $1.44/lb) ▲ Kounrad remains in the lowest quartile of cash costs for copper producers	▲ Maintain focus on all aspects of the Group's operational and capital costs ▲ Challenge and review projected operational and capital costs associated with any expansion at Kounrad
8 Reward investors	▲ The Group dividend policy announced in December 2012 was implemented ▲ In total $19.7 million of dividends were paid – consisting of a 3.7 pence special, 7 pence annual for 2012 and the 2013 interim dividend of 4 pence	▲ Maintain the Group dividend policy based on an increasing attributable revenue from the Kounrad project ▲ Approve the proposed 2013 final dividend of 5 pence per share at the CAML AGM on 16 June 2014 ▲ Maintain investor loyalty through performance, communications and rewards
9 Maintain a strong balance sheet	▲ All loans advanced to Kazakhstan for the development and construction of the Kounrad SX-EW Project were fully repaid by 31 October 2013 – a total of $53.6 million ▲ The Group currently has no debt ▲ Cash balances as at 31 December 2013 of $44.5 million (2012: $33.9 million)	▲ Determine appropriate funding for any possible future transactions ▲ Manage cash balances for maximum returns

HOW WE MANAGE RISK

Managing the risks associated with our business environment is essential to implementing our strategy and ensuring our long-term success.

The Group is exposed to a number of risks and uncertainties which could have a material impact on its business performance. The management of these risks is an integral part of the day to day responsibility of the management team.

The Board has identified the risks below as being the principal risks within the business:



Nature of the Risk	How we manage the risk	Prime Responsibility	Strategy Objective[1]
Operational			
Production Risk – leaching process The production of copper cathode is dependent upon the successful leaching of the dumps. There is a the risk that the leaching process slows down or that the pregnant leach solution containing the copper does not migrate to the collector trenches which have been built around the dumps to collect the solution **Impact** Reduced copper production or the complete suspension of copper production at the SX-EW plant with the subsequent loss of revenues	▲ During 2013, the Company processed in excess of 4.8 million tonnes of solution at an average copper grade of just below 3g per litre ▲ Prior to the commencement of commercial operations at the site, the Company conducted pilot plant testing on the dumps over a three year period. The specific purpose of such testing was to determine the hydrogeological and leaching characteristics of the dumps as well as the potential copper recoveries ▲ There are 118 boreholes around the dumps which monitor the leaching process for any possible leakage ▲ During 2012 and 2013 extensive geological, hydrogeological and hydrometallurgical testing has been conducted to further understand the dump characteristics	CEO/TD/SKGD/CSR	1
Production Risk – SX-EW plant Prior to the commencement of operations there was a risk that the SX-EW plant would not operate to its design specifications in terms of output and quality of copper cathodes SX-EW plants world-wide are at risk from fire damage due to the large tonnages of flammable reagents utilised in the recovery process **Impact** A fire would probably result in the complete destruction of the SX circuit and take up to 12 months to replace Reduced copper production or the complete suspension of copper production at the SX-EW plant with the subsequent loss of revenues	▲ Since the commencement of commercial operations in late April 2012 through to December 2013, the Company has produced 17,095 tonnes of copper ▲ The quality of copper cathodes is closely monitored within the plant ▲ The plant has been designed using latest industry design codes to mitigate contributing factors such as build-ups of static electricity ▲ Entry into the plant area is strictly controlled ▲ A strict "permission to work scheme" is employed within this section by the engineering teams ▲ The section is protected by a fire detection and extinguishing system ▲ Frequent engineering and fire safety inspections are undertaken by site management	CEO/TD/KCCGD	1
Expansion at Kounrad The detailed capital and operational expenditure plans may be affected by project delays as well as possible cost overruns on the project **Impact** Additional costs to the business and delays in projected output	▲ The current CAML management team had a record of delivering on project timescales and budgets ▲ The management team has an established relationship with a competent engineering design company and cost effective supplier in China	CEO/TD	1
Kounrad Transaction – increasing CAML's ownership to 100% The transfer of the 40% in the Kounrad Project not owned by the Group has been in process for over two years and there is a risk that it does not complete or is changed again to the disadvantage of the Group **Impact** A return to the joint venture arrangements and a reduction in profitability. The breakdown could also prove damaging for CAML's business in Kazakhstan	▲ The Kounrad Transaction is a legally binding agreement ▲ As part of the Kounrad Transaction, KCC was re-registered under CAML's ownership in October 2013 ▲ Mr Kenges Rakishev joined the CAML Board on 9 December 2013 ▲ The final waiver applications for the completion of the Transaction were submitted to the Kazakhstan authorities on 6 March 2014	CEO/CFO	2
Retention of key personnel The achievement of the Group's objectives are dependent on the Group attracting and retaining qualified and motivated staff **Impact** The efficiency of a particular aspect of the Group's operations would be affected leading to reduced profitability, possible claims against the Group or a breakdown in overall management of a section of the business	▲ Group management annually review the salaries of its staff in order to ensure their pay levels are competitive with local and industry standards ▲ An annual bonus scheme is operated with specific performance targets set for the Group ▲ Senior management are incentivised through a combination of the above and also share options determined by the Remuneration Committee	CEO/RemCom/ CFO/TD	All

[1] The numbers refer to the Strategy Objectives listed on pages 12 to 13.

HOW WE MANAGE RISK

Nature of the Risk	How we manage the risk	Prime Responsibility	Strategy Objective[1]
Safety, Social and Environmental			
Safety, Social and Environmental There is a risk that the operations at Kounrad are temporarily suspended or terminated due to a breach of a local environmental or regulatory obligation **Impact** Reduced copper production or the complete suspension of copper production at the SX-EW plant with the subsequent loss of revenues	▲ The Group has a CSR Committee which reviews all aspects of CSR ▲ In July 2013 CAML appointed a site based CSR Director to oversee the compliance at Kounrad of all our CSR obligations	CSRD/TD/SKGD/ KCCGD	5/6
Financial*			
Taxation The tax legislation is sometimes ambiguous and poorly drafted. There is a risk that the Company may be exposed to fines or penalties for non-compliance or be unable to recover perfectly valid taxes or costs **Impact** The impact would be a reduction in profitability or in the case of non-recovery of valid taxation, the potential loss of an asset	▲ The Group liaises on a regular basis with both local and Group tax advisers on all matters related to the Kazakhstan tax laws ▲ The Group has an approved Tax Policy that is compliant with local and international regulations	AC/CFO	7
External			
Country and Political Operating in Kazakhstan is deemed by the investment community as a greater risk due to the potential for changes in the legal, tax, economic and regulatory environment **Impact** The Kazakhstan Government has the right to change the legislation under which CAML operates in the country. The impact could range from a loss of licence or expropriation of the assets through to a minor penalty or fine	▲ The CAML management team is experienced at operating in Kazakhstan and the Group mainly employs local staff ▲ The CAML Board comprises two Kazakhstan nationals who are experienced in local politics and routinely monitor the political and regulatory developments for the Group	CAML Board	1/5/6
Copper Price The Company's financial performance is directly linked to the copper price which is influenced by a number of global factors **Impact** The impact is a loss in revenue for copper price reductions but the impact on the viability of the business would only become significant if the copper price fell substantially for a prolonged period	▲ Whilst the Group actively monitors the copper price it has a sufficiently low cash cost of production to be able to withstand a sustained reduction in the copper price ▲ In such a scenario, the Group would look to consider hedging a proportion of its copper production but is under no obligation to do so in order to offset any fixed liabilities other than the Group's cost base	AC/CFO	7

* A list of other financial risks that the Group is potentially exposed to are contained on pages 59 to 62 of the Annual Report

Senior management team – Kounrad

Planning session – Kounrad

UTILISING LOCAL EXPERTISE

Pavel Semenchenko and Saken Ashirbekova, General Directors

We are proud to lead the team on the ground in Kazakhstan for CAML. CAML has established itself as a successful and socially responsible operator in our country.

Мы рады возглавлять коллектив сотрудников CAML в Казахстане, где CAML имеет репутацию корпоративно ответственной и эффективной операционной компании.

KOUNRAD OPERATIONS

Howard Nicholson, Technical Director

Howard Nicholson,
Technical Director

A total of 10,509 tonnes of copper cathode were produced during the year being 5.1% higher than the planned target. This was achieved against the background of an excellent safety record.

86.1hectares

Areas leached

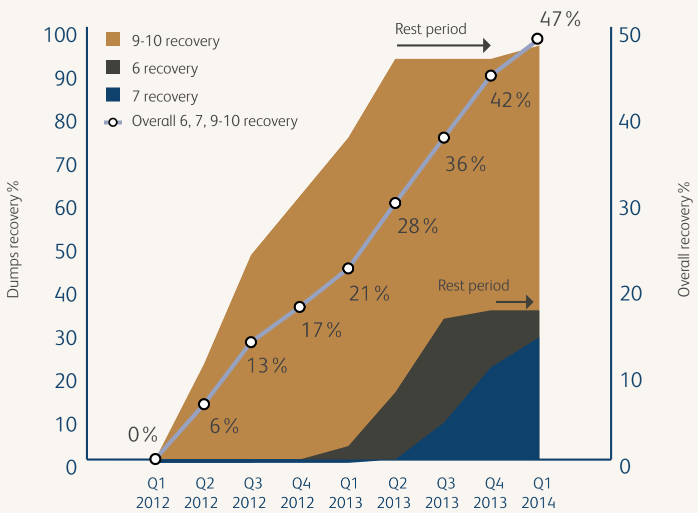
1,410km

Dripper pipework installed

10,509t

Copper produced 2013

Indicated overall % recovery



During 2013 the SX-EW plant has operated with a utilisation rate of 97%.

11,000t

Targeted production for 2014

Dump Leaching and Irrigation of the dumps

During 2012 all of the irrigation activity was focused on dumps 9-10 which are highlighted in the diagram below. It is estimated that 55% of the forecast recoverable copper within these dumps was achieved during that eight month period. Leaching operations continued on dumps 9-10 during Q1 2013 as specific blocks of ore had been prepared and covered with HDPE to allow continuous solution flow even under extremely low temperature conditions.

From Q2 2013 onwards, the dump leaching operations gradually moved over to dumps 6 and 7. The irrigation delivery systems on dumps 9-10 were extended through the installation of 3.2km of pipework onto dump 7 and 2.5km of pipework onto dump 6. Additionally, irrigation dripper pipes were installed over these areas. By the end of the year it was estimated that a total of just over 1,410km of dripper pipework had been installed on the three dumps since the start of leaching operations in 2012. A total of 86.1 hectares of dump area have now been subjected to leaching in that period of which a total of 16 hectares have been covered by protective HDPE for winter operations.

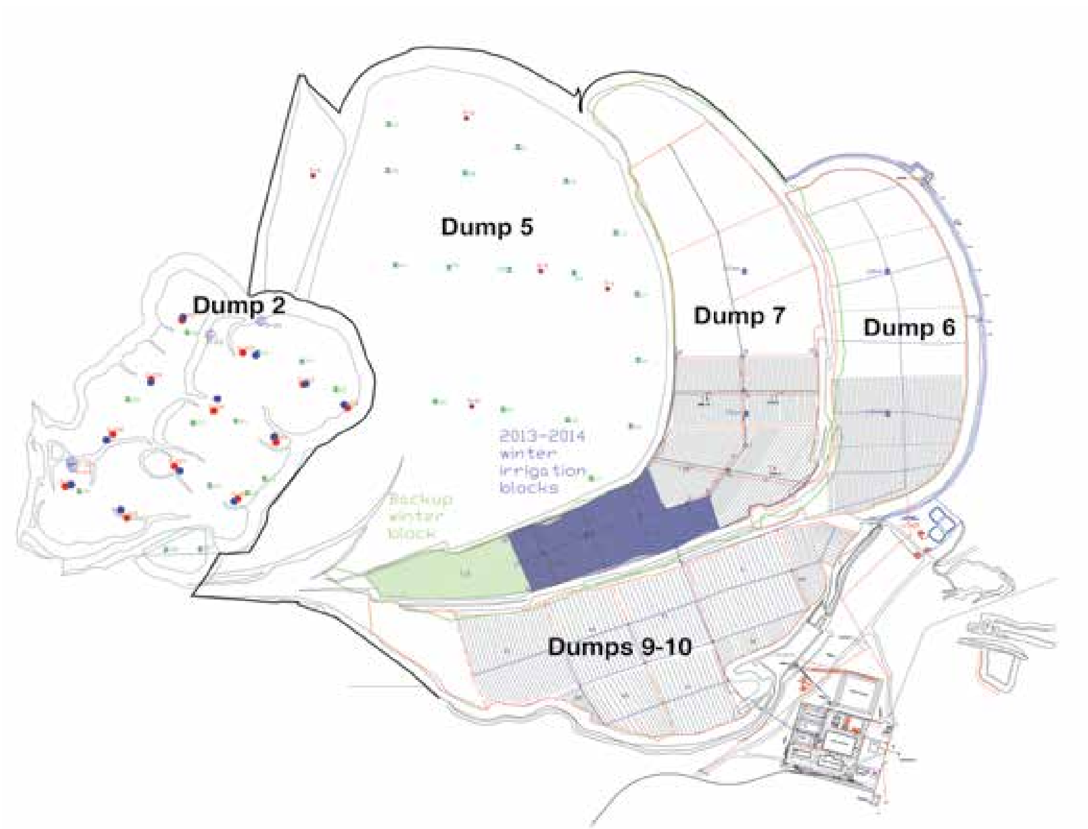
During the year, the interceptor trench which collects the Copper Bearing Solution termed as PLS was extended by a further 2km to encompass dump 7. This will now allow for the full irrigation and collection of PLS solutions from both dumps 6 and 7 during the next two years of operations. The site works also involved the construction of an intermediate pond and installation of a pumping station to transport the PLS. All the pipework necessary to extend the irrigation systems to cover the whole of dumps 6 and 7 is already on site with installation planned to commence in early April 2014.

Through operational experience, the site team has established that modifying the leaching cycle to incorporate rest and rinse periods has resulted in optimising the recovery of copper. This has enabled them to manage the incoming PLS grade to satisfy the SX-EW plant's copper plating capacity.

During the period of rest, a combination of chemical dissolution with residual acid and ferric solutions continues to degrade the copper minerals that are not pure oxides, thereby making them more amenable to acid leaching.

This process is also assisted by natural bacterial activity occurring in the dumps, particularly in the conversion of iron in pyrite to a ferric form which is a strong driver of the mineral decomposition process. The rest period can last up to six months, followed by the rinse cycle which tends to be a short duration leach of four to eight weeks. This latter cycle results in a further flushing of copper from the dump.

During 2013 it is estimated that the leaching of the dumps has resulted in an indicated total copper recovery of almost 46% from dumps 9-10 equating to approximately 90% of the predicted target recovery from these dumps. The table on page 20 provides an indication of the calculated recovery values from each of the three dumps currently under irrigation.



KOUNRAD OPERATIONS

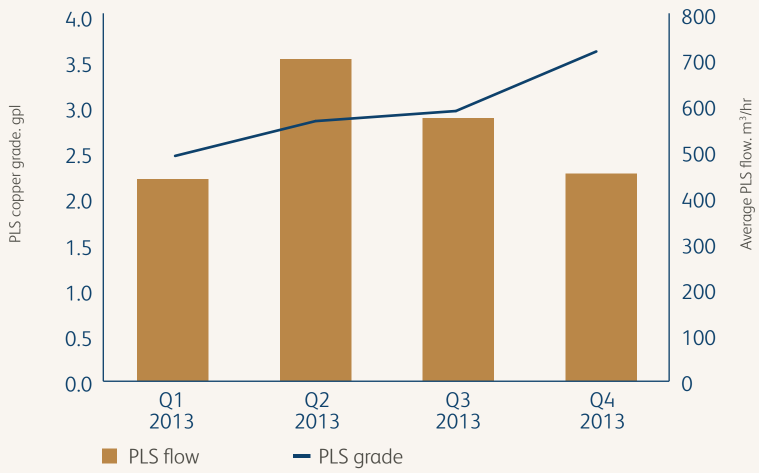
During 2013 we have worked 418,951 man-hours on site with no lost-time injuries. This is a testament to our commitment towards ensuring the highest standards of safety and awareness for all our staff on site.

The dump leaching operations are primarily about the application and management of high volumes of solution. 4.8 million tonnes of dilute acid solution, known as raffinate, were pumped through the irrigation systems during 2013. Operational experience has determined that the optimum rate of solution application is between 2.0 to 3.4 litres per square metre per hour.

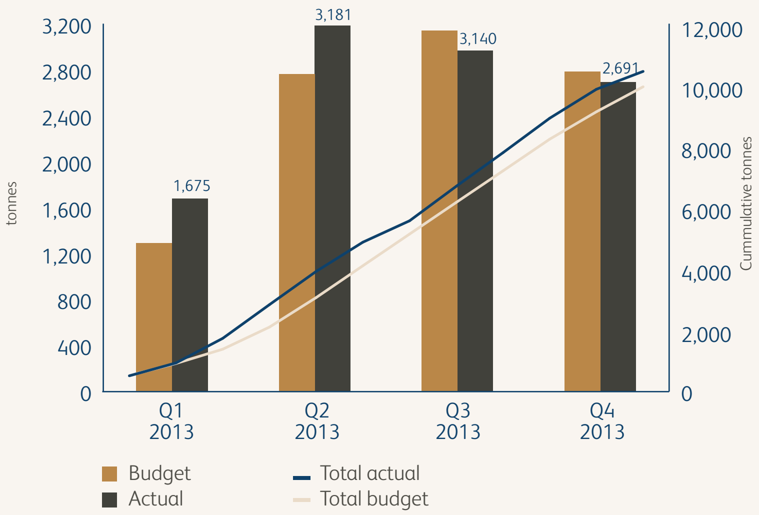
The PLS is collected at the base of the dumps and during 2013 the average grade was 2.96 grams copper per litre. The management of solution flows ensures that the SX-EW plant is operated to its optimal design to maximise copper recovery at low cost.

Due to the extremes of climate experienced at Kounrad the leaching system is designed with two distinct phases of operation, winter and summer. During the winter period the volume of raffinate supplied to the irrigation system is reduced to a level at which it can be heated through the boiler system to at least 10 degrees celsius. At the same time, with dedicated fresh blocks of ore, the PLS grade during these colder months tends to be higher than the annual average. The converse is true in warmer months when the Company will seek to maximise flow rates through the irrigation system and treat a slightly lower PLS grade. This operating approach allows management the flexibility to respond to the wide temperature variations between winter and summer which are experienced at Kounrad.

PLS operating parameters 2013



Production 2013



First copper

SX-EW Operations

The SX-EW copper plant performed to its design expectations throughout the year and the charts on page 22 highlight the performance over the course of the year.

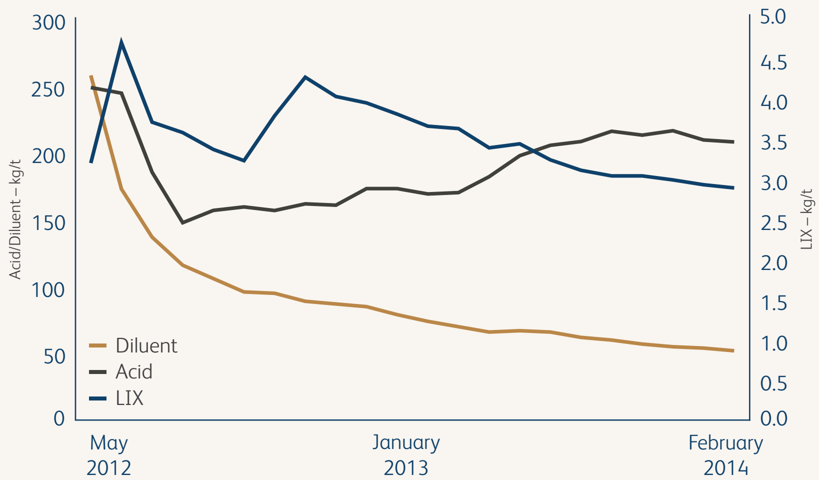
An integral part of the success throughout the year was the achievement of excellent levels of plant utilisation. The Solvent Extraction (SX) section achieved a 97% utilisation rate whilst the Electro Winning (EW) section achieved a similarly high rate at 97%. The main rectifier unit which provides direct current to the EW section operated at 100% of its design capacity of 30,000 Amps for a seven month period throughout the summer of 2013.

The SX-EW plant management team are focused on optimising the production levels whilst minimising operating expenditures. Within the plant, the major costs items are labour, reagents and electrical power. Whilst labour is largely fixed, modifications to the SX circuit and improved operating techniques during 2013 resulted in significantly reduced consumption rates for the two key reagents, LIX and diluent.

The consumption of acid in the plant and on the dumps has remained extremely low and was approximately 250kg per tonne of copper produced. The graph adjacent indicates the achieved reductions in consumption rates of the key reagents.

The copper cathodes produced remain of the highest quality and during 2013 all the copper was sold to LME Grade A chemical specifications.

Reagent consumption kg/tonne of Copper

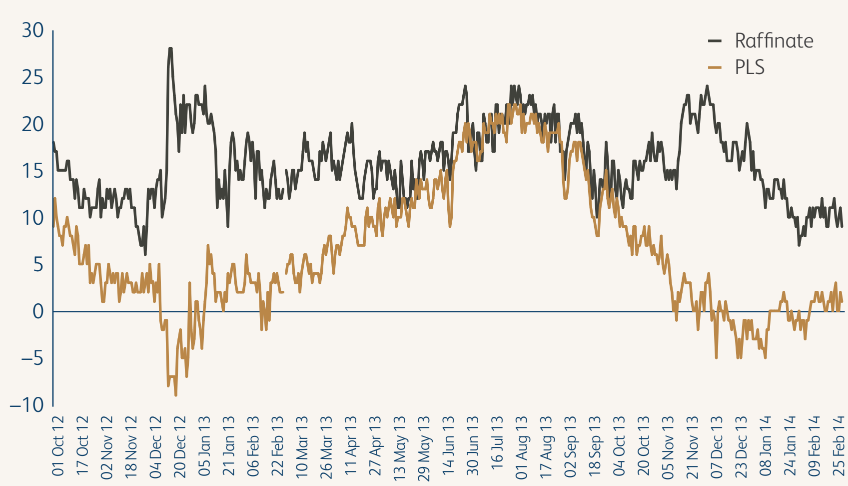


Collection trench construction

WAI 2013 Resource Estimate – JORC Code (2004)

Resource type	Category	Quantity, Mt	Grade, %	Contained copper, Kt
Eastern dumps				
Oxide	Ind/Inf	169.3	0.09	167.5
Western dumps				
Sulphide	Ind/Inf	444.8	0.10	436.5
Mixed	Ind/Inf	3	0.03	10.2
Total		477.8		446.7
Eastern and Western total		**647.1**		**614.2**
Northern dumps				
Mixed	Ind/Inf	5.9	0.05	2.7
Grand total		**653.0**		**616.9**

Leached solution temperatures (˚C)



Kounrad Resources

During 2013 no additional resource drilling was conducted on site as the samples and assays obtained during 2012, together with the geological work undertaken by Wardell Armstrong International ("WAI") was sufficient for the preparation of a JORC compliant resource statement.

In addition to the resources being classified to the internationally recognised JORC standard, they were also admitted onto the Kazakhstan GKZ approved 'State Balance' in the C1 category. The inclusion of this material to the 'State Balance' triggered a tax charge of $3.7 million.

Expansion of Capacity at Kounrad 2014 – 11,000 tonnes of copper

In late 2013 the CAML Board approved the capital expenditure for the addition of 2 extra boilers in the raffinate heating system increasing capacity from 8.4MW to 14MW. The intention is that the boilers will enable the volume of solution which is irrigated in the winter period to be increased. It is anticipated that the boilers will be commissioned in October 2014 and will facilitate an improvement in processed volumes from 450m^3/hr to around 700m^3/hr. The capital expenditure is approximately $2.6 million and with existing optimisation at the plant will enable the planned copper output for 2014 to be increased to 11,000 tonnes.

Further Expansion to process Western Dumps

The feasibility of constructing a second 10,000 tonne SX-EW facility to exploit the Western dumps has been closely examined over the past 12 months. The capital cost estimates indicate that expenditure in excess of $50 million would be required for this option due to significant costs associated with the infrastructure.

Laying HDPE in new collection trench

4.8Mt

Solution processed in 2013

1,410km

Dripper pipe work laid

$0.73/lb C1

C1 Cash Cost (2012: $0.71/lb)

A second option to expand the current SX-EW plant and transfer the PLS from leaching on the Western dumps to the current plant location has also been closely examined. It has been assessed that the existing SX-EW plant capacity could be increased to a base level of approximately 15,000 tonnes per annum by the addition of a sixth mixer-settler unit and the construction of a new 5,000 tonne per annum EW building. The main transformer would require up grading to 10MW at the existing electrical sub-station.

In order to access the estern dumps in such a scenario, leaching solutions would be pumped via a pipeline with the raffinate being returned by a second pipeline. The estimated pumping distance is 12km in each direction. A three unit 8.4MW boiler house would have to be constructed at the Western dump area to heat solutions in the winter together with the appropriate interceptor trenches and a pond collection system.

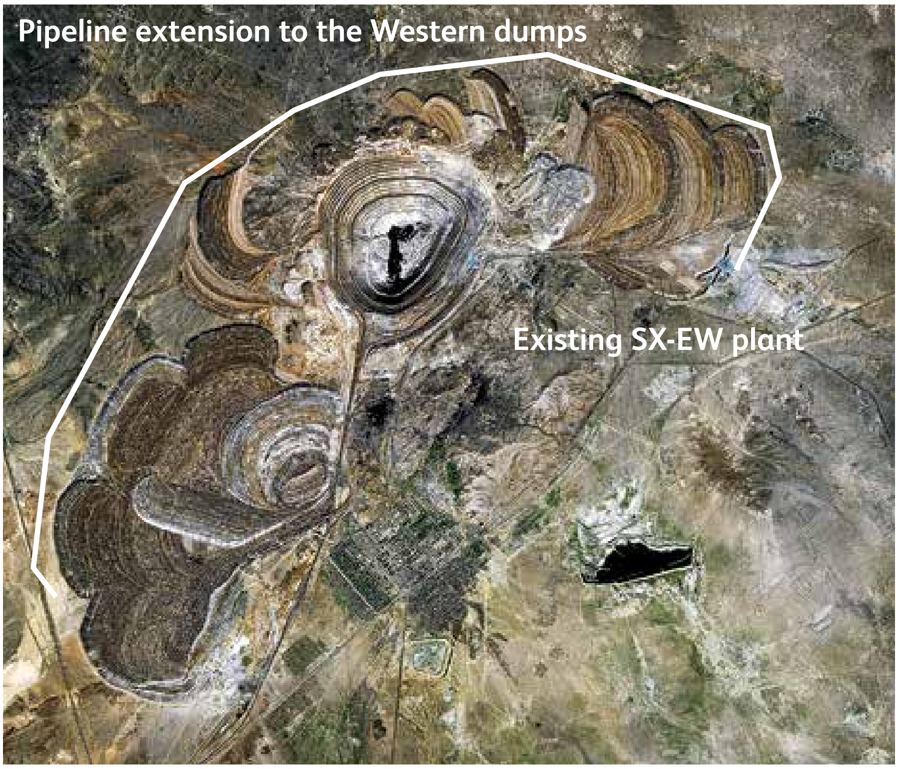
Whilst the capital cost for such an option is still being assessed and finalised, it is estimated to be significantly lower than the option of constructing a new SX-EW plant over at the Western dumps.

Further, it is recognised by management that one of the big advantages of the latter option would be the addition of an extra mixer-settler unit at the current SX-EW plant. This would provide greater flexibility to treat larger volumes of solution essential for the economic treatment of copper bearing solutions below 1 gram per litre. This would be a significant benefit to the operation should PLS recovery grades fall at any stage in the leaching cycle.

It is also estimated that the useful life of the SX-EW plant is significantly longer than that of the resource at the eastern dumps based on current extraction rates.

On the basis of these two key operational aspects, management are of the opinion that an expansion to the current SX-EW plant may be the most effective way to exploit the dumps.

In early December 2013 a contract was signed with the engineering arm of Kazatomprom in Kazakhstan to develop the technical project documentation to enable the processing of the western dumps and materials within dumps 5 and 2 on the eastern area. The process of regulatory approval entails multiple stages of review and it is expected that final approval will not be obtained before late 2014 at the earliest.



COPPER BAY – CHILE

For an investment of $3.2 million CAML has acquired a 50% share in a project with a potential 290,000 tonnes of contained copper in a mining-friendly jurisdiction. The combination of CAML's proven project management skills together with Copper Bay's technical knowledge of the project could be the key to success.

The Chañaral Bay area is heavily polluted following many years of tailings being discharged into the Rio Salado. There is a willingness at local and governmental level to resolve the problem and clean up the environment.

Chañaral town

Chañaral Bay beach

In November 2013, CAML acquired a 50% interest in Copper Bay Limited (CBL) by means of a $3.2 million cash investment into the company. CBL was formed in September 2010 for the purpose of developing a copper tailings project in the Chañaral Bay area of Chile. The project location is some 800km north of Santiago and 120km northwest of the Regional Capital of Copiapó.

From 1938 to 1975, the Potrerillos, and later the El Salvador copper mines, disposed of the tailings residues from their respective mineral processing operations into the Rio Salado which outflows into Chañaral Bay. Over that period, it is believed that some 250Mt of tailings were discharged into the bay. These tailings deposited on the beach and bay area cover a 13 square kilometre area. CBL intends to explore the potential to reclaim and process the copper tailings to produce copper cathode and copper concentrate product.

Studies to-date, including a total of 253 drill holes, estimate that there is a non-JORC compliant resource of 116Mt of tailings at 0.25% Copper. This amounts to some 290,000 tonnes of contained copper plus minor gold and molybdenum. Conventional metallurgical processing methods are contemplated and studies conducted so far suggest that up to 80% of the contained copper may be recoverable.

During 2014, CBL plans to conduct a pre-feasibility study (PFS) in order to prove up the potential of the Chañaral Bay project. The PFS will look at all aspects of the project including:

- The environmental and social impact on the area
- The definition of the resource
- Investigating the optimal method for reclaiming the sands
- The processing of the sands to produce saleable products and a cleaned residue
- The safe disposal of the process residues
- A preliminary evaluation of the project economics

CAML has the right to invest a further $3 million to take its holding in the company to 75%. These funds may be used to finance further studies with the aim of upgrading the PFS to the level of a Definitive Feasibility Study to be completed in 2015. If the project economics are positive, CBL would hope to be in a position by the end of 2015 to move forward with detailed engineering and finance.

Howard Nicholson
Technical Director

290,000

potential tonnes of contained Copper

REALISING VALUE FOR OUR SHAREHOLDERS

Nigel Robinson,
CFO

During 2013 we returned $19.7 million back to our shareholders in dividends whilst increasing our cash reserves to $44.5 million.

Summary

- ▲ Gross revenue for the year increased by 76% to $54.1 million (2012: $30.7 million)
- ▲ Operating profit for the year increased by 86% to $27.9 million (2012: $15.0 million)
- ▲ Unit operating costs at Kounrad remain competitive
  - C1 cash costs of $1,600 per tonne (2012: $1,561), equates to $0.73/lb
  - Fully inclusive cost of $3,147 (2012: $3,248), equates to $1.43/lb
- ▲ Acquisition of the additional 40% ownership in Kounrad Copper Company LLP resulted in $27.8 million credit to Group profit before tax
- ▲ Full write down of Mongolian assets resulted in $14.1 million reported loss from discontinued operations
- ▲ Cash balances as at 31 December 2013 of $44.5 million (2012: $33.9 million)
- ▲ 2013 dividend of 9 pence per share – interim of 4 pence paid in November 2013 (2012: 7 pence)

Overview

The Company has reported another strong set of financial results on the basis of its operational performance at Kounrad and the associated low costs of production at this project. The resulting cashflows have enabled the Company to return $19.7 million in dividends to shareholders during 2013 as well as strengthen our cash resources.

The year ending 31 December 2013 represented the Company's first complete 12 months of production at the Kounrad SX-EW project having commenced production of copper cathodes on 30 April 2012.

Further, on 21 October 2013, the ownership of Kounrad Copper Company LLP increased from 60% to 100%. Consequently, the results for 2013 comprise only 60% of the revenues and costs for the first nine months of the year but 100% for the final three months of the year.

The accounting treatment for the business combination resulting from the acquisition of the additional 40% share in KCC resulted in an uplift to the asset values of $46.4 million and an exceptional gain in the Income Statement of $27.8 million.

The impact of the above two events make comparisons difficult from the annually reported numbers in several of the notes to the accounts. A more meaningful analysis of the reported revenues and costs can be obtained on page 29.

Details of the Kounrad Transaction are noted on page 9.

Details of the business combination and accounting treatment are contained in note 33.

Income Statement

The Group operating profit for the 12 month period was $27.9 million (2012: $15.0 million).

Profit for the year from continuing operations increased significantly to $48.6 million (2012: $10.3 million), but after allowing for the one off exceptional gain associated with the acquisition of the additional 40% interest in KCC of $27.8 million, the profit is a more comparable $20.8 million (2012: $10.3 million). This is still more than a 100% increase year on year.

9 pence

2013 dividend
(2012: 7 pence)

$48.1m

Project EBITDA
(2012: $31.8m)

$1.43/lb

Fully inclusive cost
(2012: $1.44/lb)

During the year, the Group decided to write down the value of all its Mongolian operations due to the protracted nature of its efforts to sell the Ereen and Handgait assets and the unsuccessful application for a mining licence at Alag Bayan in the Southern Gobi.

Management reviewed the carrying value of these assets and recognised an overall impairment loss of $12.9 million (2012: nil). Further details are provided in note 20.

The Group profit for the year after tax of $34.5 million (2012: $9.8 million) resulted in earnings per share of 38.89 cents (2012: 11.42 cents) or 37.36 cents (2012: 11.03 cents) on a fully diluted basis.

Revenue

10,500 tonnes of copper cathode were sold by Traxys as part of the Company's off-take arrangements at Kounrad and a further 189 tonnes were sold locally. The Company achieved an average selling price of $7,114 (2012: $7,995) per tonne and this generated reported revenues for the Group of $54.1 million (2012: $30.7 million).

Attributable revenues for the Group at the Kounrad Project level, assuming 100% ownership throughout the 12 month period, would have been $76.0 million (2012: $51.1 million).

The Company has an offtake arrangement with Traxys to sell 90% of its product through to 31 December 2015. As part of this arrangement, Traxys takes the goods at the SX-EW plant at Kounrad and is then responsible for transporting the goods to the end customer.

The costs of marketing, distribution and selling associated with this arrangement are borne by the Company and during 2013 a fixed fee of $350 per tonne of copper shipped was negotiated with Traxys. This amount was based on the actual costs incurred during the first eight months of the arrangement in 2012 following the commencement of production in late April 2012. During 2012, the Group reimbursed Traxys for such costs directly.

As a consequence of the change in approach between 2012 and 2013, the Group has reported both a gross revenue and net revenue line for 2013 which reflects the offset of the fixed fee from the price of the copper achieved.

Financial Performance – Group vs Kounrad Project

	Reported 2013 $'000	Project 2013 $'000	Reported 2012 $'000	Project 2012 $'000
Gross Revenues	**54,090**	**76,024**	**30,656**	**51,093**
Cost of producing copper cathode	6,047	8,479	2,682	5,068
Mineral Extraction Tax	3,070	4,383	1,799	2,998
Selling costs	2,964	4,200	1,289	2,147
Total C1 costs	**12,082**	**17,062**	**5,770**	**10,214**
Local Administrative expenses	2,494	3,751	1,812	2,421
Corporate Overheads	7,068	7,068	6,696	6,696
Total Costs	**21,643**	**27,880**	**14,278**	**19,331**
Project EBITDA		**48,144**		**31,762**
Depreciation and Amortisation	4,546	5,734	941	1,568
Excluded above	(13)		440	
Operating Profit	**27,913**		**14,997**	

	2013 per tonne	2013 per lb	2012 per tonne	2012 per lb
C1 Unit costs	1,600	0.73	1,561	0.71
Depreciation	538	0.24	238	0.11
Local Administrative Expenses	352	0.16	368	0.17
	2,489	**1.13**	**2,167**	**0.98**
Corporate Overheads	663	0.30	1,017	0.46
Fully Absorbed unit costs	**3,152**	**1.43**	**3,184**	**1.44**

The table excludes all costs associated with the pilot plant which is no longer operated.

Managing the cost base

Cost of sales

The cost of sales for the period was $13.8 million (2012: $5.8 million) which included an additional $1.3 million of depreciation and charges associated with the acquisition of the 40% interest of KCC.

The costs related to the physical production of copper cathodes are the production labour, reagents and electricity, plus any other SX-EW site related cost. These costs amounted to $6.1 million (2012: $2.7 million).

Mineral Extraction Tax is charged by the Kazakhstan authorities at the rate of 5.7% on the value of the metal recovered and during the year this amounted to a further cost of $3.1 million (2012: $1.8 million).

Distribution and selling costs

The major portion of the sales and distribution costs consist of the fees paid to Traxys as part of the offtake agreements as noted above. During 2013 the Company incurred costs of $2.6 million (2012: $1.1 million) associated with these arrangements with Traxys. Local sales and distribution costs on site were $0.4 million (2012: $0.2 million) for the period.

Administrative expenses

The Group employed 234 people on average during the year (2012: 259) with the majority employed on site at Kounrad. The Group employs 40 staff (2012: 37) at Kounrad to oversee the technical and commercial management of the operations in Kazakhstan together with a small office headquarters in London of 7 staff (2012: 7).

REALISING VALUE FOR OUR SHAREHOLDERS

Group overheads for the year are $9.6 million (2012: $8.5 million) reflecting the growth of the Group during the period.

Depreciation and Amortisation

During the year depreciation and amortisation charges amounted to $4.6 million (2012: $0.9 million). The large increase is due to the impact of a full year charge in 2013 of $3.0 million compared to only 6 months in 2012.

A further charge of $1.3 million was incurred in the period 3 months of 2013 as a result of the acquisition of KCC and the fair value uplift.

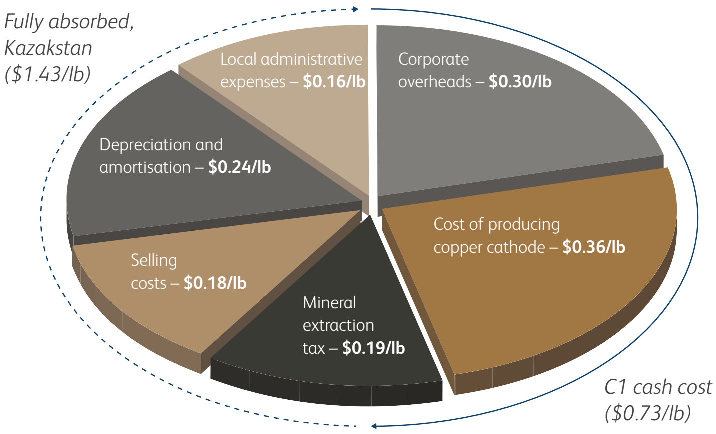
Impact on unit costs of production

Given the changes in the business over the past two years, it is difficult to ascertain the impact on the Group's productivity and unit cost measures from the reported numbers. The table on page 29 reconciles the reported numbers from the Group accounts with those reported internally at project level.

The Group's C1 cash costs of production remained competitive throughout the year at $1,600 per tonne (2012: $1,561) or $0.73/lb (2012: $0.71/lb). This represents a 2.5% increase year on year. Given that the Group currently only has one significant project, it seems reasonable to report the Group's unit cost base on a fully inclusive basis. The fully inclusive unit costs are $3,152 (2012: $3,184) or $1.43lb (2012: $1.44/lb).

The main change in the Group's unit costs during 2013 was the increased unit costs for depreciation and amortisation.

Unit cost of copper production ($ per lb)



Balance Sheet

As a result of the Kounrad Transaction there has been a significant uplift to the Group's asset base. Property, plant and equipment at Kounrad has increased to $77.7 million (2012: $20.3 million), whilst the intangible assets of the Group have also increased to $16.7 million 2012: $7.5 million).

The cash reserves held within the Group also increased during the year to $44.5 million (2012: $33.9 million) due to the strong performance at Kounrad. As a consequence, the Group's total asset base increased to $161.5 million (2012: $91.6 million).

During the year the Company took the opportunity to restructure the balance sheet and transferred $61.4 million from the Share Premium account to distributable reserves.

The transfer was approved by means of a court scheme and will facilitate the payment of dividends by the Company for the foreseeable future. The agreed equity consideration for the KCC element of the Kounrad Transaction of $39.4 million is also reported within other reserves. The shares will only be issued on completion of the whole transaction.

Cashflows

During the year the Group generated $41.1 million (2012: $28.0 million) from operations which resulted in the Group's cash balances increasing to $44.5 million (2012: 33.9 million) as at 31 December 2013.

The return of $19.7 million of funds to shareholders through dividends was the main outflow of cash during the year within the Group.


Laboratory analyst


SX Control room


SX operator

At Company level, all of the funds advanced to the Kounrad subsidiaries for the development and construction of the project since 2007 were fully repaid by late October 2013. This represented a return of funds of $53.6 million in just 18 months of production.

Taxation

The tax legislation in Kazakhstan is developing and at times the interpretation and compliance can be challenging for businesses operating in the country. During 2013, Sary Kazna LLP, the Kazakhstan subsidiary that effectively manages the leaching process on the Kounrad dumps and currently owns 60% of the subsoil use contract, was subjected to a taxation charge of $3.7 million for the classification of the Kounrad Resources onto a state approved list.

This taxation charge is locally known as the Commercial Discovery Bonus and is a required statutory payment to the Kazakhstan authorities based on 0.1% of the estimated value of the mineral resources discovered. The law supporting this taxation charge is ambiguous and CAML management spent significant amounts of time in seeking external legal and taxation advice to challenge the payment. Despite the efforts of management, the conclusion of the CAML Board was that any grounds for a legal challenge were subjective and could have led to potential additional fines or penalties and reputational risk. Consequently, the decision was taken to pay the tax and accept the charge as the price for compliance with local tax legislation.

The Group is also owed over $5.4 million (2012: $2.0 million) by the Kazakhstan authorities for recoverable VAT. The amount has been audited by the tax authorities on a number of occasions during 2013. The conclusion from the authority's audit work was that the VAT amount claimed has been determined correctly and was supported by the required documentary evidence. Despite this, the amount remained unpaid as at 31 December 2013. The Group has lodged an appeal with the authorities to recover the tax owed with the support of a local specialist tax firm.

Foreign Exchange

The Group operates overseas and is exposed to foreign currency movements. On 11 February 2014, the Kazakhstan Tenge devalued by almost 20% overnight as highlighted in note 34. Given that the Group's operations in Kazakhstan generate their income in US dollars through the export of copper, the immediate impact from a purely financial standpoint was positive. It is estimated that approximately 60% of the cost base in Kazakhstan is denominated in Kazakhstan Tenge.

Nevertheless, the CAML Board was concerned about the impact of such a devaluation on its local employees. Having monitored the situation carefully in the days following the devaluation, and in line with other large and responsible employers in the country, the Board agreed to increase salaries for staff in the country by 10% from the beginning of February 2014. The Board wil l continue to monitor events in the country and respond accordingly.

The Group does not keep large amounts of cash in the Kazakhstan Tenge and as at 31 December 2013 held the US dollar equivalent of $0.6 million (2012: $0.2 million).

Dividend Policy

As a result of the Group dividend policy announced in December 2012, the Group returned a total of $19.7 million to shareholders in 2013. This represented a 7 pence annual dividend for 2012 plus a 3.7 pence special dividend related to cost savings made on the construction of the SX-EW plant. An interim dividend for 2013 of 4 pence per share was also announced on 27 September 2013 and paid on 15 November 2013.

As part of these annual results, the CAML Board is proposing a 5 pence per ordinary share final dividend for 2013 payable, subject to the approval of shareholders, on 20 June 2014 to those shareholders on the Company's register on 30 May 2014, making a total dividend for the year of 9 pence (2012: 7 pence).

Financing growth

As at 31 December 2013, the Group had $44.5 million of cash in the bank of which $30.6 million was held in London and the balance of $13.9 million in Kazakhstan to cover both working capital requirements in country and also the 2013 Corporate Income Tax which is due in April 2014.

The Group has no debts outstanding as at 31 December 2013 and with the cash reserves at its disposal is confident that it has sufficient funds available to finance both the dividend policy in the coming years and also the capital expansion plans being finalised for the Kounrad project.

The overall combination of no outstanding debt, a strong cash balance and positive cashflows from Kounrad will provide the Company with the financial flexibility and strength to support the growth of the business.

Nigel Robinson
Chief Financial Officer


Water shaft


Safety training


EW stripping copper

COMMITMENT TO OUR COMMUNITIES

Nick Shirley, CSR Director

CAML is keen to ensure that it is recognised within both the industry and locally at its operating sites as adopting the highest possible standards of Corporate and Social Responsibility.

The welfare of all our staff, the social contribution to local communities and the full compliance with all local environmental standards is fundamental to our continued success.

Bore holes water monitoring – Kounrad

CSR Overview

With the establishment of the CSR Committee in 2012, and the subsequent development of the Group CSR Policy (which can be found on the CAML website at www.centralasiametals.com), the main focus in 2013 was to maintain and improve health and safety in the work place, to increase environmental awareness throughout the Company and to ensure positive and constructive working relationships with our neighbouring communities.

The main objectives for the year were to try and meet the targets that had been agreed with external consultants in 2012 who had produced a gap analysis with regards to national standards, the local training and the quality of local policies and procedures. In order to meet these objectives and assist in the implementation of the improvement programme a CSR Director was employed in July 2013.

The CSR Director is a senior appointment who reports directly to the Technical Director and is permanently based in Kazakhstan. The CSR Director has been tasked with the responsibility of ensuring that all CSR related activities comply with both national legislation as well as approaching International standards. CSR Reports are now produced on a monthly and quarterly basis detailing progress on site and these reports are then reviewed by the CSR Committee which meets regularly.

The main CSR activities with regards to the protection of the environment, social and community based actions and health and safety during 2013 are detailed as follows.

Health and Safety

The health and safety of its employees and contractors is CAML's number one priority. As such, the Company employs two full time, fully qualified health and safety engineers to oversee the specific safety requirements of both Sary Kazna LLP and Kounrad Copper Company LLP in full compliance with Kazakhstan regulations. The health and safety Engineers work closely with the process team to ensure that, where possible, potential safety hazards are resolved by engineering improvements. Where this is not deemed possible, for whatever reasons, staff are provided with suitable equipment for their personal protection.

Up to the end of 2013 a combined total of 815,331 hours were worked by Sary Kazna LLP and Kounrad Copper Company LLP employees without a lost time incident.

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 who, amongst their other duties, carry out mandatory alcohol testing for all employees and contractors on site. The Company also employs a fire team who are on site on a permanent basis and able to respond to an incident 24 hours a day.

Comprehensive Health and Safety training is given to all employees ranging from a detailed site induction to specific job related training. This is given both internally by the safety team as well by a specialist external health and safety training company who visit site on a regular basis to provide refresher courses.

815,331

Man-hours without no lost time injuries since start of production

118

Boreholes to monitor ground water quality

$410,000

Social contributions at Kounrad

$30m

Taxation since the start of production

The Company views the full and transparent compliance of its taxation obligations and payments within a country as fundamental to its Corporate and Social responsibility for operating within that country.

On site medical facility

The Kounrad canteen

Fire vehicle

COMMITMENT TO OUR COMMUNITIES

PLS pond – Kounrad

An independent, external health and safety audit was undertaken during December 2013 by SGS specialists. Their report will be produced in the first quarter of 2014 and the intention is to develop an action plan to implement their recommendations as soon as possible during 2014. In addition during 2013 the Local Emergency Committee from Karaganda undertook a safety inspection of the plant and produced a series of recommendations all of which were completed in 2013.

One of the key health and safety initiatives implemented in 2013 were the risk assessments which were developed by the Safety Department to identify any major risks across the site. For each of these risks the current mitigation measures were assessed and if deemed inadequate further mitigation measures identified in order to further reduce the risk. These are reviewed and updated on a six monthly basis.

Environment

CAML is committed to the sound environmental management of our operating area in full compliance with the applicable environmental regulations and laws of the countries within which it operates.

Particular emphasis during 2013 has been placed on raising the environmental awareness throughout the Company. Specialist training has been given to the local Kounrad team to ensure that they are fully aware of best practice with regards to environmental control. An environmental training programme has been developed for all employees with the focus being an environmental induction detailing the standards and requirements of the Company.

Environmental monitoring of the local area continued throughout 2013 with the monitoring and control of flora & fauna, soils, air, surface waters and ground-waters at the Kounrad site. Whilst most of the work was performed by the Group's own staff, external specialists were also employed. Independent results and reports produced by them were sent on a quarterly basis for review by the local environmental regulatory authorities.

As reported in the 2012 annual report, the monitoring of groundwater quality is a key focus at the Kounrad site. In excess of 100 boreholes are monitored in three rings around the perimeter of the eastern dumps. The first line of boreholes act as abstraction wells in the event of any solution leakage beyond the containment trench.

Water quality samples from the boreholes are analysed in the onsite laboratory, allowing site management to react as necessary to any non-compliance issues. Quality control is assured by sending duplicate samples to external certified laboratories.

An important component of the groundwater monitoring programme in 2013 was a detailed programme of site investigations in areas to be leached in the forthcoming years. This consisted of surface geophysics, trial pits, and the drilling of geological cored boreholes as well as monitoring and hydrogeological boreholes. This work was undertaken both on the eastern as well as the western dumps. Further, a specialist international hydrogeological consultancy was contracted to oversee the programme of investigations and produce a detailed interpretive hydrogeological report of the site investigations which will be completed in the first quarter of 2014.

The Local Community

Throughout 2013 CAML has continued to build on the positive relationships it has developed with the local community and stakeholders. The Company recognises that having sound relationships and the support of the local community is important in the successful running of its operation at Kounrad.

The Social Management System was further developed in 2013 with a series of objectives and targets established in conjunction with external advisers. This system provides a basis for the Group's local subsidiaries to interact with the local community both in terms of communications and dealing with any possible local grievances. One of the main areas of focus during 2013 was raising awareness in the community of the Company and its processes. A number of articles were published in the local newspapers regarding the various activities of the Group, particularly with regards to its commitment to protecting the environment as well as its contribution to the development of the local community.

During the year, the Group provided assistance to a number of community development programmes with the focus being on health, welfare and education. Two key donations were made to the local primary schools in Kounrad village. The Group sourced and installed for each school a dedicated IT computer room with up to 18 desk-top PCs and peripheral equipment. It is estimated that the Group donated in the order of $178,000 for community development projects during 2013 and has contributed almost $410,000 to date.

Taxation

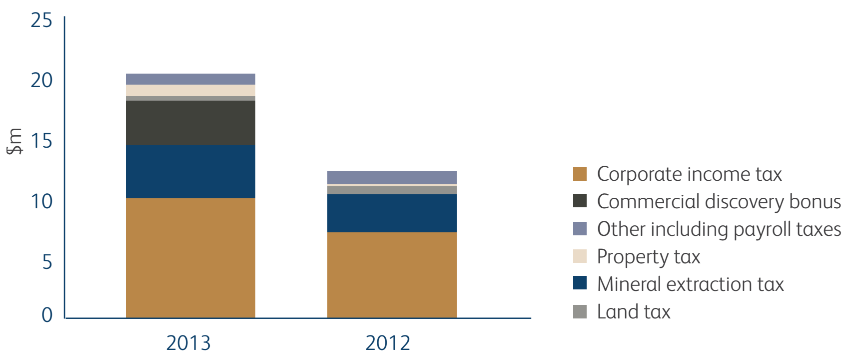
The Group is a major contributor to taxation in the area and since production commenced in late April 2012 has generated almost $30 million in various tax liabilities to the government of the Republic of Kazakhstan. A breakdown of the taxation is shown below.

The main taxation that the project attracts is Corporate Income Tax (CIT) and for 2013 the CIT liability was estimated as $9.6 million, $6.8 million being the Group's share of that tax liability. The taxation is currently paid annually in arrears although with effect from January 2014 the Company will be obliged to pay the CIT monthly on an estimated basis. An advance payment of $1.3 million was paid in December 2013 against the 2013 CIT liability as a goodwill gesture following the request of the local tax authority.

During 2013 a one-off taxation charge, known locally as the Commercial Discovery Bonus was also paid following on from the successful conversion of the resources onto the Kazakhstan Government's official mineral resource list, the 'State Balance'. An amount of $3.7 million was paid in September 2013 based on 0.1% of the value of the resources.

Nick Shirley
Director of CSR

Taxes accrued



Drip feeders on the dumps

The Strategic Report on pages 1 to 35 was approved by the Board of Directors on 16 April 2014 and was signed on its behalf by Nigel Robinson Chief Financial Officer

Nigel Robinson
Chief Financial Officer

INTRODUCTION TO GOVERNANCE

Our Board views good practice in corporate governance as key to our business's success.

CAML Board

We believe achievement of that success on an ongoing basis requires the Group to maintain good governance processes and continue to enhance these as the Group develops.

Nigel Hurst-Brown,
Chairman

Introduction from the Chairman

Our Board views good practice in corporate governance as key to our business's success. We believe achievement of that success on an ongoing basis requires the Group to maintain good governance processes and continue to enhance these as the Group develops. The encouragement of the entrepreneurial drive that exists in our business within appropriate governance structures will remain key to the building and ongoing delivery of shareholder value over the long term. That is our aim and I am pleased to be able to say that it is bearing positive results.

Although under the AIM rules we are not subject to the recommendations of any particular governance code, our Board draws on recommendations on corporate governance from the Quoted Companies Alliance and on the UK Corporate Governance Code in the way it is constituted and operates. Whilst compliance with these codes in our case is not mandatory, we do implement the recommendations which we feel are appropriate for a company of our size and type. This enriches our decision making and helps inform inputs to strategy and the monitoring of performance both at our regular meetings and otherwise as appropriate through the year. It is supported by our Executive and Non-Executive Directors alike.

We are fortunate to have a diverse, talented and committed group of Executive and Non-Executive Directors. Our Executive Directors are led by Nick Clarke, our Chief Executive, and also include Nigel Robinson, our Chief Financial Officer and Howard Nicholson, our Technical Director. They each have great experience in their respective areas of expertise and all work well both as a team and as part of the wider Board.

We have also been fortunate to be able to draw on the wide experience of Dr Michael Price, a highly experienced director in the mining industry providing a valuable and constructive independent perspective and Robert Cathery who is experienced in both the resources sector and public markets generally. They both make significant and independent contributions to our Board.

In addition, we were delighted to appoint to the Board Nurlan Zhakupov in 2011 and, in conjunction with his transaction with the Company, Kenges Rakishev in December 2013. They are both nationals of Kazakhstan where our principal operations are based. They provide great local insight as well as adding to the diversity and different perspectives of the Board.

This international diversity contributes to what I believe to be a suitably diverse Board. Among them, our Directors have long and valuable experience in the mining industry, financial and operational aspects of businesses, and publicly quoted companies, operating in different geographies around the world. Whilst we recognise the emphasis over recent years on gender diversity, we also believe in recruiting the best available individual for particular roles. This policy led to the appointment of a woman to one of the two senior operational manager roles in Kazakhstan. Although our Board is currently comprised solely of men, we hope the opportunity will arise in future to appoint women to the Board.

Where appropriate, and where there are initially differing views amongst Directors, our Board engages in debates that are always constructive and sometimes lively. This allows decisions to be reached, following full consideration of all views around the table, by consensus. These debates are informed by comprehensive reports from each of the Executive Directors and by external input for example from the Company's financial advisors when considered appropriate.

We have active Audit, CSR and Remuneration Committees which allow different forums for more detailed discussions on matters within their terms of reference. These discussions are reported to the full Board where they are considered further as appropriate. Our Remuneration Committee meets without the Executive Directors present to discuss their remuneration. Our Audit Committee meets with the external auditors in the absence of management at least once per year.

Of course, the success of our business depends on the great people we are fortunate to have working in our operations on a day to day basis. Our Executive Directors are regularly on site in Kazakhstan and in each of the past two years the Board as a whole has visited the operations to meet with local management, view the site and hold a Board meeting. Aside from being an important part of the Board's role, it is always most enjoyable to see the quality of people producing such a high standard of operation in our business.

On the following pages are more details of our individual Directors, our Board and its Committees. I hope this review of governance provides insight for shareholders to the importance my fellow Directors and I place on how the Company is governed on their behalf.

Nigel Hurst-Brown
Chairman

WEALTH OF EXPERIENCE

Nick Clarke
Chief Executive Officer

Date of appointment
Nick joined CAML as Chief Executive Officer on 7 April 2009.

Background and experience
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 and Wolf Minerals Ltd.

Nigel Robinson
Chief Financial Officer

Date of appointment
Nigel joined CAML in November 2007 and became Chief Financial Officer on 7 April 2009.

Background and experience
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 three years before leaving to work in commerce. He worked for six years in management with British Airways plc before leaving in 2002 to become more involved with smaller enterprises.

Howard Nicholson
Technical Director

Date of appointment
Howard joined CAML in August 2009 and was appointed a Director on 7 December 2010.

Background and experience
Howard is an experienced metallurgist with 35 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.

Committee Membership
CSR (Chair)

Nigel Hurst-Brown
Chairman

Date of appointment
Nigel joined CAML on 7 December 2006.

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

Committee Membership
Audit / Remuneration

Robert Cathery
Non-Executive Director

Date of appointment

Robert joined CAML on 18 September 2007.

Background and experience

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 and SOCO International plc. He is a founder shareholder of CAML.

Dr Michael Price
Non-Executive Director

Date of appointment

Michael joined CAML on 7 December 2006.

Background and experience

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), Asanko Gold Corporation (TSX) and Forbes and Manhattan Coal Corp (TSX).

Committee Membership

Audit (Chair) / Remuneration (Chair) / CSR

Kenges Rakishev
Non-Executive Director

Date of appointment

Kenges joined CAML on 9 December 2013.

Background and experience

Kenges Rakishev is a prominent business leader in Kazakhstan. He serves as chairman of the board of directors for a number of large companies including SAT & Company (KASE: SATC), a diversified industrial holding company, Jinsheng SAT (Tianjin) Commercial and Trading Co.Ltd, Baicheng Jinsheng Nickel Industry Co.Ltd, Taonan City Jinsheng Metallurgical Products Co.Ltd, Ulanhot Jinyuanda Heavy Chemical Industry Co.,Ltd. He also serves as chairman of NASDAQ-listed Net Element International, Inc. (NETE) and Chairman of BTA Bank JSC.

Nurlan Zhakupov
Non-Executive Director

Date of appointment

Nurlan joined CAML on 27 October 2011.

Background and experience

Nurlan is a Kazakhstani national and currently employed as executive director, Investment Banking Department at UBS (Kazakhstan). He has extensive experience in capital markets and has held a number of positions in 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).

Committee Membership

CSR

Corporate Governance Report

Board role and effectiveness

The Board of Directors comprises three Executive Directors and five Non-Executive Directors. The Board considers that all the Non-Executive Directors, other than Kenges Rakishev, are fully independent. Although Kenges Rakishev is not considered fully independent due to the transaction he is undertaking with the Company, he is considered otherwise independent including 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 advisors and seeks to ensure that it develops an understanding of the views of major shareholders about the Company.

The Board meets regularly throughout the year and is responsible for reviewing and approving the Company's strategy and monitoring its financial activities and operating performance. Day-to-day management is delegated to the three Executive Directors who consult the wider Board on 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 the 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 does not consider that there is a need for an internal audit function.

Committees

The Board has specific Audit, CSR and Remuneration Committees covering three of the areas of the Group's operation which the Board views as having key importance to the Group's stakeholders. Each of these Committees have their own terms of reference which provide the necessary authorities for them to operate as they consider appropriate.

Audit Committee

The Audit Committee comprises Dr Michael Price, 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 2013 accounts. 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, 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.

Under the Company's share option schemes, nominal priced share options have been granted to the Executive Directors during the year as shown in note 35. 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.

Corporate and Social Responsibility Committee

The Company has always been keenly focused on ensuring that the environmental and social aspects of its operations are managed to the highest possible standards. In recognition of this responsibility, a CSR Committee was established by the CAML Board in June 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 CSR activities across the Group, further details of which are found on pages 32 to 35.

A Group CSR policy has been developed and a copy of it can be found on the CAML website at www.centralasiametals.com.

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 takes on this responsibility as and when required.

Risk management

The effective management of risk is critical to the growth and profitability of the 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 detail on pages 14 to 16.

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.

On behalf of the Board
Nigel Robinson
Chief Financial Officer
16 April 2014

Directors' Report
for the year ended 31 December 2013

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2013.

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 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 with the registration number 5559627 and the registered office is: Masters House, 107 Hammersmith Road, London W14 0QH, United Kingdom.

Review of business

A review of the current and future development of the Group's business is given in the Strategic Report on pages 1 to 35 which forms part of, and by reference is incorporated in, this Directors' Report.

During the year, two Extraordinary General Meetings were held by the Company. The first was for the approval of the capital reduction scheme (see page 74) and the second for the issue of shares to Mr Kenges Rakishev as part of the Kounrad Transaction (see pages 9, 77 to 79). All resolutions proposed at these two meetings were passed.

Financial risk management has been assessed within note 3.

Dividends

The Company's dividend policy is that 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 2013, interim dividends of 3.3 pence and 4 pence per Ordinary Share of $0.01 each ("Share") were paid on 1 February 2013 and 15 November 2013 respectively. A special dividend of 3.7 pence per Share was also paid on 1 February 2013. A final dividend of 3.7 pence per Share was paid on 29 May 2013.

The Directors recommend a final dividend for the year ended 31 December 2013 of 5 pence per Share payable, subject to the approval of shareholders, on 20 June 2014 to those shareholders, on the Company's register on 30 May 2014.

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:

	Number of Shares	
	As at 31 Dec 2013	(Restated) As at 31 Dec 2012
CN Hurst-Brown (Chairman)	694,065	694,065
RM Cathery[1]	3,636,699	3,636,699
MA Price[2]	6,000	206,000
N Clarke (Chief Executive Officer)	–	–
N Robinson (Chief Financial Officer)	–	–
H Nicholson (Technical Director)	–	–
N Zhakupov	–	–
K Rakishev[3] (appointed 9 December 2013)	–	–
Total Directors' Interests	4,336,764	4,536,764

1 267,445 shares held by Elizabeth Cathery, the wife of Robert Cathery; 2,189,254 Shares held by Robert Cathery; and 1,180,000 Shares held by Robert and Elizabeth Cathery are included in the above amounts.
2 These Shares are held by Shona Price, the wife of Dr. Michael Price.
3 Kenges Rakishev will hold 21,211,751 Shares upon completion of the Kounrad Transaction.

Several of the above Directors have also been issued shares as part of the EBT incentive scheme and details are contained in note 35.

There have been no changes in the beneficial interests of the Directors in the issued share capital of the Company between 31 December 2013 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. CN Hurst-Brown, N Clarke, N Robinson, RM Cathery and MA Price are therefore required to be appointed at the AGM. K Rakishev was appointed a director by the Board since last year's AGM and accordingly retires and is being proposed for reappointment 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 2014.

Nick Clarke	£275,000
Nigel Robinson	£175,000
Howard Nicholson	£175,000

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.

2013 Production Performance Bonus

The Executive Directors were entitled to production performance bonuses based on copper production output and the cost per unit of the production at Kounrad as agreed with the CAML Remuneration Committee.

The targets of the 2013 performance bonus were to produce 10,000 tonnes of copper cathode and keep the C1 cash cost of production below $0.80/lb and as at 31 December 2013 it was assessed that these targets had been achieved and so production performance bonuses were paid.

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	£50,000
Robert Cathery	£40,000
Michael Price	£50,000
Nurlan Zhakupov[1]	£40,000
Kenges Rakishev	£40,000

1 Nurlan Zhakupov received a bonus of $20,000 in relation to the signing of the Kounrad Transaction.

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.

	Number of Shares	%
Legal & General Group plc	8,870,750	10.42
Hargreave Hale	8,431,373	9.90
Commonwealth American Partners LLP	7,445,492	8.75
Montoya Investment Limited	6,011,336	7.06
Lansdowne Partners	4,344,217	5.10
D&A Income Limited	4,339,147	5.10
Majedie Asset Management	4,294,283	5.04
Miton Group Plc	3,998,328	4.70
Mr Robert Cathery[1]	3,636,699	4.27
Ogier Employee Benefit Trust[2]	3,112,946	3.66
Henderson Global Investors	2,691,201	3.16

1 267,445 Shares held by Elizabeth Cathery, the wife of Robert Cathery; 2,189,254 Shares held by Robert Cathery; and 1,680,000 Shares held by Robert and Elizabeth Cathery are included in the above amounts.

2 Ogier EBT Shares are Shares held in trust on behalf of the CAML management team.

Mr Kenges Rakishev will hold 21,211,751 Shares upon completion of the Kounrad Transaction.

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 2013, the Company had $208,219 (2012: $113,591) of trade payables which equated to approximately 39 creditor days (2012: 17 days).

Changes in Share Capital

There were no transactions during the year that increased the share capital of the Company and there were no movements of Shares in or out of Treasury.

As at 31 December 2013, 1,318,929 (2012: 1,318,929) repurchased Shares $0.01 were held in Treasury pending their cancellation or possible use in the Company's share option schemes. During the year, nil Shares were issued out of Treasury to satisfy the exercise of awards under the Company's share option schemes.

In February 2014, 278,719 Shares were moved out of Treasury to satisfy the exercise of options under the Company's share option schemes. 1,040,210 Shares are currently held in Treasury pending their cancellation or possible use in the Company employee share option 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 2013 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 $6,341 (2012: $4,092) whilst Kounrad Copper Company LLP made donations totalling $72,591 (2012: $34,836). 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 Governance Report can be found on pages 36 to 42 of these financial statements. The Governance Report forms part of this Directors' Report and is incorporated by cross-reference.

On behalf of the Board

Nigel Robinson
Chief Financial Officer
16 April 2014

Independent Auditor's Report to the Members of Central Asia Metals PLC

Report on the financial statements

Our opinion

In our opinion:

- The financial statements, defined below, give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's profit and of 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 International Financial Reporting Standards (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, Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements and Parent Company financial statements (the "financial statements"), which are prepared by Central Asia Metals plc, comprise:

- the Group Income Statement and Statement of Comprehensive Income for the year then ended;
- the Group and Parent Company Statements of Financial Position as at 31 December 2013;
- the Group and Parent Company Statements of Changes in Equity and Statements of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 and Accounts (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 42, the Directors are responsible for the preparation of the Group and Parent Company 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 Group and Parent Company financial statements in accordance with applicable law and ISAs (UK & 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.

Alison Baker
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 April 2014

Consolidated Income Statement
for the year ended 31 December

	Note	Group 2013 $'000	Group 2012 $'000
Continuing operations			
Gross revenue	6	54,090	30,656
Revenue	6	51,483	29,560
Cost of sales	7	(13,778)	(5,770)
Gross profit		37,705	23,789
Distribution and selling costs	8	(357)	(194)
Administrative expenses	9	(9,562)	(8,509)
Other (expenses)/income		(32)	317
Exchange rate differences gain/(loss)	16	159	(409)
Operating profit		27,913	14,995
Finance income	13	17	8
Finance costs	13	(412)	(220)
Gain on re-measuring to fair value the existing interest in KCC on acquisition of control	33	27,835	–
Profit before income tax		55,353	14,783
Income tax	14	(6,712)	(4,477)
Profit for the year from continuing operations		48,641	10,306
Discontinued operations			
Loss from discontinued operations	20	(14,149)	(512)
Profit for the year		34,492	9,794
Profit attributable to:			
– Owners of the parent		34,492	9,794
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in cents per share)			
Basic earnings/(loss) per share			
From continuing operations	15	54.85	12.01
From discontinued operations		(15.96)	(0.60)
From profit for the year		38.89	11.42
Diluted earnings/(loss) per share			
From continuing operations	15	52.69	11.63
From discontinued operations		(15.96)	(0.60)
From profit for the year		37.36	11.03

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company Income Statement or Statement of Comprehensive Income. The loss for the parent Company for the year was $21,086,497 (2012: $10,423,483).

Consolidated Statement of Comprehensive Income
for the year ended 31 December

	Note	2013 $'000	2012 $'000
Profit for the year		34,492	9,794
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	25	(722)	(1,355)
Other comprehensive expense for the year, net of tax		(722)	(1,355)
Total comprehensive income for the year		33,770	8,439
Attributable to:			
– Owners of the parent		33,770	8,439
– Non-controlling interests		–	–
Total comprehensive income for the year		33,770	8,439

Total comprehensive income attributable to equity shareholders arises from:		
– Continuing operations	48,702	9,095
– Discontinuing operations	(14,932)	(656)
	33,770	8,439

During 2013 the Group had no balances attributable to non-controlling interests (2012: nil). Items in the statement above are disclosed net of tax.

Statements of Financial Position
at 31 December

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Assets					
Non-current assets					
Property, plant and equipment	17	77,716	20,287	198	10
Intangible assets	18	16,693	7,474	–	1,000
Investments	19	–	4,006	7,990	5,042
Trade and other receivables	21	17,090	12,343	11,216	45,403
		111,499	44,110	19,404	51,455
Current assets					
Inventories	22	3,916	2,592	–	–
Trade and other receivables	21	1,402	2,885	30,131	213
Restricted cash	23	1,734	–	1,649	–
Cash and cash equivalents	23	42,774	33,855	28,932	28,231
		49,826	39,332	60,712	28,444
Assets of disposal group classified as held for sale	20	186	8,131	–	100
		50,012	47,462	60,712	28,544
Total assets		161,511	91,573	80,116	79,999
Equity attributable to owners of the parent					
Ordinary Shares	24	862	862	862	862
Share premium	24	–	61,431	–	61,431
Treasury shares		(4,100)	(4,236)	(4,100)	(4,236)
Other reserves (restated)	25, 26	44,140	4,347	44,588	4,218
Retained earnings		94,827	8,626	36,752	6,612
		135,729	71,030	78,102	68,887
Non-controlling interests		–	–	–	–
Total equity		135,729	71,030	78,102	68,887
Liabilities					
Non-current liabilities					
Deferred tax liability	36	9,652	272	–	–
Provisions for other liabilities and charges	28	3,667	2,139	–	–
Borrowings		–	150	–	–
		13,319	2,561	–	–
Current liabilities					
Obligations under finance leases		–	19	–	–
Trade and other payables	27	11,860	17,186	2,014	11,112
		11,860	17,205	2,014	11,112
Liabilities of disposal group classified as held for sale	20	603	777	–	–
		12,463	17,982	2,014	11,112
Total liabilities		25,782	20,543	2,014	11,112
Total equity and liabilities		161,511	91,573	80,116	79,999

The notes on pages 54 to 81 are an integral part of these consolidated financial statements.

The financial statements on pages 48 to 81 were authorised for issue by the Board of Directors on 16 April 2014 and were signed on its behalf.

Nick Clarke
Chief Executive Officer

Nigel Robinson
Chief Financial Officer

Central Asia Metals plc
Registered no. 5559627.

Consolidated Statement of Changes in Equity

for the year ended 31 December

Attributable to owners of the parent	Note	Ordinary Shares $'000	Share Premium $'000	Treasury Shares $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 January 2012 (as previously reported)		**862**	**61,431**	**(2,304)**	**4,717**	**872**	**65,578**
Effect of prior period restatement		–	–	–	1,383	(1,383)	–
At 1 January 2012 (restated)		**862**	**61,431**	**(2,304)**	**6,100**	**(511)**	**65,578**
Total comprehensive (expense)/income	25	**–**	**–**	**–**	**(1,355)**	**9,794**	**8,439**
Transactions with owners							
Share based payments	9, 25	–	–	–	505	–	505
Forfeited options	25	–	–	–	(126)	–	(126)
Reversal of stock option grants	25	–	–	–	(777)	777	–
Purchase of treasury shares	24	–	–	(1,982)	–	–	(1,982)
Transfer of interest in JV		–	–	–	–	8,168	8,168
Dividends	32	–	–	–	–	(9,602)	(9,602)
Sale of treasury shares	25	–	–	50	–	–	50
Total transactions with owners, recognised directly in equity		–	–	(1,932)	(398)	(657)	(2,987)
Balance as at 31 December 2012 (restated)		862	61,431	(4,236)	4,347	8,626	71,030
Total comprehensive (expense)/income	25	**–**	**–**	**–**	**(722)**	**34,492**	**33,770**
Transactions with owners							
Share based payments	9, 25	–	–	–	1,588	–	1,588
Forfeited options	25	–	–	–	(346)	–	(346)
Capital reduction	24	–	(61,431)	–	–	61,431	–
Promise of shares to be issued to KR on the completion of KCC	25	–	–	–	39,409	–	39,409
Dividends		–	–	–	–	(10,204)	(10,204)
Sale of Mongolian assets		–	–	–	–	482	482
Correction to treasury shares	25	–	–	136	(136)	–	–
Total transactions with owners, recognised directly in equity		–	(61,431)	136	40,515	51,709	30,929
Balance as at 31 December 2013		862	–	(4,100)	44,140	94,827	135,729

During 2013 the Group had no balances attributable to non-controlling interests (2012: nil).

Company Statement of Changes in Equity
for the year ended 31 December

Company	Note	Ordinary Shares $'000	Share Premium $'000	Treasury Shares $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 January 2012 (as previously reported)		**862**	**61,431**	**(2,304)**	**3,237**	**27,243**	**90,469**
Effect of prior period restatement		–	–	–	1,383	(1,383)	–
At 1 January 2012 (restated)		**862**	**61,431**	**(2,304)**	**4,620**	**25,860**	**90,469**
Total comprehensive expense		**–**	**–**	**–**	**(4)**	**(10,423)**	**(10,427)**
Transactions with owners							
Share based payments	9, 25	–	–	–	505	–	505
Forfeited options	25	–	–	–	(126)	–	(126)
Reversal of stock option grants	25	–	–	–	(777)	777	–
Purchase of treasury shares	24	–	–	(1,982)	–	–	(1,982)
Dividends		–	–	–	–	(9,602)	(9,602)
Sale of treasury shares	25	–	–	50	–	–	50
Total transactions with owners, recognised directly in equity		–	–	(1,932)	(398)	(8,825)	(11,155)
Balance as at 31 December 2012 (restated)		**862**	**61,431**	**(4,236)**	**4,218**	**6,612**	**68,887**
Total comprehensive expense		**–**	**–**	**–**	**(145)**	**(21,087)**	**(21,232)**
Transactions with owners							
Share based payments	9, 25	–	–	–	1,588	–	1,588
Forfeited options	25	–	–	–	(346)	–	(346)
Capital reduction	24	–	(61,431)	–	–	61,431	–
Promise of shares to be issued to KR on the completion of KCC	25	–	–	–	39,409	–	39,409
Dividends		–	–	–	–	(10,204)	(10,204)
Correction to treasury shares	25	–	–	136	(136)	–	–
Total transactions with owners, recognised directly in equity		–	(61,431)	136	40,515	51,227	30,447
Balance as at 31 December 2013		862	–	(4,100)	44,588	36,752	78,102

During 2013 the Group had no balances attributable to non-controlling interests (2012: nil).

Statements of Cash Flows
for the year ended 31 December

	Note	Group As at 31 December 2013 $'000	Group As at 31 December 2012 $'000	Company As at 31 December 2013 $'000	Company As at 31 December 2012 $'000
Cash flows from operating activities					
Cash generated from/(used in) operations	29	41,080	28,037	(6,281)	(4,796)
Interest paid	13, 20	(190)	(361)	(9)	(9)
Income tax paid		(5,533)	(9)	–	–
Receipt from sale of project Kenes		–	200	–	–
Net cash generated from/(used in) operating activities		35,357	27,867	(6,290)	(4,805)
Cash flows from investing activities					
Lost buyer deposit (Ereen)		–	100	–	100
Payment to minorities (Tochtar)		–	(500)	–	–
Purchases of property, plant and equipment	17	(2,464)	(5,438)	(207)	(11)
Proceeds from sale of property, plant and equipment		9	31	–	–
Purchase of intangible assets	18	(5,750)	(1,150)	(50)	(550)
Investment in Kounrad project	19	–	(1,267)	(502)	(1,267)
Investment in Copper Bay project	19	–		(3,222)	–
Loans to JV Partners/Subsidiaries	35	–	–	32,360	21,256
Interest received	13, 20	17	15	–	–
Acquisition of subsidiary, net of cash acquired	33	3,293	–	–	–
Net cash (used in)/generated from investing activities		(4,895)	(8,209)	28,379	19,528
Cash flows from financing activities					
Dividends paid to owners of the parent	32	(19,739)	–	(19,739)	–
Restricted cash	23	(1,734)	–	(1,649)	–
Receipt of third party loan – Alag Bayan		–	150	–	–
Purchase of treasury shares	24	–	(1,983)	–	(1,983)
Net cash used in financing activity		(21,473)	(1,833)	(21,388)	(1,983)
Exchange losses/(gains) on cash and cash equivalents		(65)	3	1	–
Net increase in cash and cash equivalents	20, 29	8,924	17,828	701	12,740
Cash and cash equivalents at the beginning of the year	20, 29	33,871	16,043	28,231	15,491
Cash and cash equivalents at the end of the year		42,795	33,871	28,932	28,231

The notes on pages 54 to 81 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2013

1. General information
Central Asia Metals plc ("CAML" or the "Company") and its subsidiaries (the "Group") are a mining and exploration organisation with operations primarily in Kazakhstan and a parent holding company based in the United Kingdom.

The Group's principal business activity is the production of copper cathode at its Kounrad operations in Kazakhstan. The Group also owns various exploration projects in Mongolia which are held for sale and has recently invested in a copper tailings project in Chile.

CAML is a public limited company, which is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange Plc and incorporated and domiciled in the UK. The address of its registered office is Masters House, 107 Hammersmith Road, London, W14 0QH. The Company's registered number is 5559627.

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

Basis of Preparation
The Group's consolidated financial statements have been prepared in accordance with International 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 2013. 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.

The Group commenced production of copper cathodes on 30 April 2012. The cathodes are produced by the SX-EW plant at Kounrad which is owned and operated by Kounrad Copper Company LLP. Consequently during 2012 the cost of sales and distribution and selling costs refer to only eight months of operations.

On 21 October 2013, the ownership of Kounrad Copper Company LLP increased from 60% to 100% following the acquisition of 40% of KCC. Consequently, the results for 2013 comprise only 60% of the revenues and costs for the first nine months of the year but 100% for the final three months of the year.

The impact of the above two events make annual comparisons difficult from the annually reported numbers in several of the notes to the accounts. A more meaningful analysis of the reported revenues and costs can be obtained from the Strategic Report on page 29.

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.

Going concern
The Group meets its day-to-day working capital requirements though its profitable operations at Kounrad. The Group has substantial cash balances as at 31 December 2013 and on the date of issue these financial statements. Management's cash flow projections indicate that Group's cash resources are adequate to meet all expected liabilities for the forseeable future.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Please refer to notes 6, 23 and 27 for information on the Group's revenues, cash balances and trade and other payables.

▲ New and amended standards adopted by the Group
The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the Group:

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 re-classifiable to profit or loss subsequently (reclassification adjustments).

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

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.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

▲ New standards and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

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 standard is not expected to have material impact on the Group.

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 standard is not mandatory for the group until 1 January 2014. The standard is not expected to have material impact on the Group.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard is not mandatory for the group until 1 January 2014. The standard is not expected to have material impact on the Group.

IFRS 11, 'Joint arrangements' 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 the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard is not mandatory for the group until 1 January 2014 and not material.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

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 Venture Accounting – Kounrad Project
The Kounrad Project ownership changes have taken a significant amount of time to complete. Throughout the periods of joint ownership and under the terms of the JOA, both of the parties had an equal vote on all significant operational, financial and planning matters. Consequently, it was concluded that Joint Control existed over the Kounrad project and so, whilst the various transactions have been negotiated and submitted for government approval, the Kounrad Project has been accounted for in the following manner;

1. The sub soil user licence operations under SK are classified as a **jointly controlled asset**. The assets, liabilities, income and expenditure have been proportionately consolidated on a 60:40 basis.

2. All of the operations conducted under Kounrad Copper Company LLP have also been proportionately consolidated on a 60:40 basis as it has been a **jointly owned legal entity**. During 2013 the Group took advantage of the EU exemption which enabled it to delay implementing revised accounting standards under IFRS 11 for joint entities.

Business Combinations – Kounrad Project
Throughout 2013 the above Joint Venture Accounting has remained in place although it is recognised that the completion of both transactions (KCC and SUC) will result in a change in control of the Kounrad Project from joint control to control by CAML.

As such an IFRS 3 "Business Combination" will be deemed to have taken place upon completion.

Details of the accounting treatment for the business combination are contained in note 33.

Other CAML Subsidiaries

The Group financial statements consolidate the financial statements of CAML and the entities it controls drawn up to 31 December 2013.

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

As at 31 December 2013, the Group only had one business segment consisting of an SX-EW copper plant at Kounrad in Kazakhstan. The Group operations are controlled from a head office in London, UK but this does not represent a separate business segment.

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:

- Construction in progress – not depreciated
- Plant and Equipment – over 5 to 15 years
- Motor Vehicles – over 5 to 10 years
- Office Equipment – over 2 to 10 years

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

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

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

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

Goodwill
All business combinations in the Group are accounted for under IFRS 3 using the purchase method. Any excess of cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the statement of financial position as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

On the acquisition of a subsidiary, the purchase consideration is allocated to the assets, liabilities and contingent liabilities on the basis of their fair value at the date of acquisition. The excess of the cost of the acquisition over the fair value of the Group's share of identifiable net assets of the subsidiary acquired is recognised as positive goodwill.

Goodwill arising on acquisition comprised $9,278,000, being the Group's 40 per cent share of the amount calculated in accordance with IFRS to recognise a deferred tax liability on the difference between the provisional fair value of the newly consolidated assets and liabilities with their tax base. This deferred tax liability was calculated on the acquisition of the additional 40% in Kounrad Copper Company LLP on 21 October 2013 (note 33).

Any excess of the fair value of the Group's share of identifiable net assets of the subsidiary exceed the cost of the acquisition is recognised directly in the income statement.

For the purpose of impairment testing, goodwill is allocated to the cash generating unit expected to benefit from the business combination in which the goodwill arose. Where the recoverable amount is less than the carrying amount, including goodwill, an impairment loss is recognised in the income statement.

The carrying amount of goodwill allocated to an entity is taken into account when determining the gain or loss on disposal of the unit.

Deferred exploration and evaluation expenditure
Capitalised costs include costs directly related to any Group exploration and evaluation activities in the relevant area of interest. Exploration and evaluation expenditure capitalised includes acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and activities in relation to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

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

- Computer software – over 2 to 5 years
- 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.

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The best evidence of an asset's fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value less costs to sell is based on the best available information to reflect the amount the Group could receive for the cash-generating unit in an arm's length sale. In some cases this is estimated using a discounted cash flow analysis.

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

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

Disposal groups 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.

Gross revenue excludes customer discounts and other similar fees, which are required to be offset against revenue in accordance with IAS 18.

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 income tax
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 two main Share Option Plans, the rules of which were approved by the Board in December 2007 and October 2011. A scheme similar in details to the one approved in October 2011 was also set up for the two overseas General Directors with the only difference being a specific two year vesting period as opposed to a three year vesting period. 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 management
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.

The primarily Group currency requirements:

- British Pounds (GBP) – CAML head office overheads and dividends
- Kazakhstan Tenge (KZT) and US dollars (USD) – 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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2013

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		
	2013	2012	2013	2012	Movement
Kazakhstan Tenge (KZT)	152.14	149.19	153.61	150.74	1.90%
Mongolian Tugrik (MNT)	1,523.93	1,358.99	1,654.10	1,392.10	18.82%
British Pound (GBP)	0.640	0.631	0.607	0.619	-1.94%

The Group's exposure to foreign currency risk, based on US dollar equivalent carrying amounts at the reported date:

	Group 2013				
In $'000 equivalent	GBP	USD	KZT	MNT	EUR
Trade and other receivables	117	214	18,161	74	–
Cash and cash equivalents	3,297	40,630	564	21	17
Trade and other payables	(2,014)	(26)	(9,758)	(50)	(62)
Net exposure	**1,400**	**40,818**	**8,967**	**45**	**(45)**

	Group 2012				
In $'000 equivalent	GBP	USD	KZT	MNT	EUR
Trade and other receivables	213	12,352	2,663	127	–
Cash and cash equivalents	372	33,281	158	12	48
Trade and other payables	(11,104)	(37)	(6,986)	(34)	(60)
Net exposure	**(10,519)**	**45,596**	**(3,165)**	**105**	**(12)**

The Company's exposure to foreign currency risk,based on US dollar equivalent carrying amounts at the reported date:

	Company			
	2013		2012	
In $'000 equivalent	GBP	USD	GBP	USD
Trade and other receivables	41,347	–	213	45,403
Cash and cash equivalents	3,297	27,283	372	27,859
Trade and other payables	(2,014)	–	(11,104)	(8)
Net exposure	42,630	27,283	(10,519)	73,254

The Group does not have any difference between book value and fair values for trade and other receivables, cash and cash equivalents and trade and other payables.

The tables below analyses the Group's and Company's trade and other receivables based on remaining period at the reporting date to contractual maturity date.

	Group				
	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000	Total $'000
As at 31 December 2013					
Trade and other receivables	1,402	17,090	–	–	18,492
As at 31 December 2012					
Trade and other receivables	2,885	12,343	–	–	15,228

	Company				
	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000	Total $'000
As at 31 December 2013					
Trade and other receivables	30,131	11,216	–	–	41,347
As at 31 December 2012					
Trade and other receivables	213	45,403	–	–	45,616

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

Commodity 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. 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 costs of production and the absence of any debt liabilities within the Group, since the commencement of production in late April 2012, CAML management has always felt that a hedging policy was not required and sold the copper generally on a "spot" basis.

Given the recent volatility in the copper price, the CAML Board is reviewing its position with regard to the possible hedging of copper sales. No decision has yet been taken to change the current approach and the CAML Board will continue to monitor this throughout 2014.

Impact of a 10% change from year-end copper price:

	Estimated Effect on Earnings and Equity	
	2013 $'000	2012 $'000
10% increase in copper price	5,435	2,889
10% decrease in copper price	(5,435)	(2,889)

Tax risk
The taxation systems in Kazakhstan 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 the Group's investments in Kazakhstan 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 Kazakhstan tax laws creates a risk of excessive payment of tax or penalties by the subsoil users if they fail to comply with tax legislation.

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.

As the Group currently has sufficient cash resources and material income stream from the 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 and to maintain an optimal structure to reduce the cost of capital.

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

Due to the cash flows being generated at Kounrad from the sale of copper cathode and no debt, the Group's capital risk is currently perceived as minimal although the Board will continue to monitor requirements prudently.

Credit management
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 23 and on its trade and other receivables as set out in note 21.

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 tax authorities as set out in note 21.

Interest rate risk
The Group has no borrowings as at 31 December 2013 (2012: $150,000). The Group is funded 100% by equity and has limited exposure to interest rate risk.

4. Critical accounting estimates and judgments

The Group has four 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.

The carrying value of the goodwill generated by accounting for the business combination of the Group acquiring an additional 40% in the Kounrad Project requires an annual impairment review. This review will determine whether the value of the goodwill can be justified by reference to the carrying value of the business assets and the future discounted cash flows of the business.

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 capitalised assets are depreciated within the financial statements.

The resources have been independently verified by Wardell Armstrong International and were classified as JORC Compliant in 2013.

Decommissioning and site rehabilitation estimates

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Provisions are recognised at the net present value of future expected costs using discount rate of 6.40% (2012: 6.86%).

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.

Business combination

The Kounrad Transaction will ultimately result in the Group acquiring the 40% of the joint venture project at Kounrad that it did not previously own. The assessment of the fair value uplift of the underlying assets acquired and the treatment of the two legal entities involved in the project as at the 31 December 2013 period end required a high degree of judgement.

The assessment of the overall project as a business combination for both legal entities, Kounrad Copper Company LLP and Sary Kazna LLP, and the impact on that judgement caused by the different stages of completion as at 31 December 2013 required a careful review of the overall transaction as opposed to the specific nature of the assets being acquired.

The fair value uplift of the assets acquired as a result of that judgement and the resulting accounting treatment have resulted in a significant change to both the income statement and the balance sheet of the business. The details are explained in note 33.

5. Segmental information

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

As at 31 December 2013, the Group only had one business segment consisting of an SX-EW copper plant at Kounrad in Kazakhstan. The Group operations are controlled from a head office in London, UK but this does not represent a separate business segment.

Previously reported business segments within the Group, namely all the Mongolian operations, are classified as held for sale as at 31 December 2013. As part of the sale process, in December 2013, New CAML Mongolia LLC and Mongolian Silver Mountain LLC were sold for nil consideration.

The Board assesses the performance of the Kounrad project based on a number of key operational and financial measures which relate to copper production output, revenues from the sales of copper and the overall costs of producing the copper. All capital related expenditure at the project is also closely monitored and controlled.

The segmental results for the year ended 31 December 2013 are as follows:

	2013 $'000	2012 $'000
Gross revenue	54,090	30,656
Traxys buyers' fees	(2,607)	(1,097)
Revenue	51,483	29,559
Kounrad EBITDA	39,486	21,261
Unallocated costs including corporate	(7,068)	(5,189)
Group continuing operations EBITDA	32,418	16,072
Gain on re-measuring to fair value the existing interest in KCC on acquisition of control	27,835	–
Depreciation and amortisation	(4,632)	(984)
Exchange rate differences gain/(loss)	159	(409)
Other (expenses)/income, net	(32)	317
Finance income	17	8
Finance costs	(412)	(220)
Profit before income tax	55,353	14,783
Income tax	(6,712)	(4,477)
Profit for the year from continuing operations	48,641	10,306
Loss from discontinued operations	(14,149)	(512)
Profit for the year	34,492	9,794

The total production at Kounrad for the 12 month period was 10,509 tonnes whilst the total quantity of copper sold was slightly higher at 10,689 tonnes. The average price achieved from the sale of copper was $7,114 per tonne.

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

- Income tax expense;
- Finance income and expense;
- Depreciation and amortisation; and
- Discontinuing operations; and Gain on re-measuring to fair value and other income or expenses.

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

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

	2013 $'000	2012 $'000
Profit for the year	34,492	9,794
Plus/(less):		
Income tax expense	6,712	4,477
Depreciation and amortisation	4,632	984
Finance expense	412	220
Exchange rate differences (gain)/loss	(159)	409
Gain on re-measuring to fair value the existing interest in KCC on acquisition of control	(27,835)	–
Loss from discontinued operations	14,149	512
Other expenses/(income)	32	(317)
Finance income	(17)	(8)
Group continuing operations EBITDA	32,418	16,072
Unallocated costs including corporate	7,068	5,189
Kounrad EBITDA	39,486	21,261

Segmental assets and liabilities for the year ended 31 December 2013 are as follows:

	Segmental Assets		Segmental Liabilities	
	31 Dec 13 $'000	31 Dec 12 $'000	31 Dec 13 $'000	31 Dec 12 $'000
Kounrad	130,473	45,215	(23,165)	(8,417)
Alag Bayan	–	5,717	–	(179)
Assets held for sale	186	8,131	(603)	(777)
Unallocated including corporate	30,852	32,509	(2,014)	(11,171)
Total	161,511	91,572	(25,782)	(20,544)

6. Revenue

Group	2013 $'000	2012 $'000
Main plant		
International customers	53,197	28,885
Domestic customers	796	1,504
	53,993	30,389
Pilot plant		
International customers	–	267
Domestic customers	97	–
	97	267
Total Gross Revenue	54,090	30,656
Less: Traxys buyers' fees	(2,607)	(1,097)
Revenue	51,483	29,559

The Group sells and distributes its copper cathode product primarily through an offtake arrangement with Traxys. The offtake arrangements are for 90% of the SX-EW plant's output for the period up until 31 December 2015. The copper cathodes are delivered from the Kounrad site by rail under an FCA (Incoterms 2010) contractual basis and delivered to the end customers in Turkey. As part of the offtake arrangements, the Group sells the copper cathodes at a price linked to the London Metal Exchange (LME) copper price based on an agreed quotational period.

The offtake arrangements with Traxys started in May 2012 in line with the commencement of production on site. Given the lack of previous knowledge and experience of both the logistical issues and costs associated with delivering the copper cathodes from Kounrad to the end customers at that time, it was agreed to deliver the cathodes on an "open book" basis for the remaining eight months of 2012. This basis allowed the Group to better understand the costs and logistical issues involved during this learning period and thereby agree rates for future periods on a more informed basis.

Consequently, during 2012 the costs associated with the sales and distribution of the copper cathodes from Kounrad to the end customer were incurred by Traxys but paid for by the Group. During 2013, the costs of delivery to the end customers have been effectively borne by the Group through means of an annually agreed buyer's fee which is offset from the selling price (note 8).

During 2013 the Group sold 10,500 tonnes (2012: 6,083 tonnes) of copper through the offtake arrangements. Some of the copper cathodes are also sold locally and during 2013 a total of 189 tonnes (2012: 320 tonnes) were sold to local customers.

7. Cost of sales by nature

Group	2013 $'000	2012 $'000
Main plant		
Mineral extraction tax	3,070	1,799
Reagents and materials	3,192	1,446
Depreciation and amortisation	4,546	941
Employee benefit expense	2,021	909
Consulting and other services	835	327
	13,664	5,422
Pilot plant	114	348
Total	13,778	5,770

8. Distribution and selling costs by nature

Group	2013 $'000	2012 $'000
Main plant		
Transportation costs	123	15
Employee benefit expense	60	10
Taxes and duties	45	114
Depreciation and amortisation	37	6
Other expenses	92	47
	357	192
Pilot plant	–	2
Total	357	194

The above distribution and selling costs are those incurred at the Kounrad site in addition to the costs associated with the offtake arrangements. Note 6 above refers to the costs associated with the offtake arrangements with Traxys.

9. Administrative expenses by nature

Group	2013 $'000	2012 $'000
Employee benefit expense	4,459	4,815
Share based payments	1,588	505
Consulting and other services	1,522	1,348
Office related costs	1,087	1,254
Taxes and duties	857	551
Depreciation and amortisation	49	36
Total from continuing operations	9,562	8,509
Total from discontinuing operations	348	532
Total	9,910	9,041

10. Auditors' remuneration

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

	Group 2013 $'000	Group 2012 $'000
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	170	162
Fees payable to the Company's auditors and its associates for other services:		
– The audit of Company's subsidiaries	17	37
– Tax advisory services	107	78
– Tax compliance services	7	16
Total	301	293

11. Employee benefit expense

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

Group Continuing operations:	2013 $'000	2012 $'000
Wages and salaries	5,685	6,044
Social security costs	602	641
Staff healthcare	43	26
Other pension costs	211	204
Share based payments	1,588	505
Total for continuing operations	8,129	7,420
Total for discontinuing operations	170	342
Total	8,299	7,762

Details of the Directors' remuneration has been incorporated within note 35.

12. Monthly average number of people employed

Group	2013 Number	2012 Number
Operational and construction	190	216
Management and Technical	44	43
	234	259

Company

The monthly average number of staff employed by the Company during the year was 7 in 2013 (2012: 7).

13. Finance income and costs

Group	2013 $'000	2012 $'000
Finance income	17	8
Finance costs	(412)	(220)
Net finance costs	(395)	(212)

As part of the offtake arrangements, the Group may receive payment for copper cathodes immediately upon dispatch rather than waiting for delivery to the end customer. In such cases, interest is charged to the Group on such amounts received up to a maximum period of 60 days from the date of dispatch. During the year the Group incurred interest charges of $149,285 (2012: $168,712) under these arrangements.

The above finance costs also include $221,333 related to the annual assessment of the Group's asset retirement obligations associated with the Kounrad project (2012: nil). The unwinding of discount is calculated on the environmental rehabilitation provision presented in note 28. For cash flow purposes unwinding of discount is excluded from the finance expense movement.

14. Income tax

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current tax:				
Current tax on profits for the year	6,778	4,478	–	–
Adjustments in respect of prior years	–	–	–	–
Total current tax	6,778	4,478	–	–
Deferred tax (note 36)	(66)	–	–	–
Income tax expense	6,712	4,478	–	–

UK corporate income tax is calculated at 23.25% (2012: 24.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK statutory rate of 23.25% (2012: 24.5%) applicable to the profit of the Group, as follows:

	Group	
	2013 $'000	2012 $'000
Profit before taxation	41,204	14,271
Tax calculated at 23.25% (2012: 24.5%)	9,580	3,496
Effect of differences in foreign tax rates	(218)	491
Expenses not deductible for tax purposes/non-taxable income	(3,550)	1,753
Change in unrecognised deferred tax asset	966	(1,262)
Movement in other timing differences	(66)	–
Income tax expense	6,712	4,478

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the UK statutory rate of 23.25% (2012: 24.5%) applicable to the loss of the Company, as follows:

	Company	
	2013 $'000	2012 $'000
Loss before taxation	(21,087)	(10,423)
Tax calculated at 23.25% (2012: 24.5%)	(4,903)	(2,554)
Expenses not deductible for tax purposes/non-taxable income	3,532	1,850
Adjustments in respect of prior years	–	–
Change in unrecognised deferred tax assets	1,371	704
Income tax expense	–	–

From 1 April 2013, the main UK Corporation tax rate reduced from 24% to 23%. Further reductions in the main tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 have been announced.

The rate reductions were substantively enacted on 3 July 2013 and have been reflected in the calculation of deferred tax at the statement of financial position date.

15. 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 24).

	2013 $'000	2012 $'000
Profit from continuing operations attributable to owners of the parent	48,641	10,306
Loss from discontinued operations attributable to owners of the parent	(14,149)	(512)
Total	34,492	9,794
Weighted average number of Ordinary Shares in issue	88,681,029	85,782,437

	$ cents	$ cents
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in $ cents per share)		
From continuing operations	54.85	12.01
From discontinued operations	(15.96)	(0.60)
From profit for the period	38.89	11.42

(b) Diluted

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

	2013 $'000	Restated 2012 $'000
Profit from continuing operations attributable to owners of the parent	48,641	10,306
Loss from discontinued operations attributable to owners of the parent	(14,149)	(512)
Total	34,492	9,794
Weighted average number of Ordinary Shares in issue	88,681,029	85,782,437
Adjusted for:		
– Share Options	2,439,060	1,659,816
– Mirabaud Securities warrants	1,192,053	1,192,053
Weighted average number of Ordinary Shares for diluted earnings per share	92,312,142	88,634,306

Diluted earnings/(loss) per share	$ cents	$ cents
From continuing operations	52.69	11.63
From discontinued operations	(15.96)	(0.60)
From profit for the period	37.36	11.03

16. Net foreign exchange rate gains/(losses)

Group **Exchange rate gain/(loss) from:**	2013 $'000	2012 $'000
Continuing operations	159	(409)

The gains/(losses) on foreign exchange relate to the transactional gains/(losses) and translation of foreign currency assets and liabilities at the reporting date.

17. Property, plant and equipment

Group	Construction in Progress $'000	Plant and Equipment $'000	Motor Vehicles and Office Equipment $'000	Total $'000
Cost				
At 1 January 2012	19,357	3,689	828	23,874
Additions	5,111	–	327	5,438
Disposals	–	(127)	(103)	(230)
Transfers	(20,373)	20,373	–	–
Change in JV accounting	(4,090)	(2,355)	(201)	(6,646)
Exchange differences	39	37	12	88
At 31 December 2012	**44**	**21,617**	**863**	**22,524**
Additions	933	617	412	1,962
Disposals	–	(160)	(43)	(203)
Transfers	(526)	482	–	(44)
Acquisition of Subsidiary	29	61,733	353	62,115
Exchange differences	(4)	(626)	(24)	(654)
At 31 December 2013	**476**	**83,663**	**1,561**	**85,700**
Accumulated depreciation				
At 1 January 2012	–	1,072	339	1,411
Provided during the period	–	1,174	155	1,329
Disposals	–	(118)	(81)	(199)
Change in JV accounting	–	(186)	(100)	(286)
Exchange differences	–	(16)	(2)	(18)
At 31 December 2012	**–**	**1,926**	**311**	**2,237**
Provided during the period	–	3,937	195	4,132
Disposals	–	(210)	(29)	(239)
Acquisition of Subsidiary	–	1,871	70	1,941
Exchange differences	–	(79)	(8)	(87)
At 31 December 2013	**–**	**7,445**	**539**	**7,984**
Net book value at 1 January 2013	44	19,691	552	20,287
Net book value at 31 December 2013	476	76,218	1,022	77,716

Included within the line Acquisition of Subsidiary are a number of adjustments resulting from the Kounrad Transaction, explained in note 33 and on page 9. The adjustments comprise:

1. A proportionate increase (i.e. from 60% to 100%) in the carrying values of Kounrad related property, plant and equipment of $11,214,903 and accumulated depreciation of $605,294.
2. A fair value uplift applied to the Kounrad assets of $46,392,000 (of which $27,835,000 results from measuring at fair value the Group's 60% equity interest in KCC held before the business combination). This fair value uplift resulted in an additional depreciation charge of $1,335,856 during the year; and
3. The transfer of assets related to the Kounrad project of $4,508,743, previously recognised as investments (note 19).

The Company had $198,119 of office equipment at net book value as at 31 December 2013 (2012: $9,543).

18. Intangible assets

Group	Goodwill $'000	Deferred Exploration and Evaluation Costs $'000	Mining Licences and Permits $'000	Computer Software $'000	Total $'000
Cost					
At 1 January 2012	–	5,501	3,412	24	8,937
Additions	–	1,067	49	34	1,150
Disposals	–	(23)	(64)	–	(87)
Joint Venture adjustment	–	–	(2,351)	(5)	(2,356)
Exchange differences	–	(137)	4	4	(129)
At 31 December 2012	**–**	**6,408**	**1,050**	**57**	**7,515**
Additions		260	5,476	14	5,750
Addition Goodwill (note 33)	9,278	–	–	–	9,278
Disposals	–	–	(1)	(32)	(33)
Joint Venture adjustment	–	–	33	9	42
Transfer of Bayan Resources to disposal group classified as held for sale	–	(4,505)	(1,000)	–	(5,505)
Exchange differences	–	(222)	(23)	(1)	(246)
At 31 December 2013	**9,278**	**1,941**	**5,536**	**47**	**16,801**
Accumulated amortisation					
At 1 January 2012	–	8	17	13	38
Provided during the year	–	–	1	31	32
Disposal	–	(8)	(21)	–	(29)
Change in JV accounting	–	–	–	(3)	(3)
Exchange differences	–	–	4	(1)	3
At 31 December 2012	–	–	1	40	41
Provided during the year	–	52	4	12	68
Disposal	–	–	24	(26)	(2)
Change in JV accounting	–	–	1	3	4
Exchange differences	–	(1)	(1)	(1)	(3)
At 31 December 2013	**–**	**51**	**29**	**28**	**108**
Net book value at 1 January 2013	–	6,408	1,049	17	7,474
Net book value at 31 December 2013	9,278	1,890	5,506	19	16,693

As a result of the Kounrad Transaction, explained on page 9 of the Chief Executive Officer's Statement, the Group has recognised goodwill of $9,278,000.

During the year the Group also paid a Commercial Discovery Bonus ("CDB") of $3,680,486 ($2,208,292 on 60% consolidation basis) to the Kazakhstan Government on completion of the exploration and resource studies associated with the Kounrad waste dumps. The completion of this work enabled the resources on site to be registered as part of the Kazakhstan Government official list of resources ('State Balance') and thereby facilitate their transfer to a mining licence and the subsequent production of copper from the resources. The amount of CDB has been capitalised under Mining licences and permits during the year and will be amortised over the remaining life of the mine.

The investment of $3,222,420 in Copper Bay has been classified as an intangible asset and added to Mining licences and permits.

During the year the Group reclassified the Alag Bayan project (Bayanresources LLC) as held for sale and consequently made a full write down of the assets held by the subsidiary.

The Company had no intangible assets as at 31 December 2013 (2012: $1,000,000). During the year the Company has reclassified the Alag Bayan project to the assets classified as held for sale and consequently fully impaired the asset.

Impairment test for goodwill

The Group currently only has one business segment, namely the Kounrad project located in Kazakhstan. The goodwill associated with this project and the Kounrad Transaction will be monitored by management in the future but as at 31 December 2013 the goodwill did not require impairment.

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the copper business in which the CGU operates.

19. Investments

Shares in Group undertakings	Group 31 Dec 13 $'000	Group 31 Dec 12 $'000	Company 31 Dec 13 $'000	Company 31 Dec 12 $'000
Beginning of year	4,006	–	5,042	486
Addition to investments in Kounrad	502	4,006	502	4,006
Addition to investments in CAML Mongolia BV	–	–	25	500
Addition to investments in CAML Kazakhstan BV	–	–	25	50
Investment Copper Bay	–	–	3,222	–
Transfer of Kounrad investments to PPE	(4,508)	–	–	–
Impairment of investments in CAML Mongolia BV	–	–	(826)	–
End of year	–	4,006	7,990	5,042

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

Group

On the acquisition of 100% ownership in KCC, the Kounrad investment, which was previously held in the Company, has been reclassified to property, plant and equipment.

The investment in Copper Bay Limited made by the Company has been classified as mining licenses and permits within the intangible assets of the Group.

Company

During the year, the Company invested £2 million, equating to $3,222,420, into a UK based company, Copper Bay Limited. The investment was to acquire a 50% controlling stake in the entity and its subsidiaries in order to develop an early stage copper tailings project in Chile. The funds invested are for the sole purpose of developing the project and the intention is for a pre-feasibility study to be prepared on the project during 2014.

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

Subsidiary	Country	Activity	CAML % 2013	CAML % 2012	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)	100	60	29 Apr 08
Copper Bay Limited	UK	Holding Company	53	–	29 Oct 10
Copper Bay (UK) Limited	UK	Holding Company	53	–	9 Nov 11
Copper Bay Chile Limitada	Chile	Holding Company	53	–	12 Oct 11
Minera Playa Verde Limitada	Chile	Exploration – Copper	53	–	20 Oct 11
Zuunmod UUL LLC	Mongolia	Exploration – Gold	85	85	3 May 07
Monresources LLC	Mongolia	Exploration – Molybdenum	80	80	18 May 07
Bayanresources LLC	Mongolia	Exploration – Copper/Gold	70	70	1 Aug 08
New CAML Mongolia LLC	Mongolia	Management Services	–	100	8 Jun 07
Mongolian Silver Mountain LLC	Mongolia	Exploration – Silver	–	100	1 Apr 07

The 53% holding of the Copper Bay Group of companies is presented on a non-diluted basis. On a fully diluted basis the Group holding would be 50%.

20. Assets held for sale

The Group continues to hold for sale the assets it owns in Mongolia and is actively seeking to sell the Ereen and Handgait projects. The sale process is taking far longer than the CAML Board ever anticipated due to the current political and regulatory uncertainties in the country and the implications of a court case brought by the Group's minority partner on the Ereen project.

During the year, Bayanresources LLC (Alag Bayan) was also transferred to this group of assets held for sale following on from the failure to acquire a mining licence and the subsequent decision of the CAML Board to dispose of the asset and effectively cease all operations in Mongolia. These assets have been written down to nil. Retained liabilities include provisions for decommissioning and site rehabilitation estimates and outstanding trade and other payables.

As a consequence of the above, the Company deemed it prudent to write down all of its Mongolian assets during the year. This resulted in a total impairment charge of $12,879,357 against the assets and a loss from discontinuing operations for the year ending 31 December 2013 of $14,149,137 (2012: loss $511,990).

In December 2013 New CAML Mongolia LLC and Mongolian Silver Mountain LLC were sold for nil consideration.

Assets of disposal group classified as held for sale

	31 Dec 13 $'000	31 Dec 12 $'000
Intangible assets	–	7,777
Cash and cash equivalents	21	16
Property plant and equipment	91	211
Trade and other receivables	74	127
Total	186	8,131

The investment carried directly in the Company's accounts relating to the Ereen project at 31 December 2013 is nil (2012: $100,000).

Liabilities of disposal group classified as held for sale

	31 Dec 13 $'000	31 Dec 12 $'000
Provisions	553	743
Trade and other payables	50	34
Total	603	777

Loss from discontinuing operations

Discontinuing operations	2013 $'000	2012 $'000
General and administrative expenses	(348)	(532)
Asset write down charge	(12,879)	(4)
Exchange rate differences (loss)/gain	(753)	159
Operating Loss from discontinuing operations	(13,980)	(377)
Finance income	–	7
Finance costs	(169)	(141)
Loss before income tax from discontinuing operations	(14,149)	(511)
Income tax	–	(1)
Loss from discontinuing operations	(14,149)	(512)

Cash flows of disposal group classified as held for sale:

Group	2013 $'000	2012 $'000
Operating cash flows	(523)	(670)
Investing cash flows	–	100
Total cash flows	(523)	(570)

21. Trade and other receivables

	Group		Company	
	31 Dec 13 $'000	31 Dec 12 $'000	31 Dec 13 $'000	31 Dec 12 $'000
Trade receivables	5,715	2,176	58	114
Less: provision for impairment of trade receivables	(33)	–	–	–
Trade receivables, net	5,682	2,176	58	114
Receivables from related parties	11,654	12,340	41,216	45,403
Prepayments	1,156	712	73	99
	18,492	15,228	41,347	45,616
Less: non – current portion				
Trade receivables	(5,436)	(3)	–	–
Receivables from related parties	(11,654)	(12,340)	(11,216)	(45,403)
Current Portion	1,402	2,885	30,131	213

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

The amounts receivable from related parties is a consequence of the joint venture accounting treatment required at the Kounrad project due to the nature of the ownership structure (note 33). The amounts will disappear once the transaction to acquire 100% of the project is completed.

The Group's main receivable is the VAT incurred on purchases within Kazakhstan. As at 31 December 2013 a total of $5,436,475 (2012: $2,047,553) of VAT receivable was still owed to the Group by the Kazakhstan authorities. The Group still remains confident about its prospects to recover this outstanding debt and is working closely with its advisers and local partners to achieve this. The planned means of recovery will be through a combination of the local sales of cathode copper to effectively offset VAT liabilities and by a successful appeal to the authorities. An appeal was lodged on 19 November 2013 by the local tax advisers and the outcome was still pending as at 31 December 2013. However, as a result of the above and the uncertainty regarding timing, the Group has reclassified the VAT receivable from current to non-current.

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.

Please refer to note 3 for information on aging of trade and other receivables.

22. Inventories

Group	31 Dec 13 $'000	31 Dec 12 $'000
Raw Materials	3,779	2,248
Finished Goods	137	344
	3,916	2,592

The Group did not have any slow moving, obsolete or defective inventory as at 31 December 2013 (2012: nil).

23. Cash and cash equivalents

	Group		Company	
	31 Dec 13 $'000	31 Dec 12 $'000	31 Dec 13 $'000	31 Dec 12 $'000
Cash at bank and on hand	32,774	33,855	28,932	28,232
Short term deposits	10,000	–	–	–
	42,774	33,855	28,932	28,232
Cash at bank and on hand included in assets held for sale	21	16	–	–
Total cash and cash equivalent	42,795	33,871	28,932	28,232
Restricted cash	1,734	–	1,649	–
Total cash and cash equivalent including restricted cash	44,529	33,871	30,581	28,232

The cash balance as at 31 December 2013 including restricted cash was $44,528,881 (2012: $33,871,138). The restricted cash balance relates primarily to the capital reduction scheme completed in August 2013 (note 24).

An amount of $10.0 million (2012: nil) was held in a short term deposit account as at 31 December 2013 and had been set aside to satisfy the 2013 corporate income tax liability in Kazakhstan which falls due in April 2014 (note 24).

68.7% of the Group's cash and cash equivalents including restricted cash at the year end were held by an AA- rated bank (2012: 83.4%). The rest of Group's cash was held within mix of institutions with credit rating between B – B1 (2012: B+ – B1).

24. Share capital and premium

	Number of Shares No	Ordinary Shares $'000	Share Premium $'000	Treasury Shares $'000	Total $'000
At 1 January 2012	**86,165,934**	**862**	**61,431**	**(2,304)**	**59,989**
Purchase of own shares	–	–	–	(1,982)	(1,982)
Sale of treasury shares	–	–	–	50	50
At 31 December 2012	**86,165,934**	**862**	**61,431**	**(4,236)**	**58,057**
Capital reduction	–	–	(61,431)	–	(61,432)
Sale of treasury shares	–	–	–	136	136
At 31 December 2013	86,165,934	862	–	(4,100)	(3,238)

The par value of Ordinary Shares is $0.01 per share (2012: $0.01) and all shares are fully paid. During 2013, the Company did not issue any shares not did it repurchase any shares. A share buy-back programme was undertaken in 2012 and a total of 1,318,929 shares were purchased between July 2012 and December 2012 at a value weighted average price of 93.059 pence. A total of $1,982,677 was spent on the purchases during 2012. These shares were held in Treasury as at 31 December 2013 pending their cancellation or possible use in the Company employee share scheme.

During the year, the Company completed a court approved capital reduction scheme, which resulted in an amount of $61,431,533 being transferred from the share premium account to distributable reserves. A condition of the capital reduction scheme was to set aside an amount (into a restricted bank account), which would cover all creditors as of the effective date of the capital reduction (1 August 2013). To fulfill this condition, the Company set aside £1 million (approximately $1.6 million), which primarily represented the allowance to KR as part of the Kounrad Transaction. The majority of the money in the restricted account would be released upon the completion of the Kounrad Transaction.

25. Other reserves

Group	Share Option Reserve $'000	Shares Reserve to be Issued $'000	Currency Translation Reserve $'000	Total Group $'000
Balance as at 1 January 2012 (as previously reported)	**3,466**	**–**	**1,251**	**6,100**
Effect of prior period restatement	1,383	–	–	1,383
At 1 January 2012	**4,849**	**–**	**1,251**	**6,100**
Currency translation differences	–	–	(1,355)	(1,355)
Reversal of stock option grants	(777)	–	–	(777)
Exercised options	(126)	–	–	(126)
Share based payments	505	–	–	505
At 31 December 2012	**4,451**	**–**	**(104)**	**4,347**
Currency translation differences	–	–	(722)	(722)
Promise of shares to be issued to KR on the completion of KCC	–	39,409	–	39,409
Exercised options	(346)	–	–	(346)
Correction of treasury shares	(136)	–	–	(136)
Share based payments	1,588	–	–	1,588
At 31 December 2013	5,557	39,409	(826)	44,140

On 21 October 2013, the Group completed the transfer from KR to the Group of an additional 40% of Kounrad Copper Company LLP taking its ownership to 100%. This transfer forms part of overall transaction (the "Kounrad Transaction"). The Company agreed to issue 15,336,096 ordinary shares in the Company as consideration for the 40% interest in KCC albeit the shares would only be issued once the whole Kounrad Transaction was completed (note 33).

As at 31 December 2013, the Kounrad Transaction had not been fully completed as the transfer of the 40% in the subsoil use contract were still awaiting Government approval. Consequently, the shares were not issued as at 31 December 2013 and have been classified as a contingent equity consideration.

26. Equity settled share based payments

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

Old Scheme

The first share option plan was introduced by the Company in February 2008 and initially had an exercise price of $6.42. On the recommendation of the Remuneration Committee the exercise price for the participants was reduced to $0.68 in February 2010 to reflect the changed economic circumstances of the Company and maintain some form of incentive for staff. Only those staff still employed by the Group at this time benefited from this decision and those participants who had left the Group maintained an exercise price of $6.42 on their options. The vesting of share options in the plan is purely conditional upon time served by the participant and as at 31 December 2013 all options have fully vested.

New Scheme

The second share option plan was introduced by the Company in October 2011. This scheme has an exercise price of effectively nil for the participants. The nil-cost share options granted under this scheme vest on the basis of a third annually depending on the achievement by the Group and the participant of the performance targets as determined by the CAML Remuneration Committee. Under a separate Non-Executive share option plan 2012, Nurlan Zhakupov was granted 100,000 nil-cost options in 2012 which vest on the basis of a third annually, without any performance conditions due to his Non-Executive role.

As at 31 December 2013, a total of 520,086 Old Scheme options and 2,082,974 New Scheme options (including those issued to Nurlan Zhakupov) were outstanding. Share options are granted to Directors and selected employees. The exercise price of the granted options is presented in the table below for every grant. In general, options vest in 1/3 tranches over three-year period. The Company has the option but not the legal or constructive obligation to repurchase or settle the options in cash.

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

	2013		Restated 2012	
	Average Exercise Price in $ per Share Option	Options (Number)	Average Exercise Price in $ per Share Option	Options (Number)
At 1 January	0.61	2,328,074	1.06	1,415,373
Granted	0.01	455,529	0.01	1,063,244
Forfeited	–	(180,543)	–	(150,543)
Exercised	–	–	–	–
Expired	–	–	–	–
At 31 December	0.51	2,603,060	0.61	2,328,074

Out of the 2,603,060 outstanding options (2012: 2,328,074), 1,273,968 options (2012: 868,696) were exercisable. Options exercised in 2013 were cash settled at the spot price on the date, and resulted in total cash consideration paid of $345,748 (2012: $125,785). The related weighted average share price at the time of exercise was $1.92 (2012: $1.52) per share.

An amount of $1,588,116 (2012: $504,601) has been credited to the share option reserve for the grant of stock options for the period ending 31 December 2013.

In respect of the period between the date an award is issued and the date it is exercised the number of shares covered by such awards is increased by up to the value of dividends as if these were reinvested in Company shares at the dates of payment. During the year the additional dividend related share options charge was $571,214 (2012: nil).

Directors did not exercise any share options during the year.

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

	Restated			
			Share options	
Grant – vest	Expiry Date of Option	Option Exercise Price $	2013	2012
21 Feb 08	21 Feb 18	6.42	164,000	164,000
21 Feb 08	21 Feb 18	0.68	255,000	355,000
3 Sep 10	21 Feb 18	0.68	101,086	151,629
6 Oct 11	5 Oct 21	0.01	594,201	594,201
8 May 12	7 May 22	0.01	833,244	863,244
27 Sep 12	26 Sep 22	0.01	200,000	200,000
24 Jul 13	23 Jul 23	0.01	455,529	–
Total			2,603,060	2,328,074

Employee Benefit Trust

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

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. Details of the awards are contained in note 35.

Restatement

At the time that the EBT scheme was organised, an amount was set aside in the Company's reserves based on a Black Scholes valuation model. During the year the Company decided that this initial approach was incorrect and that the value of the reserve should have been aligned with the scheme share valuation of $0.68. Consequently, the Company has adjusted the reserve to reflect this change which has resulted in an additional charge to the reserve of $1,383,594.

27. Trade and other payables

	Group		Company	
	31 Dec 13 $'000	31 Dec 12 $'000	31 Dec 13 $'000	31 Dec 12 $'000
Trade payables	222	1,767	208	1,349
Dividends payable	1,012	9,603	1,012	9,603
Corporation tax, social security and other taxes	10,626	5,816	794	160
	11,860	17,186	2,014	11,112

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

As at 31 December 2013, the main liabilities of the Group are the Corporate Income tax liability at Kounrad for the 12 months ending 31 December 2013. The Group made a net provision for this liability of $8,367,253 (2012: $4,271,306) having paid an amount of $1,302,000 in advance in December 2013.

The Company provided $1,011,446 as an allowance for the accrued dividend on the 15,336,096 shares payable to KR as part of the completion of the Kounrad Transaction. The dividend associated with the remaining 5,875,655 shares for the outstanding 40% transfer of the subsoil use contract of the Kounrad project has been classified as a contingent liability (note 30).

Please refer to note 3 for information on aging of trade and other payables.

28. Provisions for other liabilities and charges

Group	Provisions for Liabilities and Charges $'000
At 1 January 2012	2,139
Change in estimate asset retirement obligation Kounrad	33
Exchange rate difference	(33)
At 31 December 2012	2,139
Change in estimate asset retirement obligation Kounrad	151
Unwinding of discount	219
On acquisition of 40% KCC	1,198
Exchange rate difference	(40)
At 31 December 2013	3,667

The only provision accounted for by the Group is for the asset retirement obligation associated with the mining activities at Kounrad. As a direct result of the increase in ownership of Kounrad Copper company from 60% to 100% on 21 October 2013, the provision has increased to $3,667,292 (2012: $2,138,728).

29. Cash generated from operations

		Group As at 31 December		Company As at 31 December	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Profit/(loss) before income tax including discontinued operations		41,204	14,271	(21,087)	(10,423)
Adjustments for:					
Depreciation	17	4,564	1,329	18	9
Amortisation	18	68	32	–	–
Foreign exchange	16, 20	594	759	(1,111)	(79)
Lost buyer deposit (Ereen)		–	(100)	–	(100)
Gain on re-measuring to fair value the existing interest in KCC on acquisition of control		(27,835)			
Change in provision for doubtful receivables		33	–	–	–
Impairment of Mongolian Intercompany receivables		–	–	13,691	4,756
Impairment of Mongolian intangible assets and investments	20	12,879	–	1,927	–
Impairment of Sary Kazna non-Kounrad interest receivable		–	–	–	3,268
Reversal of intercompany receivable impairment		–	–	–	(1,068)
Share based payments	25	1,588	505	1,588	505
Cash settled share options and EBT shares	25	(482)	–	(482)	–
Finance income	13, 20	(17)	(15)	(391)	–
Finance costs	13, 20	581	361	9	9
Changes in working capital:					
Inventories	22, 20	306	(2,050)	–	–
Trade and other receivables	21, 20	10,444	(2,152)	82	(2,749)
Trade and other payables	27, 20	(2,969)	6,579	(525)	1,078
Movement in provisions	28	122	352	–	–
Transfer of interest in JV		–	8,168	–	–
Cash generated from/(used) in operations		41,080	28,037	(6,281)	(4,796)

30. Contingencies

As at 31 December 2013, the Group had a contingent liability related to the Kounrad Transaction of £235,026, equivalent to $387,511. This is based on the value of the 2013 interim dividend of 4 pence per share which was paid in November 2013 and the agreed consideration of 5,875,655 ordinary shares in the Company for the transfer of the subsoil use contract as part of the Kounrad Transaction. As this element of the Kounrad Transaction had not been completed as at 31 December 2013 it is considered to be a contingent liability and the amount will only be paid on completion of the whole Kounrad Transaction.

31. Commitments

Group	31 Dec 13 $'000	31 Dec 12 $'000
Kazakhstan	737	411
UK	1,095	71
Mongolia	90	103
Total	1,922	585

Group	31 Dec 13 $'000	31 Dec 12 $'000
Property, plant and equipment	178	186
Intangible assets	218	224
Other	1,526	175
Total	1,922	585

At 31 December 2013, amounts contracted for but not provided in the financial statements amounted to $1,922,398 for the Group (2012: $584,960).

32. Dividend per share

The Company announced a dividend policy on 13 December 2012. In line with that policy, the Company paid $14,306,000 in 2013 which consisted of a special dividend of 3.7 pence per share and an annual dividend for 2012 of 7 pence per share.

In November 2013, an amount of $5,432,584 was paid representing a 2013 interim dividend of 4 pence per share. The final dividend in respect of the year ended 31 December 2013 of 5 pence per share will be recommended at the forthcoming Annual General meeting (AGM).

33. Business combination

On 27 June 2013, the Company announced a new framework agreement (the "Agreement") for the acquisition of the remaining 40% of the Kounrad Project. The Agreement superseded the previous arrangements with SAT and more details on the background and history to the Kounrad Project ownership changes can be found within the Chief Executive Officer's Statement within the Strategic Report.

The Agreement will result in CAML obtaining control over the Kounrad Project in two transactions:

- The first transaction ("KCC Transaction") was effected by the transfer of the remaining 40% share capital of KCC from SAT to Mr Kenges Rakishev ("KR"), followed by the subsequent transfer to CAML's wholly owned subsidiary CAML Kazakhstan BV ("CAML BV"), which was registered on 21 October 2013.
- The second transaction ("SUC Transaction") will be effected by the transfer of the remaining 40% economic interest in the subsoil use contract ("SUC") from SAT to KR, followed by a subsequent transfer to CAML's wholly owned subsidiary SK. **The transfer to KR and then to SK remained outstanding as at 31 December 2013.**

The agreed purchase consideration consists of 21,211,751 ordinary shares in the capital of the Company ("CAML Shares") and an entitlement to a cash payment in lieu of any benefits to which KR might have been entitled to had the CAML Shares been issued to KR on the transfer of the KCC interest to CAML BV, rather than on completion, capped at £904,120. In March 2014 the parties to the Agreement recognised that an amount of £848,470 had accrued under this entitlement, and agreed that a further entitlement capped at £1.1 million would accrue to KR. The parties have also agreed to change the longstop date from 31 March 2014 to 30 June 2014. The above cash entitlements are only payable to KR upon the completion of the Kounrad Transaction.

The CAML Shares will be allocated in two tranches, with one tranche of 15,336,096 Ordinary Shares (72.3% of the CAML Shares) for the transfer of the 40% share capital of KCC to CAML BV (the "CAML Shares 1"). The remaining 5,875,655 Ordinary Shares (27.7% of the CAML Shares) for the transfer of the 40% economic interest in the SUC to SK (the "CAML Shares 2").

As part of the Agreement, KR was to be appointed to the CAML Board and this was duly completed on 9 December 2013.

Status of ownership changes as at 31 December 2013
The transfer of the 40% interest of KCC to the Group was registered on 21 October 2013. The SUC Transaction remains outstanding as at the year end, pending receipt of the relevant waiver of the pre-emptive rights and approvals of the Republic of Kazakhstan.

The submission of the relevant documentation for the waivers and approvals to facilitate the transfer to SK was submitted to the relevant authorities on 6 March 2013.

The Agreement stipulated that the whole transaction would be completed by the longstop date of 31 March 2014. At a CAML Board meeting in March 2014, KR indicated that this would not be possible but that a revised longstop date of 30 June 2014 would be achieved. On 28 March 2014, the Company announced the extension to the longstop date.

Upon the completion of both the KCC Transaction and the SUC Transaction there will result in a change in control of the Kounrad Project from joint control to control by CAML. As such an IFRS 3 "Business Combination" will be deemed to have taken place upon completion. The nature of the Kounrad project is such that both KCC and the SUC are interlinked and neither could operate in isolation effectively or commercially. Consequently, it is also felt by management that the acquisition of each entity can be considered to form the parts of a single business combination.

Whilst the SUC Transaction was not complete at 31 December 2013, and will not be accounted for until such time as it is complete, it is apparent from their inter-dependency that both transactions fall under the scope of IFRS 3.

KCC Transaction
Consequently, in accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities based upon their fair values. Management made a preliminary assessment on a provisional basis at the time of the completion but recognise that they may be required to reassess these values within 12 months from the date of acquisition should a material change arise. Any revisions to the provisional values will be reflected as of the acquisition date.

The following table summarises the consideration paid for KCC, the fair value of assets acquired and the liabilities assumed.

Consideration at 21 October 2013	**$'000**
Equity instrument (promise of 15.3m Ordinary Shares)	39,409
Dividends payable	1,012
Total consideration	40,421

Recognised amounts of identifiable assets acquired and liabilities assumed	**Provisional Fair Value $'000**
Cash and cash equivalents	3,293
Property, plant and equipment	29,130
Inventories	1,630
Trade and other receivables	14,342
Trade and other payables	(3,941)
Other liabilities and charges	(4,033)
Deferred tax liabilities (note 36)	(9,278)
Total identifiable net assets	31,143
Purchase consideration	40,421
Provisional goodwill	9,278

Goodwill arising on acquisition comprises $9,278,000 being the amount, calculated in accordance with IFRS, to recognise a deferred tax liability on the difference between the provisional fair value of newly consolidated assets and liabilities and their tax base. The goodwill is not deductible for tax purposes.

The fair value of the 15,336,096 Ordinary Shares promised as part of the consideration paid for the 40% share capital of KCC was determined based on the published share price on the date of registration, 21 October 2013. An equity instrument of $39,408,839 was recognised within other reserves recorded by the Group to recognise its promise to issue the shares on completion of the Kounrad Transaction. A further amount of $1,011,446 in lieu of the agreement to pay the interim dividend to KR was accrued within the Group and Company liabilities (note 27).

Acquisition related costs of $221,264 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2013.

The Group recognised a gain of $27,835,000 as a result of measuring at fair value its 60% equity interest in KCC held before the business combination. The gain is included in other income, as a line item "Gain on re-measuring to fair value the existing interests in KCC on acquisition of control", in the Group's income statement for the year ended 31 December 2013. The fair value uplift applied to the assets acquired as part of the transaction has all been applied to the plant and equipment of KCC resulting in an uplift of $46,392,000 to the carrying value.

The revenue included in the consolidated statement of comprehensive income since registration of the transfer of the 40% interest in KCC on 21 October 2013 and contributed by KCC was $20,183,301. KCC also contributed profit of $10,265,727 over the same period.

Had KCC been consolidated from 1 January 2013, the consolidated statement of income would show pro-forma revenue of $72,186,537 and profit of $49,836,183.

SUC Transaction – not completed as at 31 December 2013

Given that the SUC Transaction had not been completed at the year end, it continues to be accounted for as a jointly controlled asset. The acquisition of the remaining 40% economic interest in the SUC will also be accounted for in accordance with IFRS 3 once completion occurs. This is expected during the first half of 2014.

As at 31 December 2013, It was estimated that a gain of $14,052,000 would have been recognised as a result of measuring at fair value the Group's 60% economic interest in the SUC held prior to the business combination had it occurred at that date. As with the KCC Transaction, this will be recognised in other income in the Group's income statement on the date of completion.

34. Events after the reporting period

KZT devaluation

On 11 February 2014 Kazakhstan's Central Bank decided to stop supporting the Tenge exchange rate and decrease currency interventions. As a result, the exchange rate of the Tenge (KZT) depreciated to 185 KZT for 1 US dollar (USD), approximately 20% compared to the rate used for 31 December 2013 accounting purposes.

Whilst no adjustment to the accounts has been made to reflect this devaluation, it is worth noting that the impact on the results as at 31 December 2013 was an effective reduction in the Kazakhstan corporate income tax (CIT) and mineral extraction tax (MET) liability of approximately $1.9 million based on the revised exchange rate offset by an effective reduction in the outstanding VAT receivable balance of approximately $1 million.

At the Group level it is also worth noting that the devaluation will impact on the net asset position of the Group in future reporting periods. A devaluation impact on the net assets of $41.9 million denominated in KZT as at 31 December 2013 is 20% or $8.4 million.

Kounrad Transaction

Whilst the SUC Transaction remained outstanding at the year end, the submission of the relevant documentation for the waivers and approvals for the transfer to SK was submitted to the relevant authorities on 6 March 2014.

In March 2014 the parties to the Agreement recognised that an amount of £848,470 had accrued under the original cash entitlement, and that a further entitlement capped at £1.1 million could accrue to KR. The parties have also agreed to change the longstop date from 31 March 2014 to 30 June 2014. The above cash entitlements are only payable to KR upon the completion of the Kounrad Transaction.

Whilst the SUC Transaction was not complete at 31 December 2013, and will not be accounted for until such time as it is complete, it is apparent from their inter-dependency that both transactions fall under the scope of IFRS 3 (notes 2 and 33).

35. Related party transactions

The Group had the following related party balances and transactions during the year ended 31 December 2013. 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:

Amounts receivable based on the Kounrad Transaction

	31 Dec 13 $'000	31 Dec 12 $'000
CAML Kazakhstan BV		
Current portion	30,000	–
Non-current portion	11,216	–
Total	41,216	–

On 21 October 2013, the transfer of the remaining 40% in Kounrad Copper Company LLC was registered. The acquisition was registered under the ownership of CAML Kazakhstan BV which is a 100% controlled subsidiary of the Company. The agreed consideration for the acquisition was 15,336,096 Ordinary Shares in the Company and the value of the 2013 interim dividend associated with those shares. The dollar equivalent of the consideration as at 21 October 2013 is $40,421,000, which is at year end USD/GBP closing rate equates to $41,216,433.

Directors' Remuneration, EBT shares and options

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

Group	2013 Basic salary/fees $	2013 Annual Bonus $	2013 Benefits in kind $	2013 Total $	2012 Total $
Executive Directors:					
Nick Clarke	406,695	406,695	5,527	818,917	1,005,663
Nigel Robinson	258,095	258,095	10,152	526,342	771,128
Howard Nicholson	258,095	258,095	3,641	519,831	878,788
Non-Executive Directors					
Dr Michael Price	70,389	–	4,794	75,183	67,648
Nigel Hurst-Brown	70,389	–	–	70,389	63,391
Robert Cathery	54,747	–	–	54,747	47,544
Nurlan Zhakupov	54,747	20,000	–	74,747	47,544
Kenges Rakishev	5,214	–	–	5,214	–
Directors' emoluments	1,178,371	942,885	24,114	2,145,370	2,881,706

The emoluments of the highest paid Director totalled $818,917 in 2013 (2012: $1,005,663). Details of the Directors' interests in the Ordinary Shares of the Company are set out in the Governance Report and below. 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 2013 Number	As at 31 Dec 2012 Number
CN Hurst-Brown	250,543	250,543
M A Price	300,543	300,543
N Clarke	1,342,887	1,342,887
H Nicholson	446,715	646,715
N Robinson	646,715	646,715
Total Directors' Interests	2,987,403	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 2013 the Company awarded the following New Scheme options to the Directors of the Company (note 26).

Group	24 Jul 13 Number	08 May 12 Number
Nick Clarke	110,403	219,298
Nigel Robinson	70,063	164,473
Howard Nicholson	70,063	164,473
Nurlan Zhakupov	–	100,000
Total	250,529	648,244

Kounrad Transaction

Mr Kenges Rakishev ("KR") will become a major shareholder of CAML upon completion of the Kounrad Transaction. He was appointed to the CAML Board on 9 December 2013. As a consequence, KR must be considered a related party in any dealings he has with the Group.

Whilst the SUC Transaction completes, KR has a 40% interest in the licence associated with that operation. As far as the Group is aware, the Group does not have any other dealings with companies associated with KR. As part of the obligations on KR for completing the Kounrad Transaction, he will be required to sign a relationship agreement with CAML setting out the terms of the relationship between KR and the Group.

As part of KR's business interests outside of the Kounrad Transaction and his dealings with the Group, KR recently announced the proposed acquisition of a 46.5% share in BTA Bank JSC. At the same time as this announcement by KR, JSC Kazkommertsbank also announced the proposed acquisition of a 46.5% interest in BTA Bank JSC. The Group uses the facilities of JSC Kazkommertsbank within Kazakhstan for normal day-to-day banking.

Other Related Parties

As at 31 December 2013, all the intercompany loans together with all the outstanding interest receivable from both Sary Kazna LLP and Kounrad Copper Company LLP had been fully repaid.

As at 31 December 2013, $10,315,600 of intercompany loans and management fee receivable with the Mongolian subsidiaries had been written off during the 12 month period as part of the Group impairment testing (2012: $4,327,306) together with a further $3,375,576 of interest receivable (2012: $428,935).

The Company also received interest income during the year of $391,348 (2012: $2,836,988) and management fee income from Sary Kazna LLP of $60,000 (2012: $60,000).

36. Deferred income tax

Group

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

	Group				
	At 1 January 2013 $'000	Acquisition $'000	Currency translation differences $'000	Credited to income statement $'000	At 31 December 2013 $'000
Other timing differences	(272)	(179)	11	66	(374)
Deferred tax liability on fair value adjustment	–	(9,278)	–	–	(9,278)
Tax losses	–	–	–	–	–
Deferred tax liability, net	(272)	(9,457)	11	66	(9,652)
Reflected in the balance sheet as:					
Deferred tax assets	–	–	–	–	–
Deferred tax liabilities	(272)	(9,457)	11	66	(9,652)
Deferred tax liability, net	(272)	(9,457)	11	66	(9,652)

A deferred tax liability of $9.3 million has been recognised in respect of the Kounrad Copper Company LLP acquisition that occurred in the year (2012: nil). The net assets of KCC were recognised in the consolidated financial statements at their fair values at the date of acquisition. The tax base of the individual assets and liabilities remains the same as the pre-acquisition tax base as the transaction is considered to be non-taxable. A taxable temporary difference arises as a result of the acquisition of the long term assets where the carrying amount is increased to fair value at the date of acquisition but its tax base remains at cost.

The deferred tax liability arising from this taxable temporary difference is recognised in the consolidated financial statements to reflect the future tax consequences of recovering the long term assets recognised at fair value. The resulting deferred tax liability affects goodwill.

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

The Group did not recognise other potential deferred tax assets arising from losses of $4.5 million (2012: $2.1 million) as there is insufficient evidence of future taxable profits. Unrecognised losses can be carried forward indefinitely.

At 31 December 2013, the Group had other deferred tax assets of $4.9 million (2012: $3.5 million) in respect of the exploration assets pool, depreciation, share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries at 31 December 2013 and 2012, respectively.

Company

At 31 December 2013 and 2012 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2013, the Company had not recognised potential deferred tax assets arising from losses of $2.2 million (2012: $1.1 million) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2013, the Company had other deferred tax assets of $4.9 million (2012: $3.5 million) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

Directors, Secretary and Advisers

Board of Directors
Nigel Hurst-Brown, Non-Executive Chairman
Nick Clarke, Chief Executive Officer
Nigel Robinson, Chief Financial Officer
Howard Nicholson, Technical Director
Robert Cathery, Non-Executive Director
Dr Michael Price, Non-Executive Director
Nurlan Zhakupov, Non-Executive Director
Kenges Rakishev, Non-Executive Director

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Kazakhstan

Mongolia
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