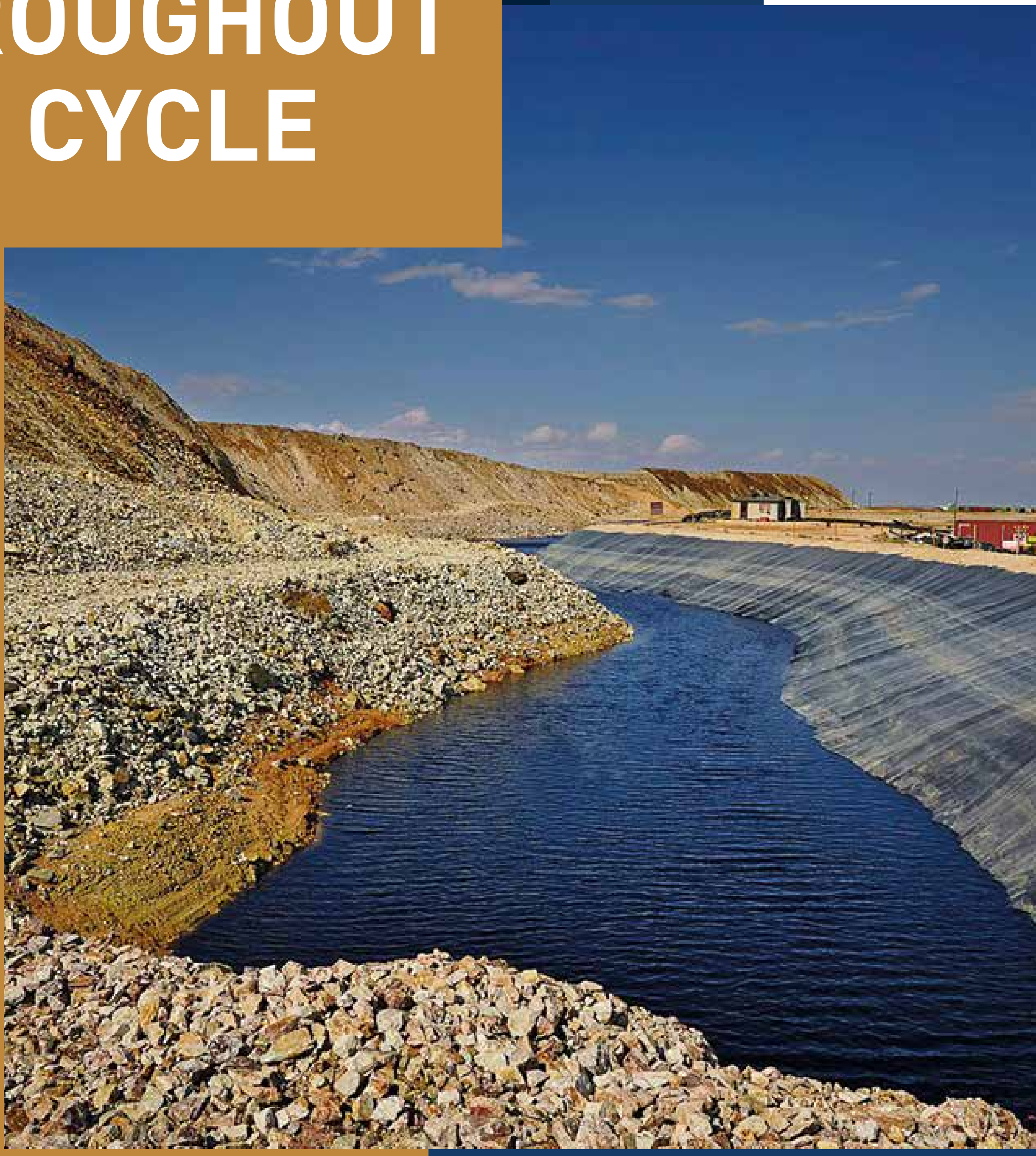
Annual Report and Accounts 2015

DELIVERING THROUGHOUT THE CYCLE



CENTRAL ASIA METALS PLC ("CAML") IS AN AIM LISTED COPPER PRODUCER WITH OPERATIONS IN KAZAKHSTAN AND CHILE

With our low cost copper operation combined with strong technical management, we are well placed to sustain our cash generative business and to continue to deliver value to our shareholders.

SUSTAINABLE OPERATIONS

Increased copper output year on year since operations commenced at Kounrad in 2012. 2016 production guidance of 13,000 to 14,000 tonnes.

HIGH STANDARDS

High standards in operations, corporate governance, and Corporate Social Responsibility ("CSR").

RETURNS

Returns to shareholders now exceed cash raised at IPO. Robust dividend policy based on minimum return of 20% of gross revenues.

ANOTHER STRONG FINANCIAL AND OPERATIONAL PERFORMANCE IN 2015

Operational highlights

- Copper production of 12,071 tonnes, an increase of 8.4% vs. 2014 (11,136 tonnes)
- Copper sales of 12,040 tonnes, an increase of 7.9% vs. 2014 (11,163 tonnes)
- Kounrad – Stage 1 Expansion of SX-EW plant commissioned on time and under budget
- Kounrad – Stage 2 Expansion to access the western dumps on track for production in 2017
- Copper Bay – Additional $3 million investment, increasing shareholding to 75% to fund Definitive Feasibility Study

Financial highlights

Dividends*

Significant returns to shareholders, all cash raised at IPO returned

12.5p

15	12.5p
14	12.5p
13	9.0p

* Includes 2015 final proposed dividend

C1 cash cost*

Production costs remain in lowest quartile

$0.60/lb

15	$0.60/lb
14	$0.62/lb
13	$0.66/lb

* Industry basis see page 23

Group EBITDA

Impacted by fall in copper price

$34.9m

15	$34.9m
14	$47.3m
13	$32.4m

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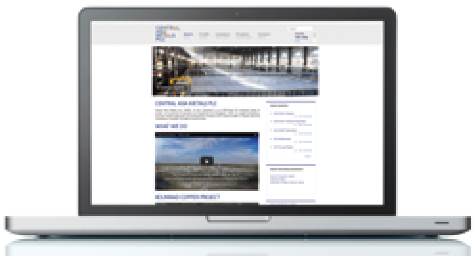

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SUSTAINABLE PRODUCTION

With our low cost, dependable copper production from the Kounrad SX-EW plant in Kazakhstan, we are well positioned to continue returning cash to shareholders, progress our Copper Bay technical studies and maintain our business development activities.

What we do

CAML is a copper producer with a solvent extraction electro-winning ("SX-EW") production plant in Kazakhstan. We have operated this plant for four years and guidance for 2016 is for copper cathode production of 13,000 to 14,000 tonnes. We have invested in Copper Bay, and now have a 75% interest which is advancing its project in Chile through technical studies.

Kounrad – Kazakhstan

CAML owns 100% of the Kounrad SX-EW copper recovery plant at the Kounrad mine site in Kazakhstan. This facility recovers copper from dumps that originated from the open-pit copper mine, and is located near the city of Balkhash in central Kazakhstan.

The JORC compliant resources at Kounrad are estimated to be in excess of 600,000 tonnes of contained copper, of which 27% are situated in the eastern dump area and the remaining 73% are situated in the western dump area. In total, it is estimated that over 250,000 tonnes of copper is recoverable over the life of the operation of which 40,302 tonnes has been recovered to the end of December 2015.

Since the commencement of leaching operations in April 2012, the focus of activity has been on the eastern dump area. The Stage 2 Expansion, which is currently underway, will extend the life of the mine to 2034 as it will enable the resource from the western dumps to be leached and processed.

The SX-EW processing plant produces copper cathode, and the metal is delivered from the Kounrad site by rail and sea to the end customers, predominantly in Turkey.

Copper Bay – Chile

Copper Bay is a private company in which CAML has a 75% interest and owns 100% of the project at Chañaral Bay, in the Atacama region of Chile, some 1,000km north of Santiago. The total estimated mineral resources are 124,000 tonnes of contained copper.

Between 1938 and 1975 the Potrerillos and later the El Salvador copper mines, disposed of tailings 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 now sit in the bay and on the beach at Chañaral, covering an area of 13km^2.

On 30 June 2015, CAML exercised its right to invest a further \$3 million to increase its shareholding in Copper Bay from 50% to 75% following the completion of the Pre-Feasibility Study ("PFS"). The PFS examined the viability of reclaiming and processing the copper tailings to produce copper cathode and copper concentrate. The Definitive Feasibility Study ("DFS") is underway and should be concluded in Q4 2016.

Estimated copper to be recovered

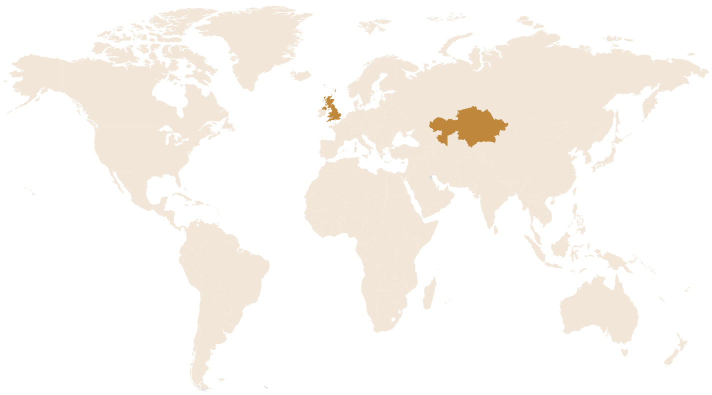
210,000t

Estimated life of project

> 15 years

For more information see:
Operational review on page 14

Where we operate



Our strengths

▲ **A profitable, sustainable business with a strong balance sheet**
Delivered 2015 EBITDA of $34.9 million whilst sustaining high EBITDA margins of 52%, despite continued low copper prices. $42.0 million cash and no debt.

▲ **A low cost copper producer**
Continued focus on operational and capital cost discipline to maintain position in lowest quartile of industry cost curve. C1 cash costs reduced year-on-year since 2013.

▲ **Dependable dividends**
One of the few AIM listed mining companies paying a regular dividend, having already returned to shareholders over 100% of the funds raised at IPO.

▲ **Achieve high CSR standards**
Proactive environmental monitoring and remediation programmes at Kounrad. Continued hands-on engagement in community projects and strong focus on local recruitment and training at Kounrad.

▲ **Our people**
Strong Board with in excess of 100 years mining experience. Highly skilled and motivated workforce at Kounrad, with only one full time expat employee.

2015 record production

12,071t

2015 C1 cash cost*

$0.60/lb

* Industry basis see page 23

Cash balance

$42m

at 31 December 2015

Our employees

c.300

A SUCCESS STORY

Copper production at Kounrad commenced in 2012 and since then the plant has produced over 40,000 tonnes of copper. Total cash returned to shareholders now exceeds the $60 million in funds raised at IPO in 2010.

The key milestones for the Company since IPO are shown below.

2010

IPO raised
$60m

2011

Kounrad
$39m
SX–EW plant construction

2012

Production
6,586t
produced in first 8 months

Dividend
10.7p

2013

Production
10,509t
first full year production

Dividend
9p

Copper Bay Chile
$3m
investment

2014

Production
11,136t

Dividend
12.5p

Kounrad
100%
ownership CAML

Stage 1
Expansion
commenced

2015

Production
12,071t

Dividend
12.5p

Kounrad
$13m
Stage 1 Expansion completed

IPO Funds
100%
returned to shareholders

2016

Production
13,500t*
* guidance 13,000t to 14,000t

Dividend
≥20%
gross revenue

Kounrad
$19.5m
Stage 2 Expansion

Copper Bay
$3m
DFS underway

Continued business development

Future

RETURNS

SUSTAINABLE OPERATIONS

HIGH STANDARDS

POSITIONING OURSELVES FOR THE FUTURE

DEAR SHAREHOLDERS

Key achievements

Over nine years ago, in December 2006, I was appointed the Chairman of Central Asia Metals Limited, a small privately owned resource company with six projects in various stages of development across Mongolia and Kazakhstan. The Company has come a long way since then through to the Initial Public Offering ("IPO") and listing on the AIM market ("AIM") of the LSE in 2010 and the subsequent commencement of copper cathode production at Kounrad in 2012.

During 2015, the Company reached a notable milestone and returned over 100% of the funds raised at IPO to shareholders with the announcement of the 2015 interim dividend. In addition, we reported record copper cathode production and completed the Stage 1 Expansion at Kounrad during the period. Delivery of the Stage 2 Expansion is a primary objective for 2016 and further to our Chilean investment in Copper Bay, we are also looking at expanding the business where we see an opportunity to create value for our shareholders. Further details on the key achievements during the year are set out in the Chief Executive Officer's Statement on pages 8 and 9.

We have now established ourselves as one of the top performers on AIM with a profitable copper project at Kounrad, strong balance sheet and a robust dividend policy. I am extremely proud of our achievements since I became Chairman and want to thank all of our people and the management team in particular for their hard work.

Board changes

After nine years, I feel it is appropriate for me to step down from the role of Chairman. In order to provide continuity, I will remain as a Non-Executive Director in the role of Deputy Chairman.

Not only am I delighted to be staying with the Company and on the Board, but I am also pleased to advise you that Nick Clarke, our current Chief Executive Officer, will be assuming the role of Executive Chairman. This appointment will provide further continuity given Nick's close relationship with our shareholders and his key involvement in the Company's IPO and subsequent successful transition through to profitable production.

Due to personal reasons, Howard Nicholson, our Technical Director, will be stepping down from the Board. Howard will remain with the Company and will be focussed on delivering the western expansion programme at Kounrad as well as ensuring the continued strong operational performance of the project. Howard's exceptional technical expertise and leadership of the local team has been instrumental in the successful development of the Kounrad project. We are pleased that Howard will remain with the Company and we wish to express our gratitude for his continued dedication.

As we look to grow the business, we will be appointing Gavin Ferrar, our existing Business Development Director, to the Board to oversee this aspect of the Company's strategy.

During 2015, we further strengthened the CAML Board with the appointment of Roger Davey. Roger is an experienced mining engineer with over 45 years of experience in the industry and we are delighted to secure his services.

I trust that as shareholders you will support the above changes and recognise that they further strengthen the Board and management of the Company.

All the above appointments and changes will take effect at conclusion of the forthcoming Annual General Meeting ("AGM") on 8 June 2016.

We remain focussed on the success of our operations for all of our stakeholders and we provide more details on corporate governance on pages 36 to 47.

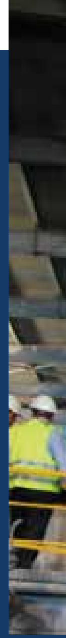
Nigel Hurst-Brown
Chairman

Nigel Hurst-Brown
Chairman

MAXIMISING SHAREHOLDER VALUE

We have now returned to shareholders over 100% of the $60 million raised at IPO five years ago. With the proposed 2015 final dividend of 8 pence per share, total returns to shareholders since commencement of operations in 2012 represents 31% of the gross revenue generated.

Nick Clarke
CEO



30 September 2015 marked the fifth anniversary of CAML joining the AIM market of the London Stock Exchange and we have accomplished a great deal since that time. The success we have achieved is the result of the skill and hard work of every one of our employees and I thank them for their contributions over the past five years.

At IPO, the Company raised $60 million and soon thereafter started construction of the Kounrad SX-EW plant which was completed on time and under budget. Since production commenced in April 2012, the plant has produced 40,302 tonnes of copper at an average C1 cash cost of $0.63/lb based on the industry definition as explained on page 23. This low cash cost of production has enabled the Company to pay back to shareholders via share buy-backs and dividends over $73 million including the proposed 2015 final dividend of 8 pence per share. This was a notable milestone for the Company and one of which we are extremely proud.

It is all the more pleasing that these achievements have been made in the current challenging market conditions where the copper price fell to a six-year low of approximately $4,500/t during 2015. Whilst the commodity price environment is outside our control, CAML's low cash costs at Kounrad gives us the resilience to weather a prolonged commodity downturn. The current market conditions are challenging for all mining companies, many of whom, we note, have cut or suspended dividend payments.

Kounrad operations – record production in 2015

During the year, we reported record copper cathode production of 12,071 tonnes (2014: 11,136 tonnes) representing an 8.4% increase year on year.

Our continued focus on cost control together with the devaluation of the Kazakh Tenge against the US Dollar since August 2015, has maintained Kounrad's position in the lowest quartile of the industry cash cost curve. 2015 C1 cash costs were $0.60/lb (2014: $0.62/lb) representing a 3% decrease year on year.

The production incident we reported in June 2015 impacted adversely on our 2015 production, but nonetheless we have still managed to increase our output compared to 2014. To 31 December 2015, the Kounrad SX-EW plant had been in operation for 44 months at an average utilisation rate of 98.5% and produced 40,302 tonnes of copper, and this was the first such major interruption to operations.

The Company has an established presence in Kazakhstan and since the start of commercial operations at Kounrad, has paid $68 million in various taxes to the Kazakhstan authorities. We have contributed close to $1 million towards social programmes and the local community and currently employ approximately 276 staff, the majority of whom have been recruited locally.

Regrettably, after three years of production at Kounrad with an exemplary health and safety record, we experienced our first major accident in July 2015. The accident resulted in injuries to two employees, both of whom have received the appropriate medical treatment and were given all of the necessary support to ensure a swift recovery. Detailed internal and external investigations were undertaken to ensure that the risk of a similar accident is minimised.

Total copper produced

40,302t

at 31 December 2015

Total returns to shareholders

31%

of gross revenues since IPO

Kounrad – Stage 2 Expansion programme underway

In November 2015, the Ministry for Investment and Development of the Republic of Kazakhstan approved an amendment to the project's existing Subsoil Use Contract ("SUC"). This approval gives CAML the right to exploit the copper contained in the western dumps with commencement of production scheduled in 2017.

The procurement of materials and equipment for the Stage 2 Expansion is now underway, with the programme's capital cost remaining within the $19.5 million estimate. The construction works will be executed primarily by Company personnel.

Whilst a formality, this State approval offers a clear indication of the Kazakhstan government's readiness to support foreign investors, and enabled CAML to fully commit to the second phase of the Kounrad project's expansion. The successful commissioning of the additional SX-EW facilities in 2015 has already had a positive impact on our unit cost of production, and I have full confidence in our team at Kounrad successfully completing this next stage of the projects' development in a diligent and timely manner.

Copper Bay – Definitive Feasibility Study ("DFS") in progress

In June 2015, we announced that we had increased our shareholding in the Copper Bay project in Chile to 75%, following an additional investment of $3 million. These funds are being used for the DFS that is currently underway, which will provide more accuracy and confidence regarding all aspects of the project. The DFS should be completed in late 2016.

CAML management will continue to monitor the future technical and economic viability of the project based on the outputs of the DFS and the prevailing copper market environment.

Outlook and growth opportunities

We will focus our efforts on maintaining our low cash costs and meeting our 2016 production target of 13,000 to 14,000 tonnes. Consistent monitoring and analysis of the copper leaching rate since production commenced in April 2012 indicates that the recovery of copper from the dumps is taking slightly longer than originally projected. The Company remains confident of producing the same total tonnage of copper from the Kounrad resource as previously estimated, thereby extending the life of the operation beyond 2030.

Delivery on time and within the capital budget of the Stage 2 Expansion programme at Kounrad is a primary objective for 2016. Further to our investment in Copper Bay, we continue to look for only the very best investment opportunities to create value for our shareholders. With CAML's strong balance sheet, the Company is confident that it has sufficient funds available to finance the dividend policy, complete the capital expansion at Kounrad and provide the Company with the financial flexibility to support the growth of the business.

Nick Clarke
Chief Executive Officer

MAINTAINING FOCUS ON CORE STRENGTHS

Our strategy is to produce copper from low cost and cash generative operations throughout the commodity cycle to ensure that we can consistently return cash to shareholders.

Strategy and Objectives	Achievements in 2015	2016 priorities
Extracting maximum value from our Kounrad operation – expansion and optimisation	Kounrad Stage 1 Expansion programme commissioned ahead of schedule and under budget. 2015 record production of 12,071 tonnes.	Completion of the Kounrad Stage 2 Expansion for scheduled production in 2017 on time and within budget.
Focus on maintaining low production costs	All CAML employees committed to maintaining position in lowest quartile of cost curve. – 2015 C1 cash costs of production of $0.60/lb (industry basis) – 2015 fully inclusive unit costs of $1.58/lb	Continued focus on operational and capital cost discipline in current challenging commodity price environment.
Maintain high CSR standards	Spent $0.5 million on a programme of drilling and the installation of monitoring boreholes at Kounrad. Contributed $0.3 million to social programmes with a special emphasis on health and education.	Continue drilling programme of boreholes and active engagement with the local community. Ensure the risk of accidents are minimised.
Increase shareholder value	Proposed 2015 final dividend will bring the total cash returned to shareholders to over $73 million. Additional $3 million investment in Copper Bay.	Regular review of business opportunities with a view to maximising future growth and diversifying our asset base. Ensure balance sheet is not compromised by seeking the best possible investment opportunities.

For more information see:
Principal risks and uncertainties on page 34

KPIs		Principal risks and uncertainties
Tonnes produced 12,071t 15: 12,071t 14: 11,136t 13: 10,509t	**Plant availability** 99.1% 15: 99.1% 14: 98.7% 13: 99.3%	■ Operational
C1 cash cost (industry basis) $0.60/lb 15: $0.60/lb 14: $0.62/lb 13: $0.66/lb	**Fully inclusive** $1.58/lb 15: $1.58/lb 14: $1.65/lb 13: $1.43/lb	■ Operational ■ Financial
Boreholes drilled in 2015 100+	**Lost time injuries in 2015** 2	■ Safety, social and environmental
Dividends 12.5p 15: 12.5p 14: 12.5p 13: 9.0p		■ Corporate ■ Financial

WELL POSITIONED IN CHALLENGING MARKET CONDITIONS

Kazakhstan country statistics

- Ninth largest country in the world by area; equivalent to Western Europe in size
- Largest economy in Central Asia
- Mining accounts for c. 30% of the GDP
- 2015 GDP growth 1.2%
- 2015 Kazakh Tenge devaluation 85%

During 2015, copper prices fell by 28% to a six-year low, however, as a low cost producer we are able to maintain our profitability.

Focused on copper

During 2015, copper prices dropped to their lowest level since 2010. As demand for copper has declined over the past 18 to 24 months, the increased levels of output from copper mines which commenced development several years ago, is now having a negative impact on the price.

After falling even lower in 2016, the copper price appears to have stabilised between $4,500 and $5,000/t. However, there remains considerable caution in the market place over the extent of possible further price falls in the next two to three years. Most analysts are expecting a surplus for this period as demand slowly recovers and production is realigned to the revised demand.

Despite the bearish sentiment for the short to medium term, the longer-term outlook appears healthier with a consensus view that copper supply is set to decline significantly with mine closures, falling ore grades and potential delays in new projects caused by the current economic situation. Copper ore grades are expected to decline by up to 17% over the next decade. Indeed, it has been estimated that copper supply may reduce by as much as 400,000 tonnes in each of the five years from 2017 onwards.

Strong CAML share price performance

During 2015, CAML's share price performed strongly against the FTSE 350 Mining Index which was adversely impacted by falling commodity prices.

Management believes CAML's low production cost, dividend payments and strong management team were key pillars for the strong performance of the shares.

The graphs on page 13 show CAML's share price performance against the FTSE 350 Mining Index and the copper price over the course of the year.

Kazakhstan's economy

Kazakhstan is primarily a US Dollar economy with c. 80% of GDP related to natural resources and consequently the country's economy was adversely impacted by the drop in commodity prices during 2015.

During the second half of 2015, Kazakhstan's currency, the Tenge ("KZT") devalued against the US Dollar by 85%, following the path of neighbouring countries whose economies are heavily dependent on tax receipts from commodities. The average 2015 exchange rate was 222 KZT/USD compared to an average rate of 179 KZT/USD in 2014. As at 31 December 2015 it had devalued to 340 KZT/USD compared to 188 KZT/USD only four months previously in August 2015.

The functional currencies of the Group's Kazakhstan based subsidiaries is the Tenge and the devaluation has resulted in a number of foreign exchange impacts on the Group financial statements which are explained in the Financial Review section.

With regard to the worsening economic situation, the Kazakhstan Government has responded with a number of initiatives to try to help stimulate the economy. These range from a widespread planned privatisation programme to some fundamental proposals for changes in the law as a means of attracting foreign investment into the country. Indeed, the Kazakhstan president, Nursultan Nazarbayev, visited the UK recently with a view to strengthening trade relationships and reviewing the planned privatisation programme.

Whilst there has been a desire on the part of Government to contain any inflationary pressures caused by the devaluation, it would appear that price rises for many goods and services are starting to occur. The National Bank of Kazakhstan official rate of inflation for 2015 was published at 13.6%, which already represents a 7% increase from 2014 and with only effectively four months of the devaluation factored into the calculations. Indeed, some local prices have anecdotally increased by in excess of 30% since August 2015.

The financial impact of the devaluation on the Group has seen a reduction in the cost base given that approximately 60% of the total cost base in Kazakhstan is denominated in the local currency. It is expected that some of the immediate cost benefits will be eroded as inflationary pressures take hold during 2016.

CHALLENGING MARKET WITH COPPER PRICE AT A SIX YEAR LOW

2015 average LME copper price/tonne

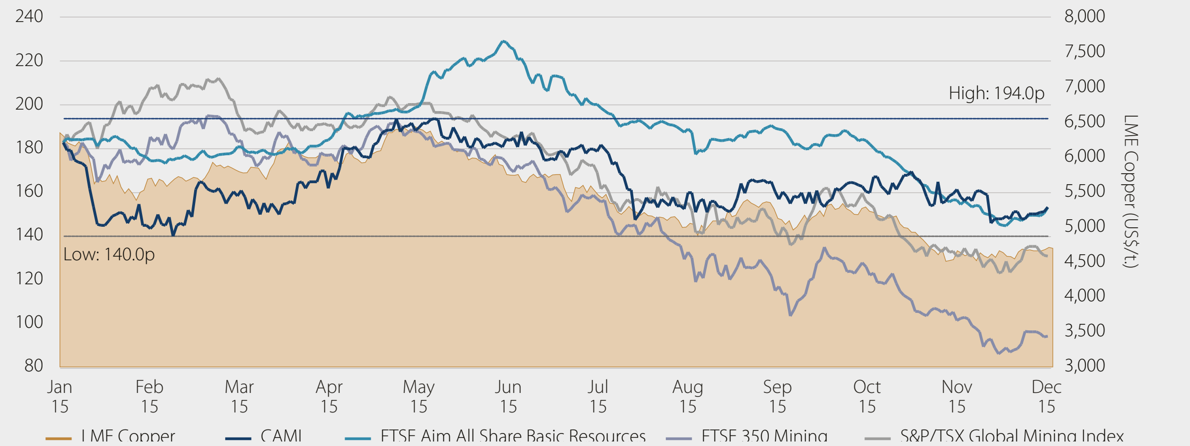
$5,458

Kazakh Tenge

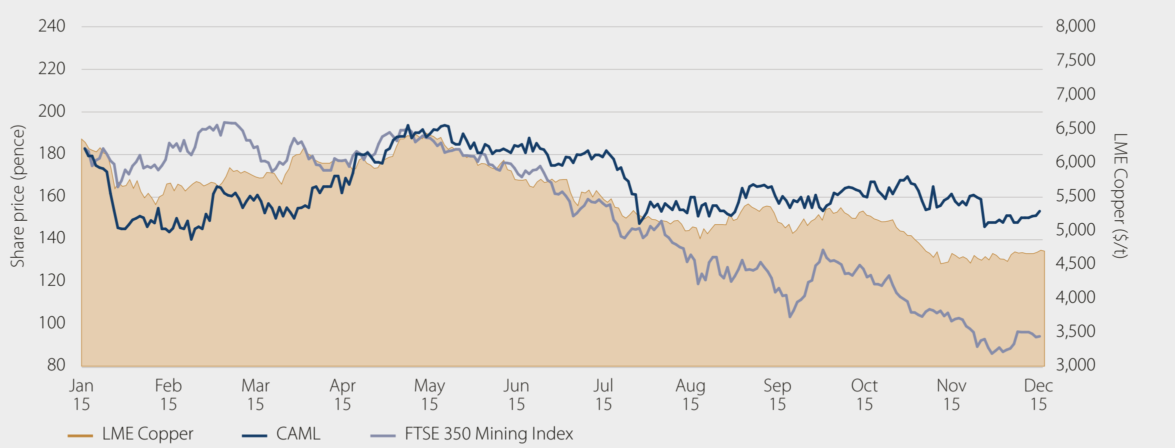
85%

Devaluation

Copper price & Tenge



Share price



KOUNRAD

As at 31 December 2015, the Kounrad SX-EW plant has been in operation for over three and a half years following the initial production of copper cathode in April 2012. Since that time, the plant has produced 40,302 tonnes of copper cathode and plant availability has averaged 98.5%. The operation now employs 276 personnel of which 99% have been recruited and employed from the local area.

Record annual production

12,071t

(2014: 11,136t)

2015 plant availability

99.1%

(2014: 98.7%)

Leaching operations

A total of 12,071 tonnes of copper cathode were produced in 2015 which represents an 8.4% increase on 2014.

During 2015, we continued our leaching operations in the eastern area of the Kounrad project. As at 31 December 2015, we had recovered just over 90% of the planned recoverable copper from dumps 6, 7 and 9-10 with an estimated further 4,000 tonnes of recoverable copper to be extracted during 2016 from these dumps.

From operational experience gained by the site management team since start-up, it is now understood that the leaching cycle is somewhat longer in duration than originally envisaged. As a result, all three of these dump areas began to enter the slower phase of the leach recovery curve during 2015.

At the beginning of August 2015, we commenced our initial leaching operations on dump 5. This dump is the largest and highest of the dumps in the eastern area with an estimated 67,000 tonnes of contained copper but with a lower leach recovery of 42%, resulting in around 28,000 tonnes extractable. As we progressed our leaching operations onto dump 5, we moved further away from the SX-EW plant and were irrigating material almost 3km away from the processing plant.

Dump 5 is 25m higher than dump 9-10, thus requiring an increased pumping pressure to reach it. This increased pumping pressure will also be required when operations move to dump 2 and so a booster pump station was commissioned at the junction of dumps 7 and 5 to ensure required volumetric flow rates were achieved. The first block of material to be leached on dump 5 required a pre-soak volume estimated at about 65,000m^3 of solution, which presented a challenge in respect of the water balance flows through the system but which was successfully implemented by the operations team.

The extra heating capacity generated by the two additional 2.8MW boilers installed in late 2014 enabled the winter flow rates to increase from an average 514m^3/hr for 2013/2014 to 774m^3/hr for 2014/2015.

Towards the end of the year all of the areas under irrigation were on dump 5, with two reserve blocks on dump 7 held as stand-by from the previous winter leaching cycle of 2014. The operations team continue to learn about the solution return flow paths, speed of return and the pregnant leach solution ("PLS") grades from the eastern dumps as the distance from the plant increases. Whilst the overall recoveries appear to be very much in line with the feasibility study predictions from 2010, the rate of recovery of copper from the dumps is taking slightly longer than originally projected, particularly in the final quartile of the curve.

Kounrad resource statement

Dump	Approx area (Hectares)	Contained copper (Tonnes)	Estimated recoverable copper (Tonnes)
Eastern dumps	308	168,000	80,000
Western dumps			
Dumps 15-16	74	247,000	94,000
Dump 1	408	93,000	35,000
Dump 21	55	42,000	16,000
Dump 22	108	54,000	21,000
Others	96	10,000	4,000
	741	446,000	170,000
Total	**1,049**	**614,000**	**250,000**

Prepared by WAI in accordance with the JORC Code 2004. Resources are indicated and inferred.

SX-EW plant operations

During the first quarter of 2015, the plant produced approximately 445 tonnes more copper than the corresponding period in 2014 despite a decrease in the average PLS grade from 2.03gpl to 1.54gpl copper. The increased output was a result of the higher solution flows that the plant was able to process due to the increased boiler capacity.

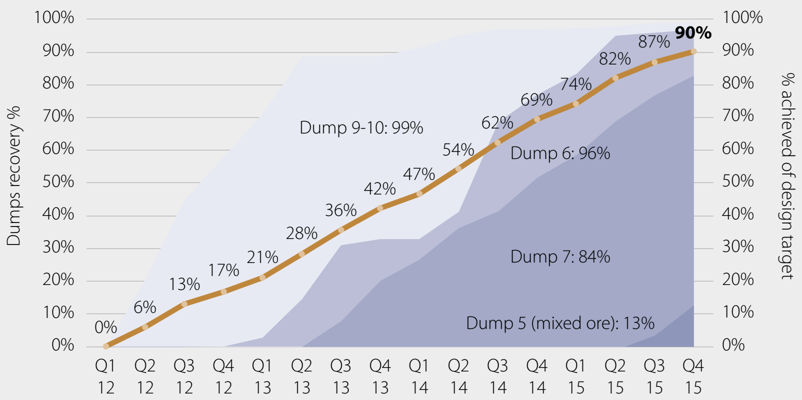
With the start of commissioning the fourth mixer-settler unit (part of the Stage 1 Expansion) in late April and through May, the PLS flow rate was increased to a level of 1,059m^3/hr, representing a 22% increase over the same period in 2014.

In late June 2015, an incident occurred on the new mixer-settler resulting in the loss of around a third of the organic reagent from the SX processing circuit. Consequently, this resulted in the outflow and irretrievable loss of organic inventory to the dumps. Steps have now been taken to eliminate the possibility of this occurring again.

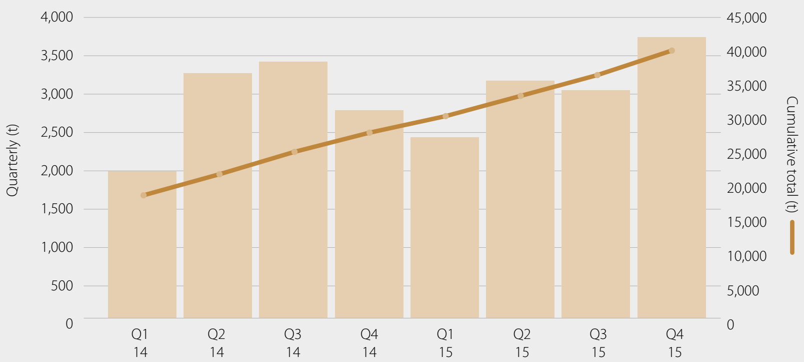
The loss of the organic inventory meant that solution flows into, and hence copper output from the SX-EW plant, was reduced until such time as the inventory could be replenished from European sources of reagent stocks. This resulted in the reduction of the production guidance by almost 1,000 tonnes for the year. In mid-September 2015, the operations had returned to normal levels of output and in the following two months, October and November, the plant achieved record levels of production.

Following the incident an insurance claim was submitted. In March 2016, the Group received notification that the merits of the claim had been accepted and negotiations are ongoing as to the quantum.

Calculated % copper recovery



Kounrad copper production (tonnes)



2016 production guidance

The Company is now targeting increased copper production for 2016 in the range 13,000 to 14,000 tonnes, having successfully completed the expansion of the Kounrad SX-EW plant capacity (Stage 1) as described earlier.

Consistent monitoring and analysis of the copper leaching rate since production commenced in April 2012 indicates that the recovery of copper from the dumps is taking slightly longer than originally projected. The Company remains confident of producing the same total tonnage of copper from the Kounrad resource as previously estimated, thereby extending the life of the operation beyond 2030.

The SX-EW plant's increased nominal capacity of 15,000 tonnes per annum is predicated on two inputs: the throughput volume of PLS to the plant from the dumps and the grade of copper within the solution. The plant is now capable of handling up to 1,200m^3 of PLS per hour and this throughput was achieved in Q3 2015. Due to the seasonal temperature variations at Kounrad, the average annualised throughput is estimated at approximately 80% of design.

The combination of a longer leaching cycle, seasonal variations to the volume of PLS and a stabilisation of the long run PLS grade means that the Company believes a production guidance range of between 13,000 and 14,000 tonnes of copper cathode is appropriate to ensure sustainable copper production over an extended period.

SX-EW plant maintenance

The SX-EW plant has now been operating continuously in an acidic medium at 98.5% availability for over three and a half years and consequently, various aspects of the plant require regular maintenance in order to ensure their continued efficiency in producing high quality copper cathode.

In early 2015, all 50 EW cells were thoroughly cleaned in order to remove any sludge material that had accumulated over the previous year's operation. During this process, it was determined that a number of the original anodes were showing signs of natural deterioration and consequently a decision was taken to replace all the anodes by Q1 of 2016. In addition, replacement of the EW cell capping boards with an improved specification in order to prolong their useful life and electrical efficiencies will be completed as part of the programme.

The roof of the new EW building completed in June 2015 as part of the Stage 1 Expansion is a variation on the existing plant, incorporating a vented roof ridge. This new design has greatly improved the working environment within the new EW section. As a result, a decision was taken to modify the original EW roof at a cost of around $0.2 million, fully funded through internal cash generation. Work commenced in August and was completed in September 2015 and has resulted in a much improved working environment.

Kounrad Stage 1 Expansion programme

Stage 1 of the Kounrad Expansion programme was commissioned in May 2015 with the first harvest of copper from the new EW section. The whole programme of works was completed on schedule and for $13.4 million, some $2.1 million below budget.

Kounrad Stage 2 Expansion programme

The technical project documentation and engineering design for this stage of the expansion programme was completed in July 2014 and submitted to the authorities by that date. The State project approval was obtained in November 2015 following a series of clarifications and modifications to ensure compliance with Kazakh design and construction regulations.

During 2015, we commenced the installation of the 10kV overhead power line and sub-station required for the access to the western area. As at 31 December 2015 a total of $5 million of commitments had been placed related to the necessary equipment required for construction to commence in late March 2016.

The works include, inter alia, two 12.5km pipelines for PLS and raffinate products, 10kV power distribution, a three-unit coal-fired boiler house, 2km of HDPE lined solution interceptor trenches, solution ponds and the top of dump irrigation system.

In Q2 2015, work commenced on a new 18km main technical water line connection from Lake Balkhash to the existing SX-EW plant and was 80% complete as at 31 December 2015. In addition, a potable water line was installed and commissioned from Kounrad village to the plant in May 2015.

It is envisaged that all Stage 2 capital works will be completed by the end of 2016 with commissioning during Q1 2017 within the budget of $19.5 million.

Copper sales and quality

Since the commencement of operations at Kounrad, the final product has consistently been of a very high standard and the quality of copper produced meets all our consumer requirements, with no copper that has been shipped resulting in rejection or penalty for non-compliance.

The original off-take arangement with Traxys dating back to March 2012 ended on 31 December 2015. In June 2015, the CAML Board decided to run an open tender process for the renewal of the contract for the next three years through to 31 December 2018. Following initial expressions of interest from 13 parties and subsequent proposals from 11, a detailed review was carried out by CAML management, with the assistance of an experienced third party consultant, of the logistics and costs involved of selling the copper cathode from the site at Kounrad.

The tendering process reviewed a number of financial and non-financial criteria and a decision was made by the CAML Board in early December 2015 to award the contract to Traxys. The agreed commercial terms are an improvement on the previous contract and have been fixed to 31 December 2018.

Personnel employed at Kounrad

276

SUSTAINABLE

HIGH STANDARDS

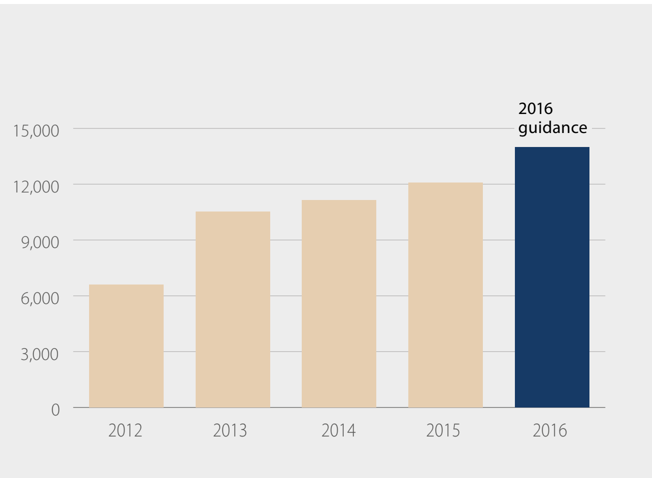
INCREASING OUR COPPER PRODUCTION ON SCHEDULE AND BELOW BUDGET

In 2015, we completed the Stage 1 Expansion, which enabled Kounrad to increase its annual production to 12,071 tonnes and allows an increased 2016 guidance of 13,000 to 14,000 tonnes.

Highlights during 2015

- Stage 1 Expansion completed on schedule and below budget ($13.4m vs. budget of $15.5m)
- Low capital intensity of $5,200 per annual tonne of copper
- Local highly skilled labour force instrumental in this success
- Significant in-house technical expertise
- Company knowledge of operating in Kazakhstan is crucial

Increasing production (tonnes)



Stage 1 Expansion

$13m

2016 production guidance

13,500t*

* Guidance 13,000-14,000 tonnes

"We are delighted to have completed the Stage 1 Expansion on schedule and below budget, and a big thanks must go to our highly skilled team on-site at Kounrad. We look forward to delivering our Stage 2 Expansion in 2017, which will secure our long term copper production for in excess of 15 years."

Howard Nicholson
Technical Director

COPPER BAY

Following completion of the PFS and with additional funding from CAML, Copper Bay commenced the DFS.

Pre-Feasibility Study completed

2015 saw the completion of the PFS on the Copper Bay project at Chañaral Bay. The PFS encompassed all the major aspects of the project and was compiled by the Copper Bay team using independent consultants for certain aspects of the study's constituent parts.

A drilling campaign of 135 holes to an average depth of 9.2m was conducted and a mineral resource estimate prepared as set out below:

Chañaral Beach Tailings Mineral Resource Estimate (JORC 2012) (including 50m wide berm)

Wardell Armstrong International – December 2014

Classification	Volume (m^3)	Tonnage (kt)	CuTotal (%)	Cu (t)
Indicated	28,475,763	42,714	0.244	104,345
Inferred	5,645,741	8,469	0.234	19,838

Currently, it is envisaged that the resource will be mined using dredging operations feeding the tailings product to the process plant. Metallurgical test work indicates that the most effective means of extracting the copper from the tailings is by initial acid leach to produce a copper cathode product followed by froth flotation of the leach tails to produce a clean copper concentrate. Indicative metallurgical recovery from the PFS test work is 72.8%.

The PFS only covered the Chañaral beach area and there is potential upside to increase this resource and the scale of the project significantly through the future inclusion of a similar amount of additional mineralised material in the surf and bay zones covered by existing licences held by Copper Bay, which may provide significant economic upside for the project.

The principal results of the PFS were as follows:

- Copper production – 8,600 tonnes per annum:
  - Copper cathode – 6,200 tonnes per annum
  - Copper in concentrate – 2,400 tonnes per annum
- Mine life – nine years
- Preliminary capital expenditure estimate – $88 million
- Estimated C1 cash operating costs – $1.34/lb
- Project NPV (at 8% discount rate and $3/lb Cu price) – approximately $50 million after tax
- IRR – 21%

Further CAML investment

Following completion of the PFS in Q2 2015, CAML exercised an option to invest a further $3 million to increase its ownership to 75% of the fully diluted share capital of Copper Bay Limited.

After this further investment, Copper Bay had cash resources of slightly in excess of $4 million on commencement of the DFS. It is anticipated by management that these funds will be sufficient to complete the DFS.

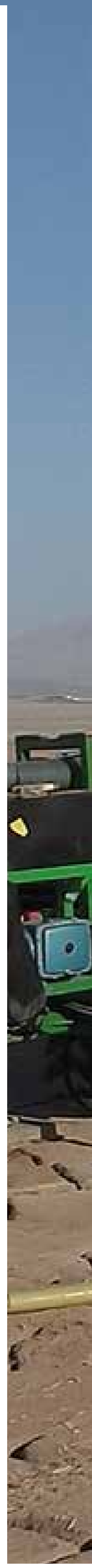
DFS in progress

The DFS will cover the following areas:

- Environmental Impact Assessment ("EIA")
- Hydrogeological and geotechnical aspects
- Updated mineral resource estimate
- Mine planning
- Metallurgical test work
- Process engineering
- Power infrastructure and supply
- Acid supply
- Financial analysis

A further drilling programme has been undertaken in support of the hydrogeological and geotechnical studies and this will permit an update of the mineral resource estimate prepared for the PFS. The metallurgical test work is well advanced and the mine planning study is underway. Consultants have been appointed to complete the EIA, with the environmental baseline work and risk analysis having been completed. Consultants for the basic engineering study have been appointed and have commenced work. It is expected that the DFS will be competed in Q4 2016.

An important and continuing part of the project is engagement with the local community. Environmental and social baseline studies are continuing and given the adverse environmental impact caused by the historical deposition of tailings, the project is strongly supported by the local community and at a national level.



CAML additional investment

$3m

Life of mine

9 years

DELIVERING VALUE FOR OUR SHAREHOLDERS

The financial performance during the year demonstrated the Company's resilience to the fall in copper price.

Nigel Robinson
CFO

> "The Company is well positioned for future growth opportunities and capable of dealing with a prolonged downturn in the copper market."

Summary

- Proposed 2015 final dividend of 8 pence per share totalling 12.5 pence for the full year (2014: 12.5 pence)
- EBITDA for the year of $34.9 million (2014: $47.3 million)
- Unit operating costs at Kounrad remain competitive with C1 cash costs of $0.60/lb (2014: $0.62/lb) using industry basis (see page 23)
- Fully inclusive cost of $1.58/lb (2014: $1.65/lb)
- Cash balances as at 31 December 2015 of $42.0 million (2014: $46.3 million)

Overview

CAML's financial performance during the year was impacted by the market downturn but also demonstrated the Company's resilience to the weakening copper price. Despite the copper price falling to a six-year low of close to $4,500/t in December 2015, the Company continued to operate profitably at Kounrad due to sustained low costs of copper production.

Group EBITDA margins throughout 2015 remained in excess of 50% and with $42.0 million of cash and no debt, the Company is well positioned to both maintain its dividend policy and continue its plans for growth.

The combined strength of CAML's balance sheet and its low cost operations at Kounrad will enable the Company to withstand any prolonged downturn in the commodity markets.

Income statement

Group profit after tax from continuing operations was $22.4 million (2014: $59.7 million). The 2014 comparative year results were impacted by a one-off gain of $33.0 million arising from the completion of the Kounrad Transaction in May 2014. Earnings per share from continuing operations were 20.21 cents (2014: 56.28 cents, or 24.91 cents excluding the one-off gain).

The graph on page 23 shows the reduction in 2015 EBITDA to $34.9 million compared to 2014 EBITDA of $47.3 million with the biggest factor being the reduction in copper price.

Revenue

A total of 11,750 tonnes (2014: 10,687 tonnes) of copper cathode were sold as part of the Company's off-take arrangements with Traxys at Kounrad and a further 290 tonnes (2014: 476 tonnes) were sold locally. Total sales at Kounrad were 12,040 tonnes (2014: 11,163 tonnes) representing an 8% increase in volumes year on year.

The average selling price achieved over the year was $5,336/t (2014: $6,794/t) representing a 21% decrease in prices. Consequently, the Group gross revenues for the year declined to $67.3 million (2014: $76.6 million) or by 12%.

2015 proposed dividend

12.5p

(2014: 12.5 pence)

2015 C1 cash cost

$0.60/lb*

(2014: $0.62/lb)
* Industry basis see below

2015 fully inclusive cost

$1.58/lb

(2014: $1.65/lb)

During the year, the Group's off-take arrangements at Kounrad went to tender with Traxys being retained as CAML's off-take partner following a competitive process. The revised off-take commercial terms have been agreed through to 31 December 2018 and will provide additional cost savings fixed for the three-year period. The commitment is for a minimum of 90% of the Kounrad copper cathode production.

The Group reports both a gross revenue and net revenue line which reflects the offset of the fixed fee from the price of the copper achieved. During 2015 the fixed fee for the year was $2.9 million (2014: $3.4 million), a reduction of 15% despite the increased export volumes.

Cost of sales

Cost of sales for the year were $25.5 million (2014: $26.0 million). This consists of the costs associated with the production of copper cathode, the mineral extraction tax levied by the Kazakhstan government and the depreciation and amortisation charges.

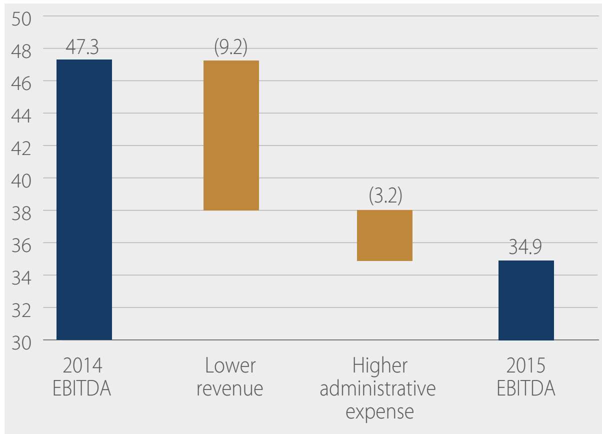
The costs related to the physical production of copper cathode are the production labour, reagents and electricity, plus any other SX-EW site related costs. These costs amounted to $10.6 million (2014: $9.4 million) with the 13% increase year on year due to a combination of increased production output of 8% and higher electricity costs.

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 $3.8 million (2014: $4.4 million). The reduction was due to lower copper prices during 2015.

Total depreciation and amortisation charges recognised within cost of sales for the year were $10.3 million (2014: $11.3 million). This included an amount of $5.7 million (2014: $6.6 million) as a result of the uplift to the asset values following the completion of the Kounrad Transaction in May 2014. This amount is denominated in Tenge and the devaluation of the currency during 2015 resulted in a reduction in the charge compared to the prior year.

Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment and the fair value uplift on the Kounrad Transaction. The original estimate of 10 years useful economic life has now been increased through to 2034 which represents the end of the subsoil use licence. This change in estimate will be applied from 1 January 2016. In future years, this change will result in a reduction in the annual depreciation and amortisation charge of approximately $4.0 million but this amount is dependent on the Tenge exchange rate. Such changes are always subject to future periodic reviews of the Group's depreciation policy.

EBITDA comparison 2014 and 2015 ($m)



Administrative expenses

During 2015, administrative expenses were $14.1 million (2014: $10.9 million). The increase of $3.2 million is due to increased business development activities and support for the Copper Bay feasibility studies as well as increased share based payment charges and withholding tax on dividend payments made between subsidiaries within the Group.

C1 cash costs of production

C1 cash costs of production are a standard metric used in the copper mining industry as a reference point to denote the basic cash costs of running a mining operation to allow comparison across the industry. Whilst there is no strict definition of C1, the most widely accepted definition is that from consultants Wood Mackenzie (formerly known as Brook Hunt).

CAML has historically calculated C1 by including all direct costs of production at Kounrad (reagents, power, production labour and materials) as well as mineral extraction tax and distribution and selling costs. Local administrative expenses were excluded and reported within the fully inclusive unit costs of production. However, under the industry definition, all local taxes including mineral extraction tax are excluded from C1 and local administrative expenses are included.

Management believes that the industry definition is more appropriate to enable better comparison across the mining industry. The table on page 24 shows the C1 cash costs of production since commencement of operations using both approaches and in future periods the industry definition will be reported.

Comparison of C1 cash cost definitions

C1 cash cost of production	2015 $/lb	2014 $/lb	2013 $/lb	2012 $/lb (8 months)	Average 44 months $/lb
CAML revised (industry definition)	0.60	0.62	0.66	0.63	0.63
CAML historic – reported	0.67	0.71	0.73	0.71	0.70

The table above shows that the C1 cash cost of production at Kounrad, as measured by the industry methodology, is slightly lower than previously reported by approximately 12%. The change in reporting the Kounrad C1 cash cost has no impact on the fully inclusive costs.

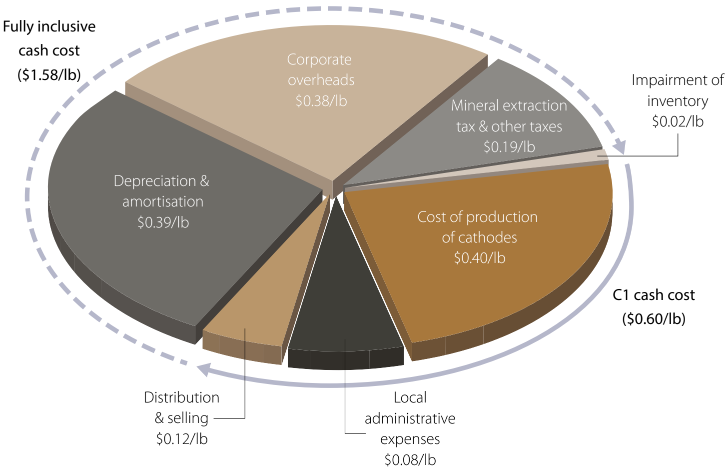
Kounrad's C1 cash costs of production remain in the lowest quartile on the industry cost curve at $0.60/lb (2014: $0.62/lb). This represents a 3% decrease year on year as a result of a reduction in the off-takers' fixed buyers' fee and savings due to the Kazakh currency devaluation.

Given that the Group currently only has one significant project, it seems reasonable to also report the Group's unit cost base on a fully inclusive basis including depreciation and amortisation charges, all local taxes including mineral extraction tax and corporate overheads associated with the Kounrad project. The Group's fully inclusive unit costs were $1.58/lb (2014: $1.65/lb) which includes a one-off charge of $0.6 million, equating to $0.02/lb, arising from the write-off of organic inventory following the incident on 26 June 2015. The reduction in the fully inclusive unit cost is due to the lower C1 cash costs, mineral extraction tax and depreciation and amortisation charges.

Kazakhstan Tenge devaluation

During August 2015, the Kazakhstan Tenge immediately devalued by almost 37% when the government transitioned to a free-floating exchange rate, allowing the market to determine its value. The Tenge devalued further towards the end of 2015 resulting in a total devaluation over the year of approximately 85%. The Board's response was to increase salaries for staff at Kounrad by 25% from 1 January 2016 to compensate for the devaluation.

2015 unit cost of copper production ($/lb)



Given that the Group's operations in Kazakhstan generate their income in US Dollars through the export of copper, the immediate financial impact is positive as approximately 60% of the total cost base in Kazakhstan is denominated in Tenge and 70% at the C1 cash cost level using the industry basis.

The Group does not keep large amounts of cash in Tenge and as at 31 December 2015 held the US Dollar equivalent of $0.1 million (2014: $0.4 million).

The Tenge ended the year at 339 Tenge per US Dollar which has resulted in the recognition of foreign exchange gains through the income statement of $9.0 million (2014: $1.9 million), arising mostly on US Dollar denominated monetary assets and liabilities held by the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge.

The fall in value of the Tenge has also resulted in a non-cash foreign exchange loss of $77.4 million recognised within equity and the statement of comprehensive income. This is primarily due to the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are also denominated in Tenge.

Balance sheet

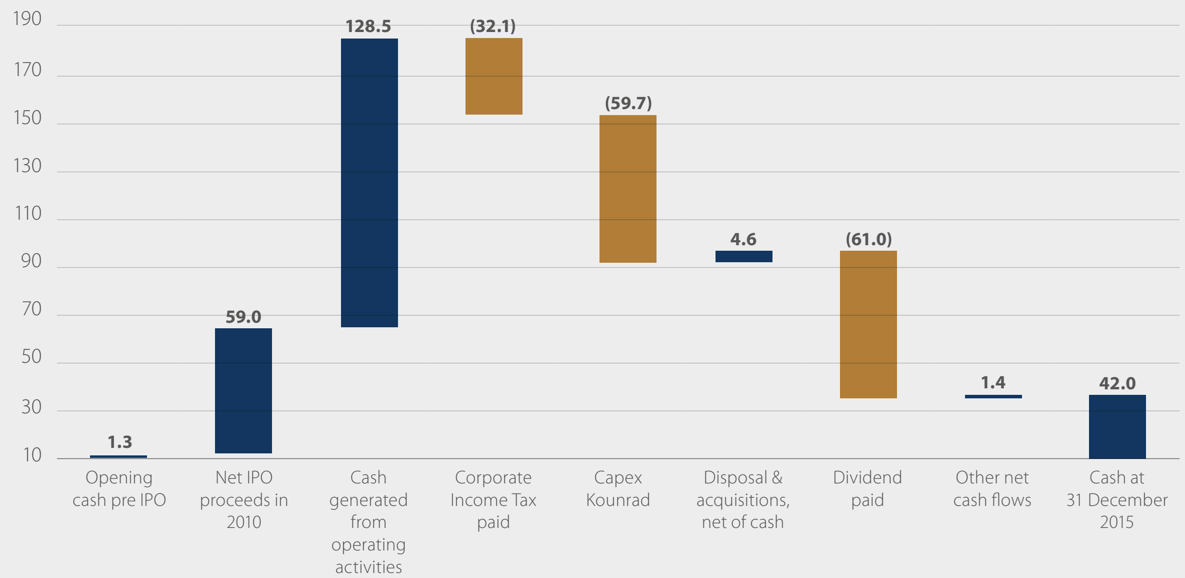
During 2015, there were additions to property, plant and equipment of $7.8 million (2014: $11.3 million). The majority of this expenditure was incurred on the construction work at Kounrad for the Stage 1 Expansion which was commissioned in May 2015.

As at 31 December 2015, current trade and other receivables were $2.6 million (31 December 2014: $3.2 million) and non-current trade and other receivables were $4.3 million (31 December 2014: $6.4 million).

The Group's main receivable is the VAT incurred on purchases within Kazakhstan. As at 31 December 2015, a total of $4.5 million (2014: $6.4 million) of VAT receivable was still owed to the Group by the Kazakhstan authorities. The decrease in this balance is as a result of the devaluation of the Kazakh Tenge during 2015. In February 2016, the authorities refunded a portion of this outstanding amount totalling $1.7 million. The Group still remains confident about its prospects to recover the remaining portion of $2.8 million 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 copper cathode to effectively offset VAT liabilities and by a successful appeal to the authorities.

As at 31 December 2015, prepayments of $2.3 million had been made towards the Stage 2 Expansion programme with construction works commencing in early 2016.

Group five year cash flow movements since IPO ($m)



The Group had $42.0 million of cash as at 31 December 2015 (31 December 2014: $46.3 million) including restricted cash of $0.5 million (31 December 2014: $0.1 million) and no debt.

As at 31 December 2015, current trade and other payables were $6.3 million (31 December 2014: $4.3 million). During 2015, instalment payments of $9.3 million were paid towards the 2015 corporate income tax liability in Kazakhstan and at 31 December 2015, approximately $0.6 million remained outstanding.

On 13 May 2015, the Company completed a court approved capital reduction scheme, which resulted in $67.1 million 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 certain creditors as of the effective date of the capital reduction. The balance of the restricted bank account in relation to the capital reduction scheme as at 31 December 2015 was $0.4 million.

Copper Bay investment

Following completion of the pre-feasibility study (PFS) on 30 June 2015, CAML subscribed for 135,621,610 newly allotted ordinary shares in Copper Bay for a cash consideration of $3,000,000, which increased CAML's shareholding from 50% to 75% and commenced consolidation of Copper Bay Ltd.

Previously this investment was treated as a mineral right. This has resulted in a reduction in Group retained earnings at 30 June 2015 of $1,149,000. An intangible asset of $3,222,000 recognised in 2013 equal to the cash consideration paid for the initial 50% shareholding has been reduced by $1,581,000. The resulting value of the intangible exploration and evaluation assets acquired in the Copper Bay Group on 30 June 2015 were $1,641,000.

Cash flows

The continued strong operational performance of the Kounrad project and the associated low costs of production resulted in strong cash flows for the Group. Cash generated from operations decreased to $33.6 million (2014: $47.2 million) and during 2015 $20.4 million was returned to shareholders as dividends (2014: $17.9 million) and a further $8.4 million was invested back into the project (2014: $11.1 million).

$10.0 million of Kazakh corporate income tax was paid during 2015 (2014: $16.6 million). The reduction is a consequence of $8.1 million of 2013 corporate income tax paid in April 2014. As mentioned previously, payments made during 2015 included $9.3 million towards the 2015 corporate income tax liability and $0.7 million of 2014 corporate income tax paid in April 2015.

Dividend

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

As part of these annual results, the Board will propose a final dividend for 2015 of 8 pence per Ordinary Share, making a total dividend for the year of 12.5 pence (2014: 12.5 pence). This dividend equates to approximately 30% of the gross revenue for the year and will be payable on 15 June 2016 to shareholders registered on 20 May 2016.

Having raised $60 million at IPO in September 2010, this latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the listing to over $73 million. The graph above shows the cash flows of the Group since the IPO.

Growth opportunities

As of 31 December 2015, the Group has no debt and $42.0 million of cash in the bank. The total capital cost for the Stage 2 Expansion at Kounrad is $19.5 million and is expected to be largely completed by the end of 2016, with $3.1 million already spent up to 31 December 2015. This expenditure is in addition to the estimated $3.0 million that will be spent each year on sustaining capital expenditure for the operations at Kounrad.

With the cash reserves at its disposal and strong balance sheet, the Company is in a strong position to support the growth of the business in these challenging market conditions.

Nigel Robinson
Chief Financial Officer

RETURNS

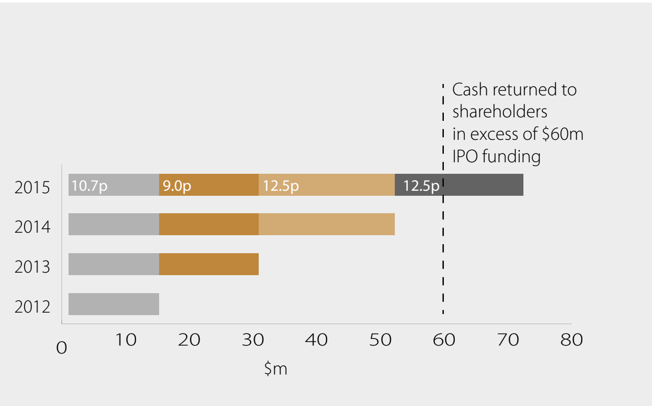
GENERATING SUSTAINABLE RETURNS

As a company, we are is focused on generating value for our shareholders and therefore committed to paying dividends.

In difficult market conditions when larger mining companies are cutting dividends, CAML can continue to honour its dividend policy. This is for two key reasons:

- CAML is debt free and maintains a healthy cash balance.
- Kounrad, CAML's primary operating business, produces copper at costs well within the lowest cost industry quartile.

Cumulative shareholder returns



2015 proposed dividend

12.5p

(2014: 12.5 pence)

"Our vision for CAML was to ensure that we delivered on our promises and created value for our shareholders. Having created that value the next part of our vision was to return capital to the shareholders by way of an easily understood and sustainable dividend policy. We are proud that we have been able to achieve this over the past five years since IPO and are now one of a small number of AIM listed mining companies paying regular dividends."

Nigel Robinson
CFO

LOOKING AFTER ALL OF OUR STAKEHOLDERS

We are committed to the highest standards of Corporate Social Responsibility ("CSR") in all our working environments.

Laboratory worker at Kounrad

CSR overview

CAML has ensured that CSR is integral to its operational activities in Kazakhstan. CAML's only full time expatriate employee based at Kounrad is its CSR Director, Nick Shirley who coordinates all site-based health and safety, environment and social activities with regular reporting to London. The Corporate CSR Committee, consisting of Executive and Non-Executive Directors, meet on a quarterly basis to review CSR related statistics and issues.

Whilst the focus of CSR activity within the CAML Group is clearly at its operational site at Kounrad, the management team endeavour to ensure that all non-operational areas of the Group also adhere to high standards of CSR. This ranges from the site activities at the Copper Bay project through to support functions in London and Kounrad.

Environmental inspections conducted during 2015

135

Actively managing health and safety

CAML strives to ensure that every individual within the Company understands that safety is their responsibility. One of the key initiatives to improve and encourage feedback from the workforce has been the quarterly safety award for the best safety suggestion, the winner of which receives a prize of $250. A full time safety and fire team is based on site together with a fully staffed medical clinic and in 2015, all employees undertook a medical examination.

An integral component of the safety management system is training which was conducted for employees and contractors throughout the year. Several key programmes included first aid training, emergency response, risk identification and reporting of near misses.

A central component of the health and safety management system is the regular reporting and management of safety statistics. A monthly Health and Safety Committee is held to review the data and report back to head office.

One of the major focus areas of 2015 was further development of the risk-based approach to safety. Where risks were identified, they were categorised and mitigation measures taken. Where necessary, further measures such as job safety analysis have been undertaken in order to reduce future risk.

2015 social contributions

$290,000

Total social contributions to date

$980,000

Nick Clarke (CEO)
presenting at safety awards

During 2015, we regrettably suffered our first major accident on site. Two workers suffered serious injury in July when they both fell from a 'man cage' and required hospitalisation and surgery. The Company provided full support to them and their families.

Statistics

Year	Total hours worked	Total LTI	LTI frequency rate
2012	476,591	–	–
2013	396,154	–	–
2014	529,728	1	1.89
2015	587,151	2	3.41
Total	**1,989,624**	**3**	**1.51**

A number of actions have been taken following the accident to ensure that the appropriate lessons have been learnt with a full review of working procedures undertaken and an external and independent safety review conducted.

The Kounrad team constantly review the operational processes on site, determining where health and safety improvements can be made and during 2015 the following were implemented:

- Ventilation improvements to the EW building;
- Reverse alarms were installed on all large mobile plant;
- Ventilation and stairs in the boiler house were improved;
- A defibrillator was purchased for site, and training given for medical staff;
- Gas vapour analysers were installed in the extraction plant building to monitor the concentration of hazardous vapours.

One internal and one external audit was conducted in 2015 on Kounrad's safety management systems.

Our environment

The Company continues to focus on its environmental responsibilities at Kounrad. In total 135 environmental inspections were undertaken during the year and one external environmental audit was conducted in accordance with the Company's procedures.

During 2015, CAML invested in the onsite laboratory, with the purchase of a spectrometer, enabling the Company to accurately measure up to 40 chemical parameters at one time and as such significantly reduce analysis time. The Company also purchased a Comacchio drill rig to facilitate easier and more cost effective environmental sampling and already we have been able to drill an increased number of boreholes and will continue this programme as the Company expands its operations into the western dumps.

The Company has employed a third site based environmental engineer to monitor and control operations. This helps to ensure that environmental issues are addressed and to raise awareness within the workforce and contractors. The hydrogeological team was relocated to site and the team expanded, with the employment of an internal drilling team, field technicians and samplers.

Examples of environmental improvements made on site in 2015 include the following:

- Relining of the raffinate and emergency ponds with double liner of clay and HDPE;
- Environment awareness courses for staff;
- Improvements to the waste disposal and waste management system; and
- Further refinements of the extensive groundwater monitoring programme.

During 2015, Kounrad's groundwater remedial action plan was further enhanced. This plan includes details of the current monitoring programme and a range of remedial actions that can be undertaken in the event of contamination being identified in one of the monitoring or technical boreholes.

CAML employed international consultants SRK Consulting to undertake a detailed hydrogeological and geochemical analysis of the eastern dumps leaching operation.

Environmental efforts on the western dump areas have been increasing as CAML gets closer to producing copper from this area. An integral part of the expansion has been the groundwater site investigation focused around the initial leaching area. This work was undertaken alongside SRK Consulting, which is producing a detailed risk assessment and a numerical groundwater model of the initial leaching area waste rock dumps and the underlying geological strata.

During 2015, the State Geology Committee approved the extension of the subsoil use licence abstraction boundary to the second ring of boreholes around the eastern dumps. Whilst this extension has no impact on the Company's proactive and long-term programme for environmental monitoring, it is a positive outcome that has resulted in Kounrad retaining control of its environmental activities and monitoring systems over a larger area.

Working with the local community

Throughout 2015, CAML was active in stakeholder engagement and donating to worthy local causes, as well as further development of its social management system. The site-based committee, consisting of the CSR Director and the in-country General Directors, meets on a regular basis to discuss community and social related issues and activities. Feedback is routinely shared with CAML's head office in London. During 2015, CAML did not receive any complaints from the community or any of its stakeholders. There were two notable visits to site during the year from the Deputy Regional Akim and the new Akim of Balkhash.

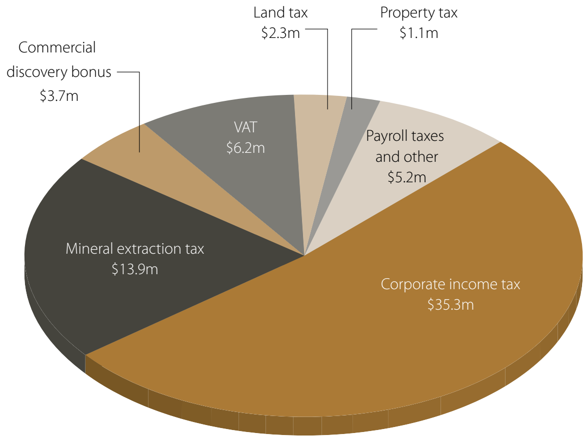
During 2015, the CSR Committee with CAML's CEO undertook a site visit to see various CSR initiatives. The CSR Committee visited the Kounrad School, where CAML has made a number of contributions including the renovation of the gymnasium and the purchase of equipment for a computer classroom. During the visit, the CSR Committee also made a commitment to assist with the renovation of the school's kitchen, and this was completed in 2015. CAML continues to make social donations, typically with an emphasis on health and education. Several of these are highlighted in our CSR case study on page 32.

Taxation

Since production commenced in April 2012, CAML has paid $68 million in tax to the Kazakhstan government. During 2015, Kounrad Copper Company was ranked first place according to Kazakhstan's national business rating, for contributing the highest amount of corporate income tax for a medium size business during 2013-2014.

Kazakhstan tax paid since commencement of operations

Total paid $67.7m



CSR Committee with plant workers at Kounrad

HIGH STANDARDS

A BRIGHTER FUTURE FOR THE CHILDREN OF KOUNRAD

During 2015, we made donations to many worthy causes in our local communities, with a key focus on education for local Kounrad children.

During 2015, we made, amongst others, donations to the following causes:

- Renovation of the Kounrad village school kitchen;
- Funding for the local youth parachute club;
- Installation of hot water boilers and pipes for heating system in the Kounrad village kindergarten;
- Funding for construction works at the orphanage in Balkhash;
- Funding for Bora Zhan centre for children with disabilities; and
- Funding for a greenhouse and clothes for children from deprived families.

"CSR is at the core of everything we do on site, and we strive for operational excellence for all of our stakeholders. We are very proud of the achievements we have made in improving the lives of many of the local children."

Nick Shirley
CSR Director

IDENTIFYING AND MANAGING RISKS

The Board of Directors has ultimate responsibility for risk management and further details are contained in the Audit Committee Report on page 41.

The following have been identified as the principal risks and uncertainties within the business. They are not set out in any order of priority and do not constitute the entire risks and uncertainties to the business.

Nature and impact of risk	Movement in risk/uncertainty	How we manage the risk
Operational		
Leaching operations The nature of in-situ leaching means that there are varying grade and flows of copper bearing solution from the dumps. Should the flow and/or grade drop, this could lead to a reduction in copper cathode produced. An interruption to the project's water supply could have an adverse impact on leaching operations.	↓	The Company has conducted extensive testing on the grades and expected recovery of the copper bearing solution from the Kounrad dumps. Production to date has correlated reasonably well with the initial testing and management has no reason to believe that this correlation will not continue with future operations. The Company also utilises the services of consultants to regularly review leaching performance and advise on operating strategy. A second water source is being constructed from Lake Balkhash to ensure water availability.
SX-EW operations The SX-EW operations have a number of critical supplies (particularly electricity and water) and components, the loss of any one may have a significant adverse impact on the production of copper cathode.	↓	Key critical spare parts are maintained on site. As part of the expansion programme, a second rectifier was installed. This will ensure that copper cathode production can be maintained upon the loss of one of the rectifiers, albeit at a lower level of output. Generator capability and secondary power connections have been installed at Kounrad to ensure that no damage occurs to the SX-EW facility in the event of a power shortage.
Fire The SX operations of the Kounrad facility have a significant risk of fire due to the materials used in the extraction of copper.	↔	A comprehensive fire detection and fighting system has been installed. Business interruption insurance has been taken out to mitigate the majority of loss from a significant fire event.
Safety, social and environmental		
Health and safety of employees An incident involving the health of an employee is always possible and may have a material impact on the operations.	↔	The Company's emphasis on health and safety is prioritised above all other factors of the business. Further details on our proactive health and safety approach are contained on page 28.

Nature and impact of risk	Movement in risk/uncertainty	How we manage the risk
Leaching operations – environment The in-situ leaching operations at Kounrad must be carefully managed to ensure that the environment is not adversely impacted by leaching operations.	↓	The Company places a strong emphasis on protecting the environment. Further details on our approach are contained on page 29.
Corporate		
Political and country The Company's only producing asset is located in Kazakhstan, meaning the Company could be susceptible to any adverse changes in the political or business environment of the country. During 2015, the Kazakhstan economy was impacted by declining commodity prices. During 2015, the local currency devalued by 85%. The worsening economic climate has increased the perception of business risk.	↑	The Board is assessing opportunities for expanding the Company's asset base outside of Kazakhstan which will spread country and political risk. To date, CAML has invested in the Copper Bay project located in Chile and has a dedicated business development team. Kazakhstan has been a stable country since the collapse of the Soviet Union. CAML maintains an extensive network of business contacts in the country and has successfully operated in Kazakhstan for over eight years.
Changes to key personnel The Company has a core of highly experienced and skilled senior management who are responsible for the development and execution of its business strategy. Any changes to the senior management may have a material impact on the success of the business.	↔	The Company sets high standards for the recruitment of its staff both in the UK and in Kazakhstan. CAML remunerates employees accordingly through competitive salaries and performance related awards. The Company also places importance on training the team, so that staff are able to progress through the business.
Financial*		
Foreign exchange The Company operates in foreign jurisdictions with associated currency risk. During 2015, the devaluation of the Kazakh Tenge highlighted the volatility of the local currency.	↑	The Company 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.
Commodity pricing Copper cathode is sold on the basis of LME pricing which fluctuates daily. Being a single commodity company, copper price fluctuation can have a material impact on our business. During 2015, the spot prices for copper significantly reduced negatively impacting Group revenue.	↑	The Company's Treasury policy allows limited hedging up to a maximum of 30% of Kounrad's rolling 12-month production. This policy allows management to combine the benefits of an exposure to the copper price for its shareholders whilst also facilitating the ability for management to put in place limited hedging to cover the cost base. There are currently no hedges in place. The low cash costs of operations at Kounrad and strong balance sheet provide protection against deteriorating copper prices.

* A description of other financial risks that the Group is potentially exposed to are contained in note 3 to the financial statements.

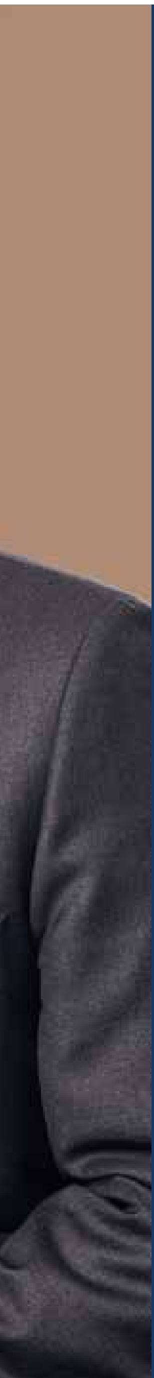
The Strategic Report on page 1 to 35 was approved by the Board of Directors on 8 April 2016 and was signed on its behalf by

Nigel Robinson
Chief Financial Officer

SETTING HIGH STANDARDS IN SAFETY AND CORPORATE GOVERNANCE

The Company is committed to best practice in corporate governance and we see that as key to directing our business to ongoing success. It forms the foundation of our aim of continuing to build value for shareholders over the long term.

Nigel Hurst-Brown
Chairman



The past year for CAML and our Board has been one of development. Of course, we already had a strong Board with active Directors bringing value as well as oversight to our business. We think it important though to seek ongoing improvement in our activities as a Board as well as in the Group more generally.

As part of the development of the Board, we welcomed Roger Davey in December 2015 as a Non-Executive Director. Roger brings over 45 years of mining experience to the Board and his contribution on technical matters is welcome. He has also been appointed Chairman of the CSR Committee.

This is all part of our continuing commitment to good practice in corporate governance and we see that as key to directing our business to ongoing success. It forms the foundation of our aim of continuing to build value for shareholders over the long term.

As an AIM quoted company, we are not obliged to comply with the UK Corporate Governance Code (the "Code"). Nonetheless, we draw on its provisions in guiding our governance structures and comply with a number of its key provisions including:

1. A strong independent representation on the Board with four other independent Non-Executive Directors as well as myself.
2. An Audit Committee led by David Swan of which I am also a member.
3. A Remuneration Committee led by Robert Cathery comprising solely independent Non-Executive Directors as well as myself.

Although not a Code requirement, we also have a Corporate Social Responsibility Committee comprising both Executive and Non-Executive Directors, as we see this as another key area of governance.

Each of these committees reports into and provides great value to the Board. The Board itself comprises a diverse group of Directors from the UK and Kazakhstan, most of whom have worked internationally in different parts of the world. This enriches debates within the Board which can often be lively and are always constructive. I believe this provides a good environment for decisions to be taken in the best interests of shareholders.

In the context of the changes outlined in my statement on page 6, the Board has considered the independence of each Director, including assessment of their character, judgement and business or other relationships which could materially interfere with the exercise of their judgement. In line with the Code, the independence of each of the Non-Executive Directors who have served on the Board for over nine years was reviewed. The other independent Non-Executive Directors have confirmed that Robert Cathery and myself continue to demonstrate the characteristics of independence, such as challenging management and providing valuable contributions to the Board. As such, the Board continues to consider both Mr Cathery and myself to be independent Directors. With Roger Davey, David Swan and Nurlan Zhakupov, our more recently appointed independent Non-Executive Directors, more than half the Board is considered to be independent. The Board believes this to provides a good balance within the Board for the future.

Of course, success of our business depends on our employees. We are fortunate to have great people working throughout the Group managing our operations on a day-to-day basis. We, as Non-Executive Directors, as well as Executive UK based Directors, visit the team in Kazakhstan regularly and are always impressed by the hard work being carried out there.

On the following pages are further details of our individual Directors and separate reports of our Board, Audit, Remuneration and CSR Committees. I hope that these provide insight both to the governance of the Company and the importance that my Board colleagues and I place on this.

Nigel Hurst-Brown
Chairman
8 April 2016

1. Robert Cathery, Non-Executive Director

Robert became a member of the London Stock Exchange in 1967 and was managing director and Head of Oil and Gas at Canaccord Europe. During his career in the City 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 SOCO International plc. He is a founder shareholder of CAML.

Committee Membership

Remuneration (Chair)

2. Nigel Hurst-Brown, Chairman

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

Committee Membership

Remuneration / Audit

3. Nick Clarke, Chief Executive Officer

Nick has over 40 years of mining experience, including 16 years spent within senior management positions in production and technical services in South Africa, Ghana and Saudi Arabia. Nick served as the managing director of Oriel Resources plc until its acquisition by OAO Mechel for $1.5 billion in 2008. In addition, Nick was managing director at Wardell Armstrong International Ltd, where he managed numerous multidisciplinary consulting projects in the resource sector. He is a graduate of Camborne School of Mines and a Chartered Engineer. Nick is also a non-executive director of Wolf Minerals Ltd. In 2013, Nick was named CEO of the year at the Mining Journal outstanding achievements awards.

4. Howard Nicholson, Technical Director

Howard is an experienced metallurgist with 37 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

Mining experience

+100 years

5. Nurlan Zhakupov, Non-Executive Director

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

Committee Membership

CSR

6. Nigel Robinson, Chief Financial Officer

Nigel is a member of the Institute of Chartered Accountants in England & Wales and formerly a Royal Naval Officer in the Fleet Air Arm. Upon leaving the Royal Navy, he qualified with KPMG where he stayed for a further 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.

7. Roger Davey, Non-Executive Director

Roger, a Chartered Mining Engineer, has over 45 years of experience in the international mining industry. He is also a non-executive director of a number of other companies in the mining sector quoted on AIM, namely Atalaya Mining plc, Orosur Mining Inc and Condor Gold plc. Until 2010, he was Senior Mining Engineer at N M Rothschild in the Mining and Metals Project Finance Team. Previously, he held senior management and director level roles in mining companies in South America and Africa as well as the UK, covering the financing, development and operation of underground and surface mining operations.

Committee Membership

CSR (Chair)

8. David Swan, Non-Executive Director

David is a chartered accountant with extensive experience across the natural resources sector. He is also a non-executive director of Sunrise Resources Plc and Oriel Resources Ltd. David joined CAML in June 2014.

Committee Membership

Audit (Chair) / Remuneration / CSR

9. Kenges Rakishev, Non-Executive Director

Kenges 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. He also serves as chairman of NASDAQ-listed Net Element International, Inc. (NETE) and is a director of Kazkommertsbank JSC.

Board Report

The role of our Board

The Board of Directors leads the Company in making key decisions about strategy, financial planning, investments and its Directors. We consider this role as fundamental to steering and enabling the Group to achieve success in its business, and to the Company in delivering long-term value to shareholders.

We have a diverse Board, constituted as follows:

- Three Executive Directors: Nick Clarke, Nigel Robinson, Howard Nicholson.
- Six Non-Executive Directors (including myself currently as Chairman and following our forthcoming AGM as Deputy Chairman):
  - Five are considered fully independent: Robert Cathery, Nurlan Zhakupov, David Swan, Roger Davey, who was appointed during the year, and myself;
  - Two are based in Kazakhstan including Kenges Rakishev, who is a major shareholder in the Company, who brings depth of experience in the Kazakh business environment. Details of the arrangements to maintain his independence are shown under relationship agreement below.

Our Board offers significant expertise and experience in the mining industry, financial and operational aspects of businesses, public markets and in operating in different geographies around the world.

We meet as a Board at least four times per year, and at other times where required for specific matters. Some of the key matters considered by the Board during the year are shown in the table to the right. The Board receives comprehensive reports in advance of meetings to enable matters to be properly considered and debated on an informed basis during the meetings.

Whilst most contact with the Company's institutional investors is with the Executive Directors, the other Board members receive reports of views expressed by shareholders, and the other directors and are available to meet with investors where requested.

All Directors on the Board have access to the Company Secretary who acts as secretary of the Board and its Committees, reporting directly to the Chairmen in ensuring appropriate governance procedures are followed. All Directors are also able to seek advice from the Company's external advisors if they wish, although this has not been required in the past year.

Further details of the activities of our Audit, Remuneration and CSR Committees follow in this report.

Relationship agreement

Kenges Rakishev has entered into a relationship agreement with the Company due to his position as both a Board member and significant shareholder. This is to ensure that transactions entered into between any member of the Group and Kenges Rakishev, or any of his associates, are conducted on an arm's length basis and on normal commercial terms.

Under this agreement, Kenges Rakishev has given certain undertakings, including, to exercise his voting rights, insofar as he is able, as a shareholder and as a Board member to: (1) ensure that no variations are made to the Company's Articles of Association which would be contrary to the maintenance of the Company's independence; (2) that transactions between Kenges Rakishev (and his associates) are made on an arm's length basis and on, in the Company's opinion, normal commercial terms; and (3) that the Company will make decisions for the benefit of shareholders of the Company as a whole and not solely for the benefit of Kenges Rakishev.

During the year, our Board:

- Reviewed the Group, its operations and its financial performance at each of its four main Board meetings including separate reports from the:
  - CEO, including strategic matters and performance;
  - Technical Director, including operational performance; and
  - CFO, including financial performance.
- Reviewed risk management in the Group and how this could be enhanced further at the head office and operational levels in the UK and in Kazakhstan.
- Monitored the expansion of the Kounrad plant in terms of construction and the necessary consents.
- Approved the Annual Budget for the year, regularly monitoring performance against this and reviewing variances and the reasons for these.
- Approved the actions required for the necessary restructuring of the Company's share capital to facilitate the ongoing payment of dividends.
- Reviewed and considered strategy and Business Development, resulting in the further investment in, and increase of the Company's stake in, Copper Bay.
- Reviewed and approved the Company's annual and half year accounts for the year including:
  - Reports from the Audit Committee;
  - Annual Report;
  - Results announcement; and
  - Dividends.
- Reviewed CSR matters with the assistance of the CSR Committee including reports on health and safety and environmental matters at each main Board meeting.
- Proposed the re-appointment of Directors at last year's AGM and appointing Roger Davey as an additional Director during the year.
- Monitored performance of actions agreed at previous meetings.

Nigel Hurst-Brown
Chairman of the Board
8 April 2016

Audit Committee

The role of our Audit Committee

As the Audit Committee we assist the Board in its oversight of the Company's financial reporting, internal control and risk management. Our Committee is made up solely of Nigel Hurst-Brown, our independent Chairman and myself David Swan as Committee Chairman.

Our primary responsibilities as a Committee are:

- to evaluate and when appropriate select external auditors and ensure their independence and objectivity;
- to review with the external auditor the nature and scope of their audit and review of half year results and outcomes from these;
- to review the effectiveness of the Company's systems of internal controls; and
- to monitor the effectiveness of risk management of the Group.

We consider these roles to be of fundamental importance to the long term sustainability of the Group, achievement of its ongoing success, and continuing to build value for our shareholders over the long term.

Further details of our activities during the year are included in the table to the right.

System of internal control

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

- The Board and management – the Board is responsible for overseeing the day-to-day management of the Company which is undertaken by the CEO supported by the Executive Directors.
- Budgeting – there is an annual budgeting process whereby budgets for the following financial year are reviewed by the Board.
- Long-term forecasts are reviewed by the Board on a regular basis.
- Management reporting – the financial performance of the Group is monitored against budget on a monthly basis and are updated by periodic reforecasts.
- Operating controls – such controls are in accordance with Group policies and include management authorisation processes.
- Monitoring – the effectiveness of the system of internal control is monitored regularly through internal reviews and external audits.

Risk management

Whilst the Board of Directors has ultimate responsibility for risk management, but Group staff have a role to play in the implementation of policies and procedures aligned to mitigate and manage risk. A Risk Committee consisting of senior staff is responsible for the development of risk management policies and procedures, the identification, analysis, mitigation and review of the risks of the business. This Committee reports to the Audit Committee on a regular basis and during 2015 met on three occasions.

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

All risks identified are recorded in a register which is maintained by the Risk Committee. The "owner" of a risk is tasked with formally reviewing the risk on a regular basis and reporting any changes to senior management. If risk assessment shows an unacceptable risk, the mitigation plans are developed and enacted to reduce risk.

Further details of the Group's principal risks and uncertainties, together with an assessment of their movement during the year are set out on pages 34 to 35.

During the year, the Audit Committee:

- Reviewed the Group's annual accounts, including:
  - Report from the CFO;
  - Report from the Auditors;
  - Annual Report and Accounts; and
  - Letter of Representation to the Auditors.
- Reviewed the Group's half year results, including:
  - Report from the CFO; and
  - Report from the Auditors.
- Plans for the preparation and Audit of the Company's accounts, including:
  - Report from the CFO; and
  - Report from the Auditors.
- Reviewed risk management, including:
  - Report from the Risk Comittee;
  - Plans for further enhancement of risk management in the Group; and
  - Key risks facing the Group and their management and mitigation.
- Treasury risk management and hedging, including:
  - Review of views from shareholders;
  - Consideration of expert input; and
  - Development and implementation of ongoing policy.
- Discussed matters with the Auditors in the absence of management.
- Reviewed reports from the Group's external whistleblowing hotline.

David Swan
Chairman of the Audit Committee
8 April 2016

Corporate Social Responsibility Committee

The role of our CSR Committee

Our Board has always considered the Group's corporate social responsibilities to be at the core of its activities. We view these as key to operating an ethical and sustainable business. It was in this context that our Corporate Social Responsibility ("CSR") Committee was established in June 2012.

Our Committee comprises independent non-executive Directors from both the UK, David Swan and myself (since December 2015), and from Kazakhstan, Nurlan Zhakupov plus our Technical Director, Howard Nicholson. This ensures their full breadth of perspectives are brought to the Committees' important and varied activities.

Given the importance which the Board places in this area, the Committee meets on a regular basis throughout the year, usually on the same day as Board meetings. During 2015, it also met in Kazakhstan visiting the Group's operations. Further details of the Committees' activities in the year are given in the table to the right. A summary of CSR matters in the Group is given in the CSR Report on pages 28 to 33. The Group CSR policy can be found on the Group's website at www.centralasiametals.com.

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

During the year, the CSR Committee:

- Reviewed and considered regular reports on:
  - Health and safety;
  - Environmental matters; and
  - Local community matters.
- Considered particular CSR aspects of the Group's operation as they arose, agreeing appropriate action.
- Met at the Company's operation in Kazakhstan - reviewing the operation and meeting local employees.
- In relation to an accident on site during the year which caused injuries to two of our employees:
  - Reviewed the circumstances of the accident;
  - Confirmed that the employees were being properly cared for; and
  - Reviewed the measures being taken to minimise the risk of such an accident recurring.

Roger Davey
Chairman of the Corporate Social Responsibility Committee
8 April 2016

Remuneration Committee

The role of our Remuneration Committee

The Remuneration Committee determines the remuneration of our Executive Directors, oversees the remuneration of our senior management, and approves awards under the Company's Long Term Incentive Plan ("LTIP"). Our Committee is made up solely of independent Non-Executive Directors), David Swan, Nigel Hurst-Brown, Chairman of the Board and myself as Committee Chairman.

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

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

The Company's policy is to remunerate senior executives fairly so as to encourage recruitment, retention and motivation. The 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. We believe this is the key to the Company achieving its strategic aims and building shareholder value over the long term.

We consider proposals from management in the development of which Nigel Hurst-Brown as Chairman of the Board and I are consulted before they are brought to the Remuneration Committee as a whole.

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

Long-term incentive plan

Under the Company's share option schemes, nominal priced share options were granted to the Executive Directors during the year as shown in the table on page 45. The shares generally vest at the rate of one third each year after the date of grant subject to the achievement of performance conditions to which the awards are subject.

The last full review of Executive and Non-Executive Director remuneration took place with effect from 1 January 2015. In the context of the reduced copper price, the Committee and Board determined that there should be no increase in Executive or Non-Executive remuneration levels this year.

Remuneration of Directors

As part of the overall remuneration review, as at 1 January 2015, the Remuneration Committee determined that it was appropriate for Executive Directors to continue to receive annual bonuses of up to 100% of salary and to receive LTIP awards over shares equivalent in value to up to 100% of salary. In both cases these are subject to challenging performance measures. No change is being made to these structures or potential quanta this year. Annual bonus payments in 2015 amounted to 70% of maximum potential for the Executive Directors. Further details of the targets are included in the table to the right.

During the year, the Remuneration Committee:

- Determined salary levels for the year of Executive Directors.
- Approved salary levels for senior management.
- Approved salary increases for Group staff more generally.
- Reviewed, considered and approved the:
  - Annual bonus plans and targets for the year; and
  - LTIP grants and targets.
- Determined targets including:
  - Copper production;
  - Production costs;
  - Construction timeline; and
  - Construction capital expenditure.
- Received and approved the outturns against targets resulting in 70% payout of annual bonuses for the Executive Directors.

Executive Director service contracts and salaries

The Executive Directors have service contracts with the Company at the following salaries with effect from 1 January 2015.

Nick Clarke	£385,000
Nigel Robinson	£250,000
Howard Nicholson	£250,000

The Executive Directors service contracts are subject to notice periods of six months and the Company has the discretion to pay them in lieu of their notice period and also to place them on 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.

Non-Executive Director appointment letters and 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	£100,000	David Swan[2]	£65,000
Robert Cathery[1]	£65,000	Nurlan Zhakupov	£60,000
Roger Davey[3]	£65,000	Kenges Rakishev	£60,000

1 This comprises a base fee of £60,000 and £5,000 Committee Chair fee for the role of Chairman of the Remuneration Committee.
2 This comprises a base fee of £60,000 and £5,000 Committee Chair fee for the role of Chairman of the Audit Committee.
3 This comprises a base fee of £60,000 and £5,000 Committee Chair fee for the role of Chairman of the CSR Committee.

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

Remuneration Committee continued

Directors' remuneration

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

	2015 Basic salary/ fees $'000	2015 Annual bonus $'000	2015 Benefits in kind $'000	**2015 Total $'000**	2014 Total $'000
Executive Directors:					
Nick Clarke	589	412	6	**1,007**	912
Nigel Robinson	382	268	9	**659**	586
Howard Nicholson	382	268	4	**654**	581
Non-Executive Directors:					
Nigel Hurst-Brown	153	–	–	**153**	82
Robert Cathery	99	–	–	**99**	66
Nurlan Zhakupov	92	–	–	**92**	66
Kenges Rakishev	92	–	–	**92**	66
David Swan	99	–	–	**99**	43
Roger Davey (appointed 8 December 2015)	7	–	–	**7**	–
Directors' aggregate emoluments	1,895	948	19	**2,862**	2,444

The aggregate emoluments of the highest paid Director totalled $1,006,801 (2014: $912,359). 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 2015 Number	As at 31 Dec 2014 Number
Nigel Hurst-Brown	**–**	250,543
Nick Clarke	**1,342,887**	1,342,887
Howard Nicholson	**446,715**	446,715
Nigel Robinson	**646,715**	646,715
Total Directors' interests	**2,436,317**	2,686,860

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 2015 the Company awarded the following New Scheme options to the Directors of the Company.

	2015 Number	2014 Number
Nick Clarke	**212,121**	299,597
Nigel Robinson	**137,741**	179,937
Howard Nicholson	**137,741**	179,937
Nurlan Zhakupov	**–**	50,000
Total	**487,603**	709,471

During 2015 the Directors exercised the following New Scheme options.

	2015 Number	2014 Number
Nick Clarke	**–**	400,000
Nigel Robinson	**144,736**	269,737
Howard Nicholson	**–**	377,764
Total	**144,736**	1,047,501

The number of options exercised in the table above includes the number of shares covered by such awards increased by up to the value of dividends as if these were reinvested in Company shares at the dates of payment (see note 27 to the financial statements).

Robert Cathery
Chairman of the Remuneration Committee
8 April 2016

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2015.

Details of significant events since the balance sheet date are contained in note 33 to the financial statements.

Principal activities

Central Asia Metals plc ("CAML" or "the Company") is the holding Company for a group of Companies (the "Group") 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.

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

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 gross 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.

The final 2014 dividend of 7.5 pence per Ordinary Share of $0.01 each ("Share") was paid on 24 June 2015 and a 2015 interim dividend of 4.5 pence per Share was paid on 30 October 2015.

The Directors recommend a final dividend for the year ended 31 December 2015 of 8.0 pence per Share payable, subject to the approval of shareholders, on 15 June 2016 to those shareholders, on the Company's register 20 May 2016. This will take the total dividend for 2015 to 12.5 pence per Share.

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:

Director	Shares held as at 31 Dec 2015	Shares held as at 31 Dec 2014
CN Hurst-Brown (Chairman)	694,065	944,608
N Clarke (Chief Executive Officer) [1]	1,342,887	1,342,887
N Robinson (Chief Financial Officer) [1]	646,715	646,715
H Nicholson (Technical Director) [1]	446,715	446,715
RM Cathery [2]	2,105,254	2,105,254
R Davey (appointed 8 December 2015)	-	N/A
K Rakishev	21,211,751	21,211,751
D Swan	3,000	3,000
N Zhakupov	–	–
Total Directors' interests	**26,450,387**	**26,700,930**

1 These Shares are held jointly with the Company's EBT under a joint Share ownership plan in terms of which the Shares have vested.

2 250,000 (2014: 250,000) Shares held by Elizabeth Cathery, the wife of Robert Cathery; 1,355,254 (2014: 1,355,254) Shares held by Robert Cathery; and 500,000 (2014: 500,000) Shares held by Robert and Elizabeth Cathery are included in the above amounts.

There have been no changes in the beneficial interests of the Directors in the issued Share capital of the Company between 31 December 2015 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. This year, no Directors are required to retire and be reappointed in this manner. Roger Davey was appointed as a Director by the Board since last year's AGM and, is accordingly required to retire, and is being proposed for reappointment, at this meeting. During the year, Directors' and Officers' liability insurance was maintained for Directors and other Officers of the Group.

Substantial shareholding

At the date of this report the Company has been notified or is aware of the following interests in the Shares of the Company of 3 per cent or more of the Company's total issued Share capital (excluding Treasury Shares).

	No. of Shares	%
Kenges Rakishev	21,211,751	19.01
Hargreave Hale	11,367,500	10.19
FIL Limited	10,335,561	9.26
D&A Income Limited	7,584,147	6.80
Commonwealth American Partners LLP	7,445,492	6.67
Majedie Asset Management	5,811,083	5.21
BlackRock Investment Management	5,092,658	4.57
Central Asia Metals Employee Benefit Trust[1]	4,642,896	4.16
Miton Group plc	4,113,202	3.69

1 Central Asia Metals Employee Benefit Trust Shares are Shares held in trust on behalf of certain Directors and the CAML management team.

Changes in share capital

There were no transactions during the year that increased the share capital of the Company.

As at 31 December 2015 112,069,738 Shares were in issue including Treasury shares of 511,647.

During 2015, 177,946 Shares were moved out of Treasury to satisfy the exercise of options under the Company's Share option schemes. 511,647 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 AGM, as set out in the formal Notice of Meeting which accompanies this Annual Report to shareholders.

Auditors and disclosure of information to Auditors

Each Director in office at the date of approval of this report has confirmed that:

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

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

Political donations

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

Corporate governance

The Governance Report can be found on pages 36 to 47.
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
8 April 2016

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; and
- 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
8 April 2016

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

Report on the financial statements

Our opinion

In our opinion:

- Central Asia Metals plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 and of the Group's profit and the Group's and the 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 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statements of Financial Position as at 31 December 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Statements of Cash Flows for the year then ended;
- the Consolidated and Company Statement of Changes in Equity 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 the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, 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.

Opinion on other matter 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not 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 Statement of Directors' Responsibilities, set out on page 48, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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.

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

What an audit of financial statements involves

We conducted our audit in accordance with 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 the 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in 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.

Alison Baker
Senior Statutory Auditor

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 April 2016

- The maintenance and integrity of the Central Asia Metals plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the year ended 31 December

	Note	Group 2015 $'000	Group 2014 $'000
Continuing operations			
Gross revenue	6	**67,328**	76,561
Revenue	6	**64,412**	73,141
Cost of sales	7	**(25,510)**	(26,017)
Gross profit		**38,902**	47,124
Distribution and selling costs	8	**(264)**	(292)
Administrative expenses	9	**(14,087)**	(10,922)
Inventory write-off	10	**(600)**	–
Other income/(expense)		**66**	(295)
Foreign exchange rate gain	17	**8,992**	1,895
Operating profit		**33,009**	37,510
Finance income	14	**41**	61
Finance costs	14	**(304)**	(334)
Gain on re-measuring to fair value the existing interest on acquisition of control		**–**	33,039
Profit before income tax		**32,746**	70,276
Income tax	15	**(10,365)**	(10,548)
Profit for the year from continuing operations		**22,381**	59,728
Discontinued operations			
Loss for the year from discontinued operations	21	**(163)**	(257)
Profit for the year		**22,218**	59,471
Profit attributable to:			
– Non-controlling interest		**(167)**	–
– Owners of the parent		**22,385**	59,471
		22,218	59,471
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	16	**20.21**	56.28
From discontinued operations	16	**(0.15)**	(0.24)
From profit for the year	16	**20.06**	56.04
Diluted earnings/(loss) per share			
From continuing operations	16	**19.79**	55.15
From discontinued operations	16	**(0.15)**	(0.24)
From profit for the year	16	**19.64**	54.91

The 2014 comparative figures include a reclassification of land rental, property tax and contractual payments under the subsoil use contract incurred at Kounrad from administrative expenses to cost of sales totalling $914,000 (see notes 7 and 9).

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 $9,522,035 (2014: $9,703,595).

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

	Note	2015 $'000	2014 $'000
Profit for the year		**22,218**	59,471
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	26	**(77,352)**	(10,291)
Other comprehensive expense for the year, net of tax		**(77,352)**	(10,291)
Total comprehensive (expense)/income for the year		**(55,134)**	49,180
Attributable to:			
– Non-controlling interests		**(167)**	–
– Owners of the parent		**(54,967)**	49,180
Total comprehensive (expense)/income for the year		**(55,134)**	49,180
Total comprehensive (expense)/income attributable to equity shareholders arises from:			
– Continuing operations		**(54,971)**	49,437
– Discontinued operations		**(163)**	(257)
		(55,134)	49,180

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

Statements of Financial Position

As at 31 December

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Non-current assets					
Property, plant and equipment	18	**40,800**	74,661	**124**	159
Intangible assets	19	**40,267**	81,605	**–**	–
Investments	20	**–**	–	**11,713**	8,663
Other non-current receivables	22	**4,250**	6,393	**–**	–
		85,317	162,659	**11,837**	8,822
Current assets					
Inventories	23	**3,031**	4,054	**–**	–
Trade and other receivables	22	**2,648**	3,214	**2,251**	30,170
Restricted cash	24	**494**	148	**400**	–
Cash and cash equivalents	24	**41,502**	46,144	**32,062**	33,644
		47,675	53,560	**34,713**	63,814
Assets of disposal group classified as held for sale	21	**83**	80	**–**	–
		47,758	53,640	**34,713**	63,814
Total assets		**133,075**	216,299	**46,550**	72,636
Equity attributable to owners of the parent					
Ordinary shares	25	**1,121**	1,121	**1,121**	1,121
Share premium	25	**–**	67,079	**–**	67,079
Treasury shares	25	**(7,810)**	(9,644)	**(7,810)**	(9,644)
Other reserves	26	**(88,469)**	(11,117)	**–**	–
Retained earnings		**209,120**	140,484	**50,734**	12,856
		113,962	187,923	**44,045**	71,412
Non-controlling interests		**264**	–	**–**	–
Total equity		**114,226**	187,923	**44,045**	71,412
Liabilities					
Non-current liabilities					
Deferred income tax liability	35	**10,240**	20,567	**–**	–
Provisions for other liabilities and charges	29	**1,916**	3,093	**–**	–
		12,156	23,660	**–**	–
Current liabilities					
Trade and other payables	28	**6,261**	4,252	**2,505**	1,224
		6,261	4,252	**2,505**	1,224
Liabilities of disposal group classified as held for sale	21	**432**	464	**–**	–
		6,693	4,716	**2,505**	1,224
Total liabilities		**18,849**	28,376	**2,505**	1,224
Total equity and liabilities		**133,075**	216,299	**46,550**	72,636

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 83 were authorised for issue by the Board of Directors on 8 April 2016 and were signed on its behalf by

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 $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 January 2014		**862**	**–**	**(4,100)**	**44,140**	**94,827**	**135,729**	**–**	**135,729**
Profit for the year		–	–	–	–	59,471	59,471	–	59,471
Other comprehensive expense – currency translation differences	26	–	–	–	(10,291)	–	(10,291)	–	(10,291)
Total comprehensive (expense)/income		**–**	**–**	**–**	**(10,291)**	**59,471**	**49,180**	**–**	**49,180**
Transactions with owners									
Reserve transfer	26	–	–	–	(5,557)	5,557	–	–	–
Share based payments	9	–	–	–	–	1,914	1,914	–	1,914
Promise of shares to be issued on completion of SUC* acquisition	26	–	–	–	16,844	–	16,844	–	16,844
EBT shares granted	25	35	9,110	(9,145)	–	–	–	–	–
Ordinary shares issued on completion of Kounrad transaction	25	212	56,041	–	(56,253)	–	–	–	–
Exercise of warrants	25	12	1,928	–	–	–	1,940	–	1,940
Exercise of options	25	–	–	3,399	–	(3,236)	163	–	163
Sale of EBT shares	25	–	–	202	–	(194)	8	–	8
Dividends	32	–	–	–	–	(17,855)	(17,855)	–	(17,855)
Total transactions with owners, recognised directly in equity		259	67,079	(5,544)	(44,966)	(13,814)	3,014	–	3,014
Balance as at 31 December 2014		**1,121**	**67,079**	**(9,644)**	**(11,117)**	**140,484**	**187,923**	**–**	**187,923**
Profit for the year		–	–	–	–	22,385	22,385	(167)	22,218
Other comprehensive expense – currency translation differences	26	–	–	–	(77,352)	–	(77,352)	–	(77,352)
Total comprehensive (expense)/income		**–**	**–**	**–**	**(77,352)**	**22,385**	**(54,967)**	**(167)**	**(55,134)**
Transactions with owners									
Capital reduction	25	–	(67,079)	–	–	67,079	–	–	–
Share based payments	9	–	–	–	–	2,396	2,396	–	2,396
Exercise of options	25	–	–	1,663	–	(1,546)	117	–	117
Sale of EBT shares	25	–	–	171	–	(171)	–	–	–
Dividends	32	–	–	–	–	(20,358)	(20,358)	–	(20,358)
Copper Bay acquisition	19	–	–	–	–	(1,149)	(1,149)	431	(718)
Total transactions with owners, recognised directly in equity		–	(67,079)	1,834	–	46,251	(18,994)	431	(18,563)
Balance as at 31 December 2015		**1,121**	**–**	**(7,810)**	**(88,469)**	**209,120**	**113,962**	**264**	**114,226**

* Subsoil use contract

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

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 2014		**862**	**–**	**(4,100)**	**44,966**	**36,374**	**78,102**
Loss for the year		–	–	–	–	(9,704)	(9,704)
Total comprehensive expense		**–**	**–**	**–**	**–**	**(9,704)**	**(9,704)**
Transactions with owners							
Reserve transfer	26	–	–	–	(5,557)	5,557	–
Share based payments	9	–	–	–	–	1,914	1,914
Promise of shares to be issued on completion of SUC acquisition	26	–	–	–	16,844	–	16,844
EBT shares granted	25	35	9,110	(9,145)	–	–	–
Ordinary shares issued on completion of the Kounrad transaction	25	212	56,041	–	(56,253)	–	–
Exercise of warrants	25	12	1,928	–	–	–	1,940
Exercise of options	25	–	–	3,399	–	(3,236)	163
Sale of EBT shares	25	–	–	202	–	(194)	8
Dividends	32	–	–	–	–	(17,855)	(17,855)
Total transactions with owners, recognised directly in equity		259	67,079	(5,544)	(44,966)	(13,814)	3,014
Balance as at 31 December 2014		**1,121**	**67,079**	**(9,644)**	**–**	**12,856**	**71,412**
Loss for the year		–	–	–	–	(9,522)	(9,522)
Total comprehensive expense		**–**	**–**	**–**	**–**	**(9,522)**	**(9,522)**
Transactions with owners							
Capital reduction	25	–	(67,079)	–	–	67,079	–
Share based payments	9	–	–	–	–	2,396	2,396
Exercise of options	25	–	–	1,663	–	(1,546)	117
Sale of EBT shares	25	–	–	171	–	(171)	–
Dividends	32	–	–	–	–	(20,358)	(20,358)
Total transactions with owners, recognised directly in equity		–	(67,079)	1,834	–	47,400	(17,845)
Balance as at 31 December 2015		**1,121**	**–**	**(7,810)**	**–**	**50,734**	**44,045**

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

Statements of Cash Flows

For the year ended 31 December

		Group		Company	
	Note	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Cash flows from operating activities					
Cash generated from/(used in) operations	30	**33,595**	47,152	**(5,194)**	10,485
Interest paid		**(121)**	(58)	**(53)**	(11)
Income tax paid		**(9,999)**	(16,624)	**–**	–
Net cash generated from/(used in) operating activities		**23,475**	30,470	**(5,247)**	10,474
Cash flows from investing activities					
Purchases of property, plant and equipment	18	**(7,804)**	(11,004)	**(13)**	(7)
Purchase of intangible assets	19	**(556)**	(115)	**–**	–
Investment in Kounrad project	20	**–**	–	**–**	(598)
Repayment of loan from subsidiary	34	**–**	–	**27,940**	11,270
Loans to subsidiaries	34	**–**	–	**(510)**	(135)
Interest received	14	**41**	61	**18**	–
Investment in Copper Bay, net of cash acquired	19	**1,053**	327	**(3,000)**	–
Net cash (used in)/generated from investing activities		**(7,266)**	(10,731)	**24,435**	10,530
Cash flows from financing activities					
Dividends paid to owners of the parent	32	**(20,368)**	(17,932)	**(20,368)**	(17,932)
Payment on completion of Kounrad transaction		**–**	(1,432)	**–**	(1,432)
Receipt on exercise of share options	27	**127**	168	**127**	168
Exercise of warrants	25	**–**	1,942	**–**	1,942
Restricted cash	24	**(346)**	1,586	**(400)**	1,649
Net cash used in financing activity		**(20,587)**	(15,668)	**(20,641)**	(15,605)
Effect of foreign exchange losses on cash and cash equivalents		**(257)**	(707)	**(129)**	(687)
Net (decrease)/increase in cash and cash equivalents		**(4,635)**	3,364	**(1,582)**	4,712
Cash and cash equivalents at the beginning of the year	21, 24	**46,159**	42,795	**33,644**	28,932
Cash and cash equivalents at the end of the year	21, 24	**41,524**	46,159	**32,062**	33,644

Cash and cash equivalents at 31 December 2015 includes cash at bank on hand included in assets held for sale of $22,000 (31 December 2014: $15,000) (see note 24).

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. General information

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

The Group's principal business activity is the production of copper cathode at its Kounrad operations in Kazakhstan. The Group also owns two exploration projects in Mongolia which are held for sale and holds a 75% interest in the Copper Bay tailings project in Chile.

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

2. Summary of significant accounting policies

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

Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") and IFRS Interpretations Committee (IFRSIC) interpretations as adopted by the European Union, and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention with the exception of assets held for sale which have been held at fair value. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015. The Group financial statements are presented in US Dollars ($) and rounded to the nearest thousand.

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

Going concern

The Group meets its day-to-day working capital requirements though its profitable operations at Kounrad. The Group has substantial cash balances as at 31 December 2015 and on the date of issue of these financial statements. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

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

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Please refer to notes 6, 24 and 28 for information on the Group's revenues, cash balances and trade and other payables.

New and amended standards and interpretations adopted by the Group

The Group has adopted the following standards for the first time for the financial year beginning on or after 1 January 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

New and amended standards and interpretations not yet adopted by the Group

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

- 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 a material impact on the Group. The standard is subject to EU endorsement and not mandatory for the Group until 1 January 2018.

2. Summary of significant accounting policies continued

- IFRS 15 'Revenue from Contracts with Customers' was issued in May 2014 which establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Revenue will be recognised based on the following five-step model framework:
  - Identify the contract(s) with a customer
  - Identify the performance obligations in the contract
  - Determine the transaction price
  - Allocate the transaction price to the performance obligations in the contract
  - Recognise revenue when (or as) the entity satisfies a performance obligation

The standard is subject to EU endorsement and not mandatory for the Group until 1 January 2018. The standard is not expected to have a material impact on the Group.

- IFRS 16 'Leases' was issued in January 2016. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. Management is currently reviewing the expected impact on the Group.

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

Basis of consolidation

The Group financial statements consolidate the financial statements of CAML and the entities it controls drawn up to 31 December 2015.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised losses/gains on transactions between Group companies are eliminated. Unrealised losses/gains are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Copper Bay investment

Following completion of the pre-feasibility study ("PFS") on 30 June 2015, CAML subscribed for 135,621,610 newly allotted ordinary shares in Copper Bay for a cash consideration of $3,000,000, which increased CAML's shareholding from 50% to 75% and commenced consolidation of Copper Bay Ltd.

Previously this investment was treated as a mineral right. This has resulted in a reduction in Group retained earnings at 30 June 2015 of $1,149,000. An intangible asset of $3,222,000 recognised in 2013 equal to the cash consideration paid for the initial 50% shareholding has been reduced by $1,581,000. The resulting value of the intangible exploration and evaluation assets acquired in the Copper Bay Group on 30 June 2015 were $1,641,000 (see note 19).

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the consolidated statement of financial position distinct from parent shareholders equity.

Where losses are incurred by a partially owned subsidiary, they are consolidated such that the non-controlling interests' share in the losses is apportioned in the same way as profits. Where the subsidiary makes continuing losses such that the non-controlling interests' share of the losses in a period exceeds its interest in equity, the allocation of losses to the minority ceases and the loss is allocated against the parent company holding.

Where profits are then made in future periods, such profits are then allocated to the parent company until all unrecognised losses attributable to the non-controlling interests but absorbed by the parent are recovered at which point, profits are allocated as normal.

Segment reporting

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

Foreign currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency.

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

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

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

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

Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment and the fair value uplift on the Kounrad Transaction. The original estimate of 10 years useful economic life has now been increased through to 2034 which represents the end of the subsoil user licence. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors accounts for a change in an assets useful economic life as a change in estimate and therefore the change is calculated prospectively to the carrying value of the asset at the date of change. This change in estimate will be applied from 1 January 2016.

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

- Construction in progress – not depreciated
- Plant and equipment – over 5 to 22 years
- Mining assets – over 2 to 22 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.

2. Summary of significant accounting policies continued

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 'Business Combinations' using the acquisition method. Any excess of the consideration transferred 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 consideration transferred, 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.

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.

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

Amortisation is charged in the consolidated income statement on a straight-line basis over their expected useful lives.

Mining licences, permits and computer software
The historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives with charges included in either cost of sales or administrative expenses:
- Computer software – over 2 to 5 years
- Mining licences and permits – over the duration of the legal agreement

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

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

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

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

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

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

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

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 is measured at the fair value of consideration received or receivable from sales of metal to an end user, net of any buyers discount and value added tax. The value of consideration is fair value which equates to the contractually fixed price within a 30 day quotation period. The value of consideration in the last month of the year is fair value which equates to the contractually agreed price during that month.

The costs of delivery to the end customers are effectively borne by the Group through means of an annually agreed buyer's fee which is offset from the selling price. The Group reports both a gross revenue and revenue line which reflects the offset of the buyers' discount from the price of the copper achieved.

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 reliably 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 based on the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries operate and generate taxable income.

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

Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short term is regarded as being probable.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Cash and cash equivalents

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

Restricted cash

Restricted cash is cash with banks that is not available for immediate use by the Group. Restricted cash is shown separately from cash and cash equivalents on the statement of financial position.

Investments

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

2. Summary of significant accounting policies continued

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

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

Share based compensation
The 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-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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.

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

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

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

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

3. Financial risk management

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

Foreign currency exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. Foreign exchange risk does not arise from financial instruments that are non-monetary items or financial instruments denominated in the functional currency. Kazakhstan Tenge denominated monetary items are therefore not reported in the tables below, as the functional currency of the Group's Kazakhstan based subsidiaries is the Tenge. Similarly, US Dollar denominated monetary items are not reported in the parent company as it has a functional currency of US Dollar.

During August 2015, the Kazakhstan Tenge devalued by almost 37% overnight when the government transitioned to a free-floating exchange rate, allowing the market to determine the rate. The Tenge devalued further until the end of the year resulting in a total devaluation over the year of approximately 85%.

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 is positive as approximately 60% of the cost base in Kazakhstan is denominated in the Tenge.

The Group does not keep large amounts of cash in Tenge and as at 31 December 2015, held the US Dollar equivalent of $111,000 (31 December 2014: $400,000).

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 Group does not hedge foreign exchange risk.

The primary Group currency requirements are US Dollar, British Pound, Kazakhstan Tenge and Chilean Peso. The Mongolian Tugrik, Chinese Yuan Renminbi, and European Euro requirements are immaterial to the Group's operations.

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

	Average rate		Reporting date spot rate		
	2015	2014	**2015**	2014	Movement
Kazakhstan Tenge	**221.73**	179.19	**339.47**	182.35	86%
Chilean Peso	**686.05**	570.49	**708.36**	605.82	17%
British Pound	**0.65**	0.61	**0.67**	0.64	5%

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

	Group			
	2015			
In $'000 equivalent	GBP	USD	EUR	CNY
Trade and other receivables	356	–	–	–
Cash and cash equivalents	4,130	6,081	19	–
Trade and other payables	(2,143)	(37)	(21)	–
Net exposure	**2,343**	**6,044**	**(2)**	**–**

	Group			
	2014			
In $'000 equivalent	GBP	USD	EUR	CNY
Trade and other receivables	546	644	–	1,341
Cash and cash equivalents	2,812	12,222	34	–
Trade and other payables	(1,228)	(1,001)	(54)	–
Net exposure	2,130	11,865	(20)	1,341

At 31 December 2015, if the foreign currencies had weakened/strengthened by 10% against the US Dollar, post-tax Group profit for the year would have been $7,471 higher/lower (2014: $1,942,950).

3. Financial risk management continued

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

In $'000 equivalent	Company GBP 2015	Company GBP 2014
Trade and other receivables	**340**	30,170
Cash and cash equivalents	**3,508**	2,812
Trade and other payables	**(2,071)**	(1,224)
Net exposure	**1,777**	31,758

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.

The Group's Treasury policy allows limited hedging up to a maximum of 30% of the Group's rolling 12 month production. This policy allows management to combine the benefits of an exposure to the copper price for its shareholders whilst also facilitating the ability for management to put in place limited hedging to cover the cost base. There were no hedges in place during the year or at the year end.

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

	Estimated effect on earnings and equity 2015 $'000	Estimated effect on earnings and equity 2014 $'000
10% increase in copper price	**6,733**	7,656
10% decrease in copper price	**(6,733)**	(7,656)

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 a material income stream from the Kounrad project, the liquidity risk is considered minimal.

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

Trade and other receivables

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 2015	**1,812**	**2,757**	**–**	**–**	**4,569**
As at 31 December 2014	519	6,393	–	–	6,912

The amount classified within 1-2 years is $2,757,000 (2014: $6,393,000) of VAT incurred on purchases within Kazakhstan as explained in note 22. An amount of VAT of $1,666,060 was refunded from the Kazakh authorities in February 2016 and has been reclassified from non-current to current as at 31 December 2015. The table above and below excludes prepayments.

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 2015	**1,996**	**–**	**–**	**–**	**1,996**
As at 31 December 2014	29,948	–	–	–	29,948

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

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.

In order to ensure appropriate distributable reserves during the year, the Company completed a court approved capital reduction scheme (see note 25), which resulted in $67,079,000 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 certain creditors as of the effective date of the capital reduction. The balance of the restricted bank account in relation to the capital reduction scheme as at 31 December 2015 was $400,297.

The Group will continue to monitor any such risks and take appropriate actions.

Credit risk

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

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

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

Interest rate risk

The Group has no borrowings as at 31 December 2015 (2014: nil) and is funded 100% by equity. The Group had $8,004,000 of cash balances on short-term deposit as at 31 December 2015 (2014: nil). The average fixed interest rate on short-term deposits during the year was 0.3% (2014: nil). The Group has limited exposure to interest rate risk.

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 in Kazakhstan.

The Group's main receivable is the VAT incurred on purchases within Kazakhstan as explained in note 22. As at 31 December 2015 a total of $4,423,000 (2014: $6,392,885) of VAT receivable was still owed to the Group by the Kazakhstan authorities. The decrease in this balance is as a result of the devaluation of the Kazakh Tenge during 2015 as explained within the foreign exchange risk section. In February 2016, the authorities refunded a portion of this outstanding amount totalling $1,666,060. The Group still remains confident about its prospects to recover the remaining portion of $2,757,000 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.

Categories of financial instruments

Financial assets

	Group		Company	
Loans and receivables:	**31 Dec 15 $'000**	31 Dec 14 $'000	**31 Dec 15 $'000**	31 Dec 14 $'000
Cash and cash equivalents including restricted cash (note 24)	**42,018**	46,307	**32,462**	33,644
Trade and other receivables	**43**	405	**1,914**	29,874
	42,061	46,712	**34,376**	63,518

Trade and other receivables excludes prepayments and VAT receivable.

3. Financial risk management continued

Financial liabilities

Measure at amortised cost:	Group 31 Dec 15 $'000	Group 31 Dec 14 $'000	Company 31 Dec 15 $'000	Company 31 Dec 14 $'000
Trade and other payables	**3,907**	1,036	**2,163**	267

Trade and other payables excludes corporation tax, social security and other taxes.

4. Critical accounting estimates and judgments

The Group has six 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. The critical accounting estimates are future commodity prices, ore reserves, discount rates and projected future costs of development and production. This includes an assessment of the carrying values of assets held for sale.

The carrying value of the goodwill generated by accounting for the business combination of the Group acquiring an additional 40% in the Kounrad project in May 2014 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.

Functional currency

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

Mineral reserves and resources

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

Significant judgement is required to generate an estimate based on the geological data available. Ore resource estimates may vary from period to period. This judgement has a significant impact on impairment consideration and the period over which capitalised assets are depreciated within the financial statements.

The Kounrad 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 a discount rate of 7.22% (2014: 8.65%) representing the risk free rate (pre-tax) for Kazakhstan.

The provision recognised represents management's best estimate of the costs that will be incurred, but significant judgement is required, as many of these costs will not crystallise until the end of the life of the mine. Estimates are reviewed annually and are based on current contractual and regulatory requirements and the estimated useful life of mines. Engineering and feasibility studies are undertaken periodically; however significant changes in the estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Business combination

The Kounrad Transaction which completed in two stages during 2013 and 2014, resulted 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 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 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 in prior periods and the statement of financial position of the business.

Further details on the accounting treatment of the business combination are set out in the 2014 Annual Report and note 33 of the 2014 financial statements.

VAT recoverability

The Group's main receivable is the VAT incurred on purchases within Kazakhstan as explained in note 22. As at 31 December 2015 a total of $4,423,000 (2014: $6,392,885) of VAT receivable was still owed to the Group by the Kazakhstan authorities. The decrease in this balance is as a result of the devaluation of the Kazakh Tenge during 2015. In February 2016, the authorities refunded a portion of this outstanding amount totalling $1,666,060. The Group still remains confident about its prospects to recover the remaining portion of $2,757,000 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.

5. Segmental information

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

The Group has two business segments consisting of an SX-EW copper plant at Kounrad in Kazakhstan and the Copper Bay project in Chile. The Copper Bay project has been reported as a segment for the first time for the year ended 31 December 2015 following the additional 25% investment made by CAML on 30 June 2015. The Group operations are controlled from a head office in London, UK, but this does not represent a separate business segment.

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 Kounrad and Copper Bay projects are closely monitored and controlled.

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

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

5. Segmental information continued

The segmental results for the year ended 31 December 2014 are as follows:

	Kounrad $'000	Unallocated $'000	Total $'000
Gross revenue	76,561	–	76,561
Off-take buyers' fees	(3,420)	–	(3,420)
Revenue	73,141	–	73,141
Kounrad EBITDA	55,960	–	55,960
Unallocated costs including corporate	–	(8,638)	(8,638)
Group continuing operations EBITDA	55,960	(8,638)	47,322
Gain on re-measuring to fair value the existing interest on acquisition of control	33,039	–	33,039
Depreciation and amortisation	(11,366)	(46)	(11,412)
Exchange rate differences gain/(loss)	2,215	(320)	1,895
Other expense	(295)	–	(295)
Finance income	61	–	61
Finance costs	(323)	(11)	(334)
Profit/(loss) before income tax	79,291	(9,015)	70,276
Income tax			(10,548)
Profit for the year from continuing operations			59,728
Loss from discontinued operations			(257)
Profit for the year			59,471

The total production at Kounrad for 2015 was 12,071 tonnes (2014: 11,136 tonnes) whilst the total quantity of copper sold was at 12,040 tonnes (2014: 11,163 tonnes). The average gross price achieved from the sale of copper was $5,335 per tonne (2014: $6,794 per tonne).

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

- Income tax expense;
- Exceptional items such as inventory write-off;
- 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 year and EBITDA is presented below:

	2015 $'000	2014 $'000
Profit for the year	**22,218**	59,471
Plus/(less):		
Gain on re-measuring to fair value the existing interest on acquisition of control	**–**	(33,039)
Depreciation and amortisation	**10,386**	11,412
Exchange rate differences gain	**(8,992)**	(1,895)
Inventory write-off	**600**	–
Other (income)/expenses	**(66)**	295
Finance income	**(41)**	(61)
Finance costs	**304**	334
Income tax expense	**10,365**	10,548
Loss from discontinued operations	**163**	257
Group continuing operations EBITDA	**34,937**	47,322
Corporate and Copper Bay administrative expenses	**11,131**	8,638
Kounrad EBITDA	**46,068**	55,960

Group segmental assets and liabilities for the year ended 31 December 2015 are as follows:

	Segmental assets		Segmental liabilities	
	31 Dec 15 $'000	31 Dec 14 $'000	**31 Dec 15 $'000**	31 Dec 14 $'000
Kounrad	**94,666**	173,154	**(15,536)**	(26,688)
Copper Bay	**5,369**	–	**(330)**	–
Assets held for sale	**83**	80	**(432)**	(464)
Unallocated including corporate	**32,957**	43,065	**(2,551)**	(1,224)
	133,075	216,299	**(18,849)**	(28,376)

6. Revenue

Group	**2015 $'000**	2014 $'000
International customers	**65,794**	73,532
Domestic customers	**1,534**	3,029
Total gross revenue	**67,328**	76,561
Less: Off-take buyers' fees	**(2,916)**	(3,420)
Revenue	**64,412**	73,141

The Group sells and distributes its copper cathode product primarily through an off-take arrangement with Traxys, which has been retained as CAML's off-take partner through to 31 December 2018. The off-take arrangements are for a minimum of 90% of the SX-EW plant's output. The copper cathodes are delivered from the Kounrad site by rail under an FCA (Incoterms 2010) contractual basis and delivered to the end customers primarily in Turkey. As part of the off-take 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 costs of delivery to the end customers have been effectively borne by the Group through means of an annually agreed buyer's fee which is offset from the selling price.

During 2015, the Group sold 11,750 tonnes (2014: 10,687 tonnes) of copper through the off-take arrangements. Some of the copper cathodes are also sold locally and during 2015, 290 tonnes (2014: 476 tonnes) were sold to local customers.

7. Cost of sales

Group	**2015 $'000**	2014 $'000
Mineral extraction tax	**3,834**	4,431
Taxes and duties	**813**	914
Reagents and materials	**6,229**	5,041
Depreciation and amortisation	**10,264**	11,291
Employee benefit expense	**3,333**	3,321
Consulting and other services	**1,037**	1,019
	25,510	26,017

The 2014 comparative figures include a reclassification of land rental, property tax and contractual payments under the subsoil use contract incurred at Kounrad from administrative expenses to cost of sales totalling $914,000.

8. Distribution and selling costs

Group	**2015 $'000**	2014 $'000
Transportation costs	**31**	15
Employee benefit expense	**83**	80
Taxes and duties	**30**	52
Depreciation and amortisation	**36**	45
Materials and other expenses	**84**	100
	264	292

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

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9. Administrative expenses

Group	2015 $'000	2014 $'000
Employee benefit expense	**6,077**	5,848
Share based payments	**2,396**	1,914
Consulting and other services	**3,359**	1,527
Office related costs	**1,170**	1,445
Taxes and duties	**999**	112
Depreciation and amortisation	**86**	76
Total from continuing operations	**14,087**	10,922
Total from discontinued operations (note 21)	**163**	249
	14,250	11,171

The 2014 comparative figures include a reclassification of land rental, property tax and contractual payments under the subsoil use contract costs incurred at Kounrad from administrative expenses to cost of sales totalling $914,000.

10. Inventory write-off

An incident occurred on site on 26 June 2015, which resulted in approximately a third of the organic inventory being lost to the dumps within a very short time frame. The incident resulted in the write-off of inventory totalling $600,000 (2014: nil).

Following the incident an insurance claim was submitted. In March 2016, the Group received notification that the merits of the claim had been accepted and negotiations are ongoing as to the quantum. The Group has not recognised a receivable for the claim.

11. Auditors' remuneration

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

	2015 $'000	2014 $'000
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	**130**	140
Fees payable to the Company's auditors and its associates for other services:		
– The audit of Company's subsidiaries	**16**	9
– Tax compliance services	**–**	5
– Other services	**42**	109
	188	263

12. Employee benefit expense

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

Group	2015 $'000	2014 $'000
Wages and salaries	**8,758**	7,870
Social security costs	**1,537**	1,738
Staff healthcare	**214**	87
Other pension costs	**49**	448
Share based payments (note 26)	**2,396**	1,914
Total for continuing operations	**12,954**	12,057
Total for discontinuing operations	**62**	31
	13,016	12,088

The total employee benefit expense includes an amount of $1,065,138 (2014: $893,117) which has been capitalised within property, plant and equipment.

The Directors are the key management personnel of the Group and details of the Directors' remuneration has been incorporated within the Remuneration Committee Report on page 44.

13. Monthly average number of people employed

Group	2015 Number	2014 Number
Operational	**231**	202
Construction	**46**	37
Management and administrative	**70**	61
	347	300

Company

The monthly average number of staff employed by the Company during the year was 9 (2014: 8).

14. Finance income and costs

Group	2015 $'000	2014 $'000
Finance income	**41**	61
Finance costs	**(304)**	(334)
Net finance costs	**(263)**	(273)

As part of the off-take 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 $59,441 (2014: $45,940) under these arrangements.

The above finance costs also include $183,639 (2014: $276,683) related to the unwinding of discount of the Group's asset retirement obligations associated with the Kounrad project. The unwinding of discount is calculated on the environmental rehabilitation provision presented in note 29. For cash flow purposes, unwinding of discount is excluded from the finance expense movement.

15. Income tax

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current tax:				
Current tax on profits for the year	**10,386**	10,588	**–**	–
Total current tax	**10,386**	10,588	**–**	–
Deferred tax (note 35)	**(21)**	(40)	**–**	–
Income tax expense	**10,365**	10,548	**–**	–

From 1 April 2015, the main UK Corporation tax rate reduced from 21% to 20% and UK corporate income tax is therefore calculated at an average annual rate of 20.25% (2014: 21.5%) 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 weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group	
	2015 $'000	2014 $'000
Profit before taxation including loss from discontinued operations	**32,583**	70,019
Tax calculated at domestic tax rates applicable to profits in the respective countries	**7,432**	13,858
Tax effects of:		
Gain on re-measuring to fair value to existing interest on acquisition of control	**–**	(7,103)
Expenses not deductible for tax purposes	**2,224**	2,771
Tax losses for which no deferred income tax asset was recognised	**1,187**	1,592
Utilisation of previously unrecognised tax losses	**(478)**	(570)
Income tax expense	**10,365**	10,548

16. Earnings/(loss) per share

(a) Basic

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

	2015 $'000	2014 $'000
Profit from continuing operations attributable to owners of the parent	**22,548**	59,728
Loss from discontinued operations attributable to owners of the parent	**(163)**	(257)
Total	**22,385**	59,471
Weighted average number of Ordinary Shares in issue	**111,558,091**	106,126,062

	2015 $ cents	2014 $ 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	**20.21**	56.28
From discontinued operations	**(0.15)**	(0.24)
From profit for the year	**20.06**	56.04

(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.

	2015 $'000	2014 $'000
Profit from continuing operations attributable to owners of the parent	**22,548**	59,728
Loss from discontinued operations attributable to owners of the parent	**(163)**	(257)
Total	**22,385**	59,471
Weighted average number of Ordinary Shares in issue	**111,558,091**	106,126,062
Adjusted for		
– Share options (note 27)	**2,396,361**	2,183,927
Weighted average number of Ordinary Shares for diluted earnings per share	**113,954,452**	108,309,989

Diluted earnings/(loss) per share	2015 $ cents	2014 $ cents
From continuing operations	**19.79**	55.15
From discontinued operations	**(0.15)**	(0.24)
From profit for the year	**19.64**	54.91

17. Foreign exchange rate gains

Group Exchange rate gain from:	2015 $'000	2014 $'000
Continuing operations	**8,992**	1,895

The Tenge ended the year at 339.47 Tenge per US Dollar which has resulted in the recognition of exchange gains through the income statement of $8,992,000 (2014: $1,895,000), arising mostly on US Dollar denominated monetary assets and liabilities held by the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge.

18. Property, plant and equipment

Group	Construction in progress $'000	Plant and equipment $'000	Mining assets $'000	Motor vehicles and office equipment $'000	Total $'000
Cost					
At 1 January 2014	**476**	**83,663**	**–**	**1,561**	**85,700**
Additions	9,496	1,602	–	227	11,325
Disposals	–	(1,292)	–	(38)	(1,330)
Transfers	(856)	856	–	–	–
Derecognition of previously held interests	(260)	(3,510)	–	(231)	(4,001)
Acquisition of subsidiary 100%	434	6,900	–	385	7,719
Exchange differences	(1,607)	(6,229)	–	(189)	(8,025)
At 31 December 2014	**7,683**	**81,990**	**–**	**1,715**	**91,388**
Additions	6,416	935	–	486	7,837
Disposals	–	(76)	–	(65)	(141)
Change in estimate – asset retirement obligation	–	207	–	–	207
Transfers	(9,668)	9,658	–	10	–
Acquisition of Copper Bay	–	3	–	–	3
Transfer from intangible assets	–	–	1,601	–	1,601
Exchange differences	(2,428)	(43,309)	–	(845)	(46,582)
At 31 December 2015	**2,003**	**49,408**	**1,601**	**1,301**	**54,313**
Accumulated depreciation					
At 1 January 2014	**–**	**7,445**	**–**	**539**	**7,984**
Provided during the year	–	9,307	–	169	9,476
Disposals	–	(778)	–	(58)	(836)
Derecognition of previously held interests	–	(1,315)	–	(169)	(1,484)
Acquisition of subsidiary 100%	–	2,192	–	281	2,473
Exchange differences	–	(851)	–	(35)	(886)
At 31 December 2014	**–**	**16,000**	**–**	**727**	**16,727**
Provided during the year	–	7,630	–	164	7,794
Disposals	–	(69)	–	(56)	(125)
Transfer from intangible assets	–	–	62	–	62
Exchange differences	–	(10,608)	–	(337)	(10,945)
At 31 December 2015	**–**	**12,953**	**62**	**498**	**13,513**
Net book value at 1 January 2015	7,683	65,990	–	988	74,661
Net book value at 31 December 2015	**2,003**	**36,455**	**1,539**	**803**	**40,800**

The Company had $124,465 of office equipment at net book value as at 31 December 2015 (2014: $158,916).

The fall in value of the Tenge has resulted in non-cash foreign exchange losses within property, plant and equipment. This is due to the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge. Further details on the accounting treatment of the Kounrad Transaction business combination are set out in note 33 of the 2014 financial statements.

The change in estimate in relation to the asset retirement obligation of $207,000 is as a result of adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 5.68% (2014: 6.6%) and discount rate of 7.22% (2014: 8.65%) representing the risk free rate (pre-tax) for Kazakhstan.

Following receipt of the regulatory approvals in November 2015 required for the Kounrad Stage 2 Expansion to exploit the copper contained in the Western dumps, management have transferred deferred exploration and evaluation costs within intangible assets (note 19) to mining assets within property, plant and equipment at net book value $1,539,000.

Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment and the fair value uplift on the Kounrad Transaction. The original estimate of 10 years useful economic life has now been increased through to 2034 which represents the end of the subsoil user licence. This change in estimate will be applied from 1 January 2016. In future years, this change will result in a reduction in the annual depreciation and amortisation charge of approximately $4.0 million, but this amount is dependent on the Tenge exchange rate. Such changes are always subject to future periodic reviews of the Group's depreciation policy.

19. 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 2014	9,278	1,941	5,535	47	16,801
Additions	11,013	98	–	17	11,128
Disposals	–	(92)	–	(11)	(103)
Derecognition of previously held interests	–	(1,649)	(1,947)	(16)	(3,612)
Acquisition of subsidiary 100%	–	2,748	57,261	27	60,036
Exchange differences	–	(241)	(450)	(9)	(700)
At 31 December 2014	**20,291**	**2,805**	**60,399**	**55**	**83,550**
Additions	–	542	–	14	556
Transfers to property, plant and equipment	–	(1,601)	–	–	(1,601)
Acquisition of Copper Bay	–	1,641	(3,222)	–	(1,581)
Exchange differences	(10,185)	(1,348)	(26,546)	(31)	(38,110)
At 31 December 2015	**10,106**	**2,039**	**30,631**	**38**	**42,814**
Accumulated amortisation					
At 1 January 2014	–	51	29	28	108
Provided during the year	–	65	1,857	14	1,936
Disposal	–	(92)	–	(11)	(103)
Derecognition of previously held interests	–	(42)	(22)	(9)	(73)
Acquisition of subsidiary 100%	–	70	37	15	122
Exchange differences	–	12	(51)	(6)	(45)
At 31 December 2014	–	64	1,850	31	1,945
Provided during the year	–	41	2,668	11	2,720
Transfers to property, plant and equipment	–	(62)	–	–	(62)
Exchange differences	–	(43)	(1,994)	(19)	(2,056)
At 31 December 2015	**–**	**–**	**2,524**	**23**	**2,547**
Net book value at 1 January 2015	20,291	2,741	58,549	24	81,605
Net book value at 31 December 2015	**10,106**	**2,039**	**28,107**	**15**	**40,267**

The Company had no intangible assets as at 31 December 2015 (2014: nil).

The fall in value of the Tenge has resulted in non-cash foreign exchange losses within intangible assets. This is due to the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge. Further details on the accounting treatment of the Kounrad Transaction business combination are set out in note 33 of the 2014 financial statements.

Deferred exploration and evaluation costs

Following receipt of the regulatory approvals in November 2015 required for the Kounrad Stage 2 Expansion to exploit the copper contained in the western dumps, the deferred exploration and evaluation costs at Kounrad have been reclassified to mining assets within property, plant and equipment (note 18). The net book value of deferred exploration and evaluation costs of $2,039,000 as at 31 December 2015 relates solely to the Copper Bay project.

Copper Bay investment

Following completion of the pre-feasibility study ("PFS") on 30 June 2015, CAML subscribed for 135,621,610 newly allotted ordinary shares in Copper Bay for a cash consideration of $3,000,000, which increased CAML's shareholding from 50% to 75% and commenced consolidation of Copper Bay Ltd.

Previously this investment was treated as a mineral right. This has resulted in a reduction in Group retained earnings at 30 June 2015 of $1,149,000. An intangible asset of $3,222,000 recognised in 2013 equal to the cash consideration paid for the initial 50% shareholding has been reduced by $1,581,000. The resulting value of the intangible exploration and evaluation assets acquired in the Copper Bay Group on 30 June 2015 were $1,641,000.

Impairment test for goodwill

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

The discount rate applied to calculate the present value is based upon the real weighted average cost of capital applicable to the cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

The value in use ("VIU") of a CGU is generally lower than its fair value less costs of disposal ("FVLCD"), due primarily to the fact that the optimisation of the mine plans has been taken into account when determining its FVLCD. Consequently, the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCD.

The key economic assumptions used in the review were copper price $6,000 per tonne and a discount rate of 8%. Assumptions in relation to operational and capital expenditure are based on the latest budget approved by the Board.

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

20. Investments

	Company	
Shares in Group undertakings	**31 Dec 15 $'000**	31 Dec 14 $'000
Beginning of year	**8,663**	7,990
Addition to investments in Kounrad	**–**	598
Addition to investments in CAML Mongolia BV	**38**	60
Addition to investments in CAML Kazakhstan BV	**50**	75
Investment in Copper Bay Limited	**3,000**	–
Impairment of investments in CAML Mongolia BV	**(38)**	(60)
End of year	**11,713**	8,663

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

Company

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

Subsidiary	Country	Activity	**CAML % 2015**	CAML % 2014	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**	100	29 Apr 08
Copper Bay Limited	UK	Holding Company	**75***	50*	29 Oct 10
Copper Bay (UK) Limited	UK	Holding Company	**75***	50*	9 Nov 11
Copper Bay Chile Limitada	Chile	Holding Company	**75***	50*	12 Oct 11
Minera Playa Verde Limitada	Chile	Exploration – Copper	**75**	50	20 Oct 11
Zuunmod UUL LLC	Mongolia	Exploration – Gold	**85**	85	3 May 07
Monresources LLC	Mongolia	Exploration – Molybdenum	**80**	80	18 May 07

* fully diluted basis

21. 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. The Mongolian assets are fully written down.

Assets of disposal group classified as held for sale:

	31 Dec 15 $'000	31 Dec 14 $'000
Cash and cash equivalents	**22**	15
Property plant and equipment	**55**	59
Trade and other receivables	**6**	6
	83	80

Liabilities of disposal group classified as held for sale:

	31 Dec 15 $'000	31 Dec 14 $'000
Provisions	**419**	444
Trade and other payables	**13**	20
	432	464

Loss from discontinued operations:

	2015 $'000	2014 $'000
General and administrative expenses	**(163)**	(249)
Exchange rate loss	**–**	(8)
Loss before income tax from discontinued operations	**(163)**	(257)
Income tax	**–**	–
Loss from discontinued operations	**(163)**	(257)

Cash flows of disposal group classified as held for sale:

	2015 $'000	2014 $'000
Operating cash flows	**(7)**	(19)
Total cash flows	**(7)**	(19)

22. Trade and other receivables

	Group		Company	
	31 Dec 15 $'000	31 Dec 14 $'000	31 Dec 15 $'000	31 Dec 14 $'000
Current portion				
Trade receivables	**–**	41	**–**	–
Less: provision for impairment of trade receivables	**–**	(41)	**–**	–
Receivables from related parties (note 34)	**–**	–	**1,914**	29,571
Prepayments	**836**	2,695	**255**	222
VAT receivable	**1,769**	73	**82**	73
Other receivable	**43**	446	**–**	304
	2,648	3,214	**2,251**	30,170
Non-current portion				
Prepayments	**1,493**	–	**–**	–
VAT receivable	**2,757**	6,393	**–**	–
	4,250	6,393	**–**	–

The carrying value of all the above receivables is a reasonable approximation of fair value. There are no amounts past due at the end of the reporting period that have not been impaired apart from the VAT receivable balance as explained below. Management's policy is to assess all trade and other receivables for recoverability on a regular basis. A provision is made where doubt exists and amounts are fully written off when information becomes known that the amounts due will not be recovered.

As at 31 December 2015 a total of $4,423,000 (2014: $6,392,885) of VAT receivable was still owed to the Group by the Kazakhstan authorities. In February 2016, the authorities refunded a portion of this outstanding amount totalling $1,666,060, which is classified within current receivables. The Group still remains confident about its prospects to recover the remaining portion of $2,757,000 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.

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

23. Inventories

Group	31 Dec 15 $'000	31 Dec 14 $'000
Raw materials	**2,713**	3,901
Finished goods	**318**	153
	3,031	4,054

The Group did not have any slow moving, obsolete or defective inventory as at 31 December 2015 (2014: nil).

24. Cash and cash equivalents

	Group		Company	
	31 Dec 15 $'000	31 Dec 14 $'000	31 Dec 15 $'000	31 Dec 14 $'000
Cash at bank and on hand	**33,498**	46,144	**24,058**	33,644
Short term deposits	**8,004**	–	**8,004**	–
	41,502	46,144	**32,062**	33,644
Cash at bank and on hand included in assets held for sale	**22**	15	**–**	–
Total cash and cash equivalent	**41,524**	46,159	**32,062**	33,644
Restricted cash	**494**	148	**400**	–
Total cash and cash equivalent including restricted cash	**42,018**	46,307	**32,462**	33,644

On 13 May 2015, the Company completed a court approved capital reduction scheme (see note 25), which resulted in $67,079,000 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 certain creditors as of the effective date of the capital reduction. The balance of the restricted bank account in relation to the capital reduction scheme as at 31 December 2015 was $400,297. The remaining amount of $93,553 is held to cover SUC legislation requirements (2014: $148,072).

The average fixed interest rate on short-term deposits during the year was 0.3% (2014: nil).

66% of the Group's cash and cash equivalents including restricted cash at the year-end were held by an AA- rated bank (2014: 73% by an AA- bank). The rest of Group's cash was held within mix of institutions with credit rating between A+ to B- (2014: B to B-).

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25. Share capital and premium

	Number of shares	Ordinary shares $'000	Share premium $'000	Treasury shares $'000
At 1 January 2014	**86,165,934**	**862**	**–**	**(4,100)**
Ordinary shares issue	21,211,751	212	56,041	–
EBT shares granted	3,500,000	35	9,110	(9,145)
Exercise of warrants	1,192,053	12	1,928	–
Exercise of options	–	–	–	3,399
Sales of EBT shares	–	–	–	202
At 31 December 2014	**112,069,738**	**1,121**	**67,079**	**(9,644)**
Exercise of options	–	–	–	1,663
Sales of EBT shares	–	–	–	171
Capital reduction scheme	–	–	(67,079)	–
At 31 December 2015	**112,069,738**	**1,121**	**–**	**(7,810)**

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

On 13 May 2015, the Company completed a court approved capital reduction scheme, which resulted in $67,079,000 being transferred from the share premium account to distributable reserves.

26. Other reserves

Group	Share option reserve $'000	Shares reserve to be issued $'000	Currency translation reserve $'000	Total Group $'000
At 1 January 2014	**5,557**	**39,409**	**(826)**	**44,140**
Reserve transfer	(5,557)	–	–	(5,557)
Currency translation differences	–	–	(10,291)	(10,291)
Promise of shares to be issued on completion of SUC acquisition	–	16,844	–	16,844
Ordinary shares issued on completion of Kounrad transaction	–	(56,253)	–	(56,253)
At 31 December 2014	**–**	–	**(11,117)**	**(11,117)**
Currency translation differences	–	–	(77,352)	(77,352)
At 31 December 2015	**–**	**–**	**(88,469)**	**(88,469)**

The fall in value of the Tenge has resulted in a non-cash foreign exchange loss of $77,352,000 recognised within equity. This is primarily due to the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge.

The Group and Company made a reserve transfer during 2014 to include the share option reserve as part of retained earnings as permitted by IFRS. The share option reserve continues to be recognised within retained earnings as at 31 December 2015.

27. 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 2015, all options have fully vested.

New Scheme

The Company introduced the second share option plan in October 2011. This scheme has an exercise price of effectively nil for the participants. The nil-cost share options granted under this scheme vest on the basis of a third annually depending on the achievement by the Group and the participant of the performance targets as determined by the CAML Remuneration Committee. Under a separate Non-Executive share option plan 2012, Nurlan Zhakupov was granted 100,000 nil-cost options in 2012, and 50,000 nil-cost options in 2014, which vest on the basis of a third annually, without any performance conditions due to his Non-Executive role.

As at 31 December 2015, 180,000 (2014: 330,543) Old Scheme options and 2,380,361 (2014: 2,017,384) 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 a three-year period. The Company has the option but not the legal or constructive obligation to repurchase or settle the options in cash.

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

	2015		2014	
	Average exercise price in $ per share option	**Options (number)**	Average exercise price in $ per share option	Options (number)
At 1 January	**0.30**	**2,347,927**	0.51	2,603,060
Granted	**0.01**	**825,603**	0.01	1,049,471
Exercised	**0.17**	**(613,169)**	0.11	(1,304,604)
At 31 December	**0.22**	**2,560,361**	0.30	2,347,927

The related weighted average share price at the time of exercise was $2.47 (2014: $2.65) per share. Out of the 2,560,361 outstanding options (2014: 2,347,927), 913,079 options (2014: 581,833) were exercisable.

An amount of $2,396,032 (2014: $1,913,617) has been credited to retained earnings and expensed within employee benefits expense from continuing operations for the grant of stock options for the year ended 31 December 2015. Included in this amount is an additional dividend related share option charge of $514,634 (2014: $450,566). 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.

Share options exercised by the Directors during the year are disclosed in the Remuneration Committee Report on page 45.

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

			Share options (number)	
Grant – vest	Expiry date of option	Option exercise price $	**2015**	2014
Old Scheme:				
21 Feb 08	21 Feb 18	6.42	**164,000**	164,000
21 Feb 10	21 Feb 18	0.68	**16,000**	116,000
3 Sep 10	21 Feb 18	0.68	**–**	50,543
New Scheme:				
6 Oct 11	5 Oct 21	0.01	**–**	62,802
8 May 12	7 May 22	0.01	**261,257**	412,937
27 Sep 12	26 Sep 22	0.01	**–**	100,000
24 Jul 13	23 Jul 23	0.01	**317,175**	392,174
3 Jun 14	2 Jun 24	0.01	**349,471**	349,471
8 Oct 14	7 Oct 24	0.01	**626,855**	700,000
22 Apr 15	21 Apr 25	0.01	**825,603**	–
			2,560,361	2,347,927

Employee Benefit Trust

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

2,534,688 Ordinary Shares were initially issued as part of the arrangements in December 2009 followed by a further issue of 853,258 in September 2010. The shares were issued at the exercise price of $0.68, which was the best estimate of the Company's valuation at the time. Details of the awards to Directors of the Company are contained in the Remuneration Committee Report on page 45.

28. Trade and other payables

	Group		Company	
	31 Dec 15 $'000	31 Dec 14 $'000	**31 Dec 15 $'000**	31 Dec 14 $'000
Trade payables	**3,907**	1,041	**2,163**	439
Corporation tax, social security and other taxes	**2,354**	3,211	**342**	785
	6,261	4,252	**2,505**	1,224

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

The Group made a net provision for the 2015 corporate income tax liability at Kounrad of $638,000 (2014: $803,940) having paid an amount of $9,324,934 in advance during the year (2014: $8,505,272). $674,149 was also paid during the year in relation to 2014 corporate income tax.

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

29. Provisions for other liabilities and charges

Group	Provisions for liabilities and charges $'000
At 1 January 2014	3,667
Change in estimate asset retirement obligation Kounrad	(322)
Unwinding of discount	277
On acquisition of 40% SUC	141
Exchange rate difference	(670)
At 31 December 2014	3,093
Change in estimate asset retirement obligation Kounrad	207
Unwinding of discount	184
Exchange rate difference	(1,568)
At 31 December 2015	**1,916**

The only provision accounted for by the Group is for the asset retirement obligation associated with the mining activities at Kounrad, estimated to be required in 2034. The provision is recognised at the net present value of future expected costs using a discount rate of 7.22% (2014: 8.65%) representing the risk free rate (pre-tax) for Kazakhstan.

The provision recognised represents management's best estimate of the costs that will be incurred based on current contractual and regulatory requirements and the estimated useful life of mine to 2034.

The change in estimate in relation to the asset retirement obligation of $207,000 is as a result of adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 5.68% (2014: 6.6%) and discount rate of 7.22% (2014: 8.65%) representing the risk free rate (pre-tax) for Kazakhstan.

30. Cash generated from/(used in) operations

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Profit/(loss) before income tax including discontinued operations		**32,583**	70,019	**(9,522)**	(9,704)
Adjustments for:					
Depreciation	18	**7,666**	9,476	**47**	46
Amortisation	19	**2,720**	1,936	**–**	–
Loss on disposal of property, plant and equipment		**16**	494	**–**	–
Foreign exchange (gain)/loss	17, 21	**(8,992)**	1,887	**(657)**	850
Gain on re-measuring to fair value the existing interest on acquisition of control		**–**	(33,039)	**–**	–
Change in provision for doubtful receivables	22	**(41)**	8	**–**	–
Impairment of Mongolian intercompany receivables	21	**–**	–	**138**	206
Impairment of Mongolian intangible assets and investments	21	**–**	–	**38**	60
Share based payments	27	**2,396**	1,914	**2,396**	1,914
Write-off of inventory	10	**600**		**–**	–
Finance income	14, 21	**(41)**	(61)	**(18)**	–
Finance costs	14, 21	**304**	334	**53**	(11)
Changes in working capital:					
Inventories	21, 23	**(1,454)**	83	**–**	–
Trade and other receivables	21, 22	**(1,647)**	(1,740)	**263**	16,314
Trade and other payables	21, 28	**(515)**	(2,842)	**2,068**	810
Movement in provisions	29	**–**	(1,317)	**–**	–
Cash generated from/(used in) operations		**33,595**	47,152	**(5,194)**	10,485

31. Commitments

At 31 December 2015, amounts contracted for but not provided in the financial statements were as follows:

Group	**31 Dec 15 $'000**	31 Dec 14 $'000
Kazakhstan – Kounrad	**5,600**	1,384
UK – Corporate	**518**	679
Mongolia – held for sale	**38**	41
	6,156	2,104

Group	**31 Dec 15 $'000**	31 Dec 14 $'000
Property, plant and equipment	**4,979**	1,091
Intangible assets	**–**	95
Other	**1,177**	918
	6,156	2,104

32. Dividend per share

In line with the Company dividend policy, the Company paid $20,368,000 in 2015 (2014: $17,932,000) which consisted of a 2015 interim dividend of 4.5 pence per share and a final dividend for 2014 of 7.5 pence per share (2014: interim dividend of 5 pence per share and a final dividend for 2013 of 5 pence per share). The dividend declared amount recognised in the statement of changes in equity of $20,358,000 is different to the dividend paid recognised in the cash flow statement of $20,368,000 due to foreign exchange differences on the GBP declared dividend.

The Directors will propose a final dividend in respect of the year ended 31 December 2015 of 8 pence per share at the forthcoming Annual General meeting ("AGM").

33. Events after the reporting period

VAT recoverability
The Group's main receivable is the VAT incurred on purchases within Kazakhstan as explained in note 22. As at 31 December 2015 a total of $4,423,000 (2014: $6,392,885) of VAT receivable was still owed to the Group by the Kazakhstan authorities. An amount of $1,666,060 was refunded from the authorities in February 2016 and has been reclassified from non-current to current trade and other receivables as at 31 December 2015.

Off-take arrangements at Kounrad
During 2015, the Group's off-take arrangements at Kounrad were put out to tender with Traxys being retained as CAML's off-take partner following a competitive process. The revised off-take contract has been agreed through to 31 December 2018 and will provide additional cost savings fixed for the three-year period. The commitment is for a minimum of 90% of the Kounrad copper cathode production.

Insurance claim
Following the incident at Kounrad in June 2015 an insurance claim was submitted. In March 2016, the Group received notification that the merits of the claim had been accepted and negotiations are ongoing as to the quantum. No receivable was recognised for the claim at 31 December 2015.

34. Related party transactions

The Group had the following related party balances and transactions during the year ended 31 December 2015. 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 subsidiaries
Amounts receivable within one year:

	31 Dec 15 $'000	31 Dec 14 $'000
CAML Kazakhstan BV – following completion of the Kounrad Transaction	**1,631**	29,571
Sary Kazna LLP – management service fees	**252**	–
Copper Bay Limited – management service fees	**31**	–
	1,914	29,571

During 2015, CAML Kazakhstan BV repaid $27,940,000 to the Company (2014: $11,270,000). As at 31 December 2015, $176,272 of intercompany loans and management fee receivable with the Mongolian subsidiaries has been written off during the year as part of the Group impairment testing (2014: $206,000).

The Company also received management fee income from Sary Kazna LLP of $312,916 (2014: $60,000) and from Copper Bay Limited of $26,288 (2014: nil).

Directors' remuneration, EBT shares and options
Directors' remuneration, including Non-Executive Directors, during the year is disclosed in the Remuneration Committee Report on page 44.

Kenges Rakishev
Mr Kenges Rakishev ("KR") became a major shareholder of CAML on 23 May 2014 following completion of the Kounrad Transaction. He was appointed to the CAML Board on 9 December 2013 following the completion of the first part of the transaction. Consequently, KR is considered a related party in any dealings he has with the Group.

As part of the obligations on KR for completing the Kounrad Transaction, he signed a relationship agreement with CAML setting out the terms of the relationship between KR and the Group.

On 29 December 2015, JSC Kazkommertsbank ("KKB") announced that KR, a director of KKB, completed a transaction with Alnair Investment Company to purchase its parent company, JSC Alnair Capital Holding ("Alnair"), which owns 28.08% of KKB's issued and outstanding share capital.

As a result of the transaction, KR became the General Partner of the Alnair investment group and effectively acquired full control over the voting and other rights of a combined 56.75% stake in KKB's issued and outstanding share capital, made up of shares in KKB held by KR directly and indirectly, through Alnair. Alnair has subsequently been renamed Qazaq Financial Group JSC.

The Group uses the facilities of KKB within Kazakhstan for its normal day-to-day banking and has insurance agreements with a subsidiary of KKB. As at 31 December 2015, the Group held $6,107,000 with KKB (2014: $12,479,000).

35. Deferred income tax liability

Group

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

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

	At 1 January 2014 $'000	Acquisition $'000	Currency translation differences $'000	Credited to income statement $'000	At 31 December 2014 $'000
Other timing differences	(374)	–	58	40	(276)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(9,278)	(11,013)	–	–	(20,291)
Deferred tax liability, net	(9,652)	(11,013)	58	40	(20,567)

The fall in value of the Tenge has resulted in a currency translation difference on the deferred tax liability of $10,306,000. This is primarily due to the translation of the goodwill arising on the Kounrad Transaction which is denominated in Tenge.

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

Further reductions to the UK corporation tax rate have been announced which will reduce the rate to 17% by April 2020. However, these changes had not been substantially enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

The Group did not recognise other potential deferred tax assets arising from losses of $5,385,000 (2014: $3,700,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2015, the Group had other deferred tax assets of $934,000 (2014: $1,222,000) in respect of share based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits within the entities concerned.

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries at 31 December 2015 and 2014, respectively.

Company

At 31 December 2015 and 2014 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2015, the Company had not recognised potential deferred tax assets arising from losses of $5,385,000 (2014: $3,345,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2015, the Company had other deferred tax assets of $934,000 (2014: $1,222,000) 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 Advisors

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
Roger Davey, Non-Executive Director
Kenges Rakishev, Non-Executive Director
David Swan, Non-Executive Director
Nurlan Zhakupov, Non-Executive Director

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