CENTRAL ASIA METALS PLC

A DECADE OF DELIVERY

ANNUAL REPORT & ACCOUNTS 2020

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

OUR PURPOSE IS TO PRODUCE BASE METALS, WHICH ARE ESSENTIAL FOR MODERN LIVING, PROFITABLY IN A SAFE AND SUSTAINABLE ENVIRONMENT FOR ALL OUR STAKEHOLDERS.

FINANCIAL HIGHLIGHTS*

EBITDA margin
56%
2019: 60%

Dividend
14p
2019: 6.5p

Kounrad C1 copper cash cost
$0.51/lb
2019: $0.52/lb

Sasa C1 zinc equivalent cash cost
$0.50/lb
2019: $0.47/lb

* See page 51 for definition of non-IFRS alternative financial performance measures.

OPERATIONAL HIGHLIGHTS

SASA, NORTH MACEDONIA

- Zinc in concentrate production of 23,815 tonnes
  2019: 23,369 tonnes
- Lead in concentrate production of 29,742 tonnes
  2019: 29,201 tonnes

KOUNRAD, KAZAKHSTAN

- Copper cathode production of 13,855 tonnes
  2019: 13,771 tonnes
- Copper sales of 13,860 tonnes
  2019: 13,600 tonnes

GROUP

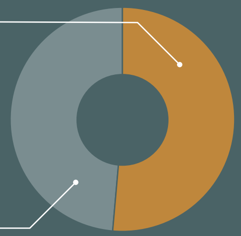
- Lost-time injury frequency rate ('LTIFR') of 0.00
  2019: 0.42
- Corporate debt repayments of $38.4 million
  2019: $38.4 million

AT A GLANCE

UNLOCKING VALUE IN BASE METALS

CENTRAL ASIA METALS ('CAML') IS A DIVERSIFIED MINING COMPANY WITH TWO LOW-COST OPERATIONS PRODUCING THREE BASE METALS ESSENTIAL FOR MODERN LIVING.

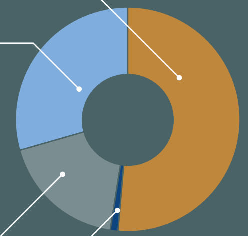
GROSS REVENUE BY GEOGRAPHY



Kazakhstan
$87.7m

North Macedonia
$82.6m

GROSS REVENUE BY METAL



Copper
$87.7m

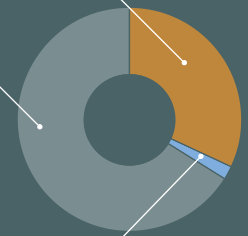
Lead
$49.7m

Zinc
$30.9m

Silver
$2.0m*

* The silver revenue of $2.0m is recognised in relation to the silver stream arrangement. Lead revenue of $49.7m includes silver by-product

EMPLOYEES BY GEOGRAPHY



Kazakhstan
32%

North Macedonia
66%

UK
2%

NORTH MACEDONIA

SASA MINE
→ ZINC
→ LEAD
→ SILVER

OVERVIEW
Sasa is a zinc, lead and silver mine in North Macedonia, approximately 150 kilometres from the capital city, Skopje. The operation is an underground mine and the processing plant uses froth flotation to produce a zinc concentrate and a lead concentrate containing silver. These products are then delivered to smelters to be processed into metal.

CAML plans to change the mining method at Sasa with a transition to cut and fill stoping from the current sub-level caving method. This is expected to lead to maximum recovery of mineral resources as well as improved storage of tailings for the life of the mine.

In 2020, the mine produced 23,815 tonnes of zinc in concentrate and 29,742 tonnes of lead in concentrate.

Life of mine
17 years

Ore Reserve*
10.7Mt

Zinc grade
3.0%

Lead grade
4.0%

For operations in North Macedonia see page 38

* Ore Reserves have an effective date of 30 June 2020

KAZAKHSTAN

KOUNRAD OPERATION
→ COPPER

OVERVIEW
In 2012, CAML completed construction and began producing copper from the Kounrad in-situ dump leach and solvent extraction electro-winning ('SX-EW') operation close to Balkhash in central Kazakhstan.

Two self-funded expansions followed, and the Company has now fully developed Kounrad, with copper production expected to continue until the end of the licence in 2034.

Since production commenced, 110,100 tonnes of copper have been produced at Kounrad, at costs that are amongst the lowest in the world.

Life of operation to
2034

2020 copper production
13,855t

2020 copper sales
13,860t

Estimated remaining recoverable copper resources
140,000t

For operations in Kazakhstan see page 42

OUR PURPOSE-DRIVEN APPROACH

OUR PURPOSE SHAPES OUR BUSINESS MODEL AND OUR STRATEGIC DECISIONS. IT IS UNDERPINNED BY OUR VALUES WHICH INFORM THE BEHAVIOUR AND STANDARDS EXPECTED OF ALL OUR COLLEAGUES IN THE BUSINESS. TOGETHER THESE DETERMINE HOW WE EMPLOY THE INPUTS TO THE BUSINESS TO IDENTIFY AND DELIVER OUR IMMEDIATE AND LONG-TERM STRATEGIC OBJECTIVES AND GENERATE SUSTAINABLE, LONG-TERM RETURNS FOR ALL OUR STAKEHOLDERS.

OUR PURPOSE

To produce base metals, which are essential for modern living, profitably in a safe and sustainable environment for all our stakeholders.

OUR VALUES

HEALTH & SAFETY

SUSTAINABILITY

EFFICIENCY AND INNOVATION

RESPECT AND TRUST

OUR INPUTS

PEOPLE AND SKILLS

RESOURCES

COMMUNITY RELATIONSHIPS

INVESTMENT

OUR IMMEDIATE STRATEGIC OBJECTIVES

FOCUS ON SAFETY AND SUSTAINABILITY

This objective ensures that safety and sustainability remains a key priority in everything that we do.

TARGETING LOW COST, HIGH MARGINS

This objective is around our focus on low cost production which results in high margins.

ENSURING PRUDENT CAPITAL ALLOCATION

This objective focuses on CAML's ability to allocate capital efficiently.

OUR LONG-TERM STRATEGIC OBJECTIVE

DELIVERING GROWTH

Focus on CAML's ability to take advantage of opportunities to grow the business through acquisition.

HOW WE MEASURE SUCCESS

MEASURING SUCCESS THROUGH KPIs

see pages 24-25

OUR ASSOCIATED RISKS

DELIVERING VALUE THROUGH ROBUST RISK MANAGEMENT

see pages 52-54

OUR STAKEHOLDERS

Generating long-term sustainable value for:

EMPLOYEES

COMMUNITIES

INVESTORS

GOVERNMENTS

SUPPLIERS

STRATEGIC REPORT

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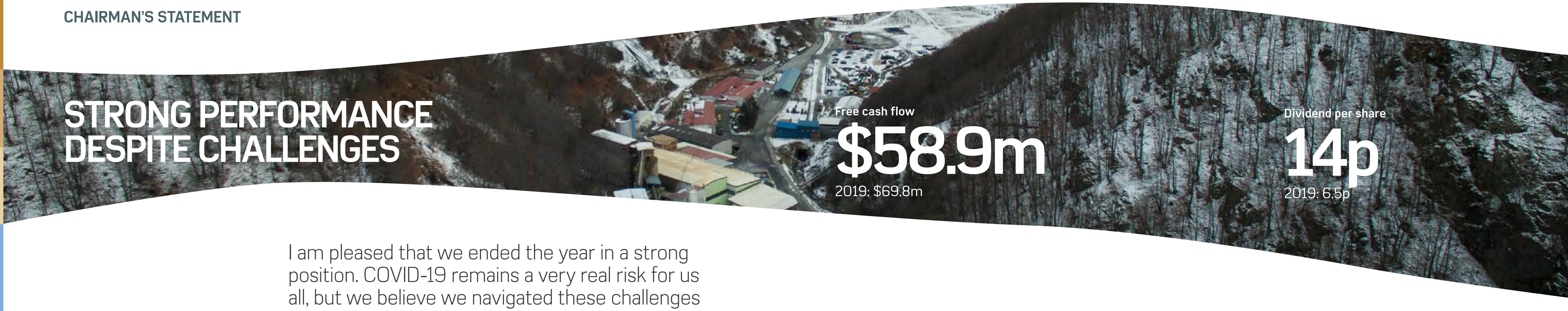


STRONG PERFORMANCE DESPITE CHALLENGES

Free cash flow
$58.9m
2019: $69.8m

Dividend per share
14p
2019: 6.5p

I am pleased that we ended the year in a strong position. COVID-19 remains a very real risk for us all, but we believe we navigated these challenges as best as we could during 2020 and this, coupled with much improved H2 2020 metals prices, meant we ended the period with commendable financial results and a strong balance sheet.

NICK CLARKE,
CHAIRMAN

2020
Despite the challenges of 2020, not least the weak H1 2020 commodity prices, we reported strong production from our operations, which led to CAML EBITDA of $95.7 million and free cash flow of $58.9 million. This has, in turn, meant we continued to deleverage, and we ended the year with gross debt of $80.4 million, some $28.4 million lower than 2019.

LOOKING BACK OVER A SUCCESSFUL DECADE AS AN AIM-LISTED COMPANY
We reached two significant milestones in 2020. In April, we produced our 100,000th tonne of copper cathode from Kounrad. This achievement was made possible due to the long-term dedication of General Director, Pavel Semenchenko, and his team, as well as Technical Director, Howard Nicholson, who took overall responsibility for the project's construction on time and below budget and who remains responsible for the technical aspects of Kounrad. We are proud that this copper has been produced from what was waste material, and at costs that are amongst the lowest in the world.

September 2020 marked 10 years as an AIM-listed company for CAML and we have enjoyed a very successful decade. We have grown our business from an exploration and development company with a suite of assets in central Asia at the time of listing, to a focused mining company, producing the base metals which are essential for modern living, profitably and in a safe and sustainable environment for all our stakeholders.

We now employ over 1,000 people in Kazakhstan and North Macedonia and in 2020 produced some 13,855 tonnes of copper, 23,815 tonnes of zinc and 29,742 tonnes of lead with gross revenue of $170.3 million from our two projects. Our local suppliers are important to us, and many others in the local communities also depend on our operations for their livelihoods. We have a strong health and safety ethos and our operations have leading safety statistics. We are most proud to have now set up charitable foundations in both countries with clear mandates to support sustainable and long-term development around both of our operations. In the nine years since we commenced copper production at Kounrad, we will soon have returned to our supportive shareholders over $209.6 million in dividends. We believe that our alignment with our shareholders as well as other stakeholders in this regard sets us apart from many of our peers.

SUSTAINABILITY
We have continued to devote much of our time and energy to advancing our ESG and sustainability efforts during 2020. In Q2, 2020 we published our first Sustainability report, detailing our efforts and achievements in this key area, and this was very well received.

We advanced our approach in 2020, as we retained independent consultants, ERM, to undertake a stakeholder engagement exercise to revisit our material topics as previously defined by our desk-based assessment in 2019.

We were reassured to conclude that we had been focusing on the areas that are most important to our internal and external stakeholders and, crucially, we believe this additional analysis has given us the depth of understanding to align our next Sustainability Report, which will be published in Q2 2021, to the Global Reporting Initiative ('GRI') Standards 'Core option'.

Our September 2020 tailings storage facility 4 ('TSF4') leakage, see note 4, was a big disappointment for us and we have since made operational, monitoring and personnel changes at Sasa to try to ensure that this never happens again. I was, however, impressed with how the team dealt with this issue. We have been transparent and open with all of our stakeholders and we appointed the best consultants in their fields to help us with the tailings dam and the associated river remediation programme. Our CEO, Nigel Robinson, spent the majority of Q4 2020 in North Macedonia and held many meetings with local and national government officials in conjunction with the Sasa team to ensure our relationships in North Macedonia remain as strong now as they were before the incident.

GOVERNANCE
Non-Executive Directors Nigel Hurst-Brown and Robert Cathery have informed me that they plan to leave the CAML Board during 2021. I am delighted that Mike Prentis has agreed to join the CAML Board as an Independent Non-Executive Director, effective from 31 March 2021. Formerly a fund manager with BlackRock, Mike brings to the Board over 35 years of investment and capital markets experience and will be a great addition to the Group. Mike will join the Audit, Sustainability and Nomination Committees.

Since the escalation of the COVID-19 pandemic in March 2020, we held weekly CAML Board gatherings as we felt that it was important to provide hands-on guidance and support to the Executive Directors and senior management team in what has arguably been the most unusual period in recent history. I believe that we have navigated this virus (and the unfortunate TSF4 incident) as well as possible and we look forward to a brighter 2021 with various vaccine programmes now being implemented.

ACKNOWLEDGEMENTS
I would like to thank the Board of Directors, our senior management team and all of our employees for their dedication to our business during 2020, in what was a particularly challenging year globally. Your efforts do not go unnoticed and we very much appreciate your hard work.

NICK CLARKE
CHAIRMAN
29 March 2021

HOW WE GENERATE VALUE FOR ALL OF OUR STAKEHOLDERS

OPERATING WITH EXCELLENCE

PEOPLE, KNOWLEDGE AND EXPERIENCE

Our people

We are proud of the experienced and capable teams that we have at Sasa and Kounrad, and now employ over 1,000 people, with less than 10 expatriates combined at both of our sites.

We provide wide-ranging training programmes for our operational teams and in some cases tertiary education for key talent.

We have a strong Board with complementary skills and a London-based senior management team.

Sasa local workforce
99%

Kounrad local workforce
100%

EFFICIENT EXTRACTION

Mining ore

Sasa is a conventional underground mine and ore is treated by froth flotation to produce separate zinc and lead concentrates.

Annual plant throughput is currently up to 850,000 tonnes.

CAML plans to transition its mining method to cut and fill stoping at Sasa from the current sub-level caving method, which is expected to lead to maximum recovery of mineral resources as well as improved storage of tailings for the life of the mine.

Sasa currently has reserves and resources to support a 17-year mine life.

Sasa 2020 ore extraction
826,421t
2019: 817,714t

In-situ dump leaching

CAML has now had nine years of successful leaching at Kounrad. The SX-EW plant produces copper cathode in a relatively simple and reliable processing facility, with the capacity to produce 50 tonnes of cathode daily.

Kounrad has 140,000 tonnes of estimated remaining recoverable copper resources, which should ensure a life of operation to the end of the licence in 2034.

Kounrad estimated remaining recoverable copper resources
140,000t

LOW-COST OPERATIONS

Producing our metals

Capital and operational cost control is applied at both operations. Maintaining low costs underpins our profitability, allowing us to look after our stakeholders and to reward shareholders with attractive dividends.

Sasa had on-site 2020 costs of only \$39.2 per tonne (2019: \$40.3 per tonne) and Kounrad is one of the lowest cost copper producers globally.

Sasa C1 zinc equivalent cash cost
\$0.50/lb
2019: \$0.47/lb

Kounrad C1 copper cash cost
\$0.51/lb
2019: \$0.52/lb

DELIVERING VALUE FOR ALL OF OUR STAKEHOLDERS

We have an economically robust business that underpins our ability to generate profits and dividends for our shareholders and ensure that our successes are felt by our other important stakeholders.

INVESTORS

EPS
24.78 cents
2019: 29.36 cents

Dividend full year
14p
2019: 6.5p

EMPLOYEES

Sasa
693
2019: 698

Kounrad
330
2019: 323

Total number of CAML employees and contractors
1,245
2019: 1,230

COMMUNITIES

Sasa social contributions
\$0.3m
2019: \$0.3m

Kounrad social contributions
\$0.2m
2019: \$0.3m

GOVERNMENTS

Tax paid in North Macedonia since November 2017 acquisition
\$48.6m

Tax paid in Kazakhstan since 2012
\$163.4m

SUPPLIERS

Sasa % in-country procurement
52%

Kounrad % Karaganda region procurement
56%

SUSTAINABILITY UNDERPINS OUR BUSINESS MODEL

THE LONG-TERM FUTURE OF OUR PRODUCTS

CAML has built its business producing the base metals which are essential for a modern world. The Company has confidence in the long-term demand aspects for the copper, zinc and lead it produces which, coupled with a limited longer-term pipeline of good quality development projects, should see attractive metal prices prevail for the future.

COPPER

As the world transitions from fossil fuels to green technology, there is an increasing demand for the base metals which are used in their production. Copper is an essential component of this transition as it is used in wiring, electric motors, wind turbines and other technologies. Global electrification and green stimulus trends look set to boost copper demand into the future.

There is a surge in demand for copper to wire the green economy, as electric vehicles need around four times more copper than those with internal combustion engines ('ICEs'). According to industry experts, solar panels and wind farms need as much as five times the amount of copper needed for fossil fuel power generation. Around 1 million tonnes per year demand growth is predicted by 2025 in each of the electric vehicle and renewable energy sectors.

Furthermore, copper is used in almost all construction projects and major appliances. Copper will also play a key role in a push to boost building efficiencies as there will be wiring upgrades, LED lighting, and heat pumps. However, there is a threat of copper losing market share in low voltage and communications cables and optical fibres could displace some material demand in the medium term.

Opportunities:

→ Beneficiary of global renewable energy trend
→ Electric vehicles are more copper-intensive than incumbents, plus the infrastructure required to transmit the required electricity to charging stations
→ Drive for building efficiencies will result in greater demand for copper

Threats:

→ Losing market share in low voltage and communications cables
→ Ex-Chinese demand remains below levels seen 15 years ago

ZINC

Increasing the life span of products and reducing the need for replacement parts has been a key initiative for sustainability. The prime use of zinc is galvanising steel and iron to protect against corrosion. This prevents the premature replacement of these products as the zinc coating protects them. Rising wealth in emerging markets is driving increased investment into galvanisation to extend the life cycle of steel and iron-based products.

However, there is increasing competition from aluminium in die-cast alloys. Furthermore, with the galvanising coating technology improvements, there is a reduction in zinc 'wastage', in turn reducing zinc demand.

Increasing battery storage demand due to the shift towards renewables has resulted in a search for alternatives to expensive lithium-ion batteries. Recent developments in zinc batteries offer good signs of progress to provide a cheaper potential alternative for buyers. Furthermore, one of the less well-known uses of zinc is in fertilisers. As a micronutrient for plant life, zinc is an important component of various enzymes that are responsible for driving many metabolic reactions in crops.

Opportunities:

→ Rising wealth in emerging markets driving increased investment into galvanisation to extend the life cycle of products
→ Limited scrap recovery

Threats:

→ Risk of substitution from aluminium, for die-cast alloys in particular
→ Reduction in zinc wastage due to improvements in galvanisation techniques

LEAD

The major application for lead is in lead-acid battery production which accounts for nearly 80% of total demand. Batteries play an essential role in the function of our society from trucks which are needed to ship supplies to hospitals, supermarkets etc, to industrial batteries.

Stationary batteries are also essential for backup power at hospitals, data centres, telecommunications companies and other critical infrastructure. As a result, lead batteries have a place in the green economy alongside lithium-ion batteries.

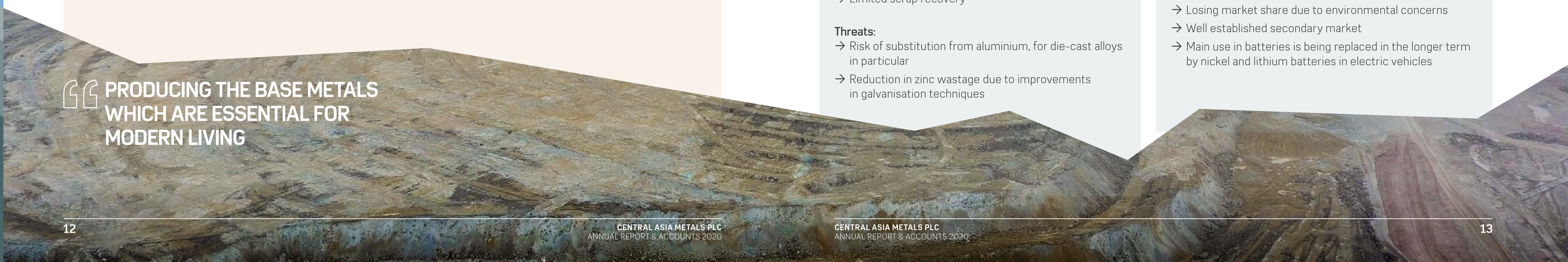
A huge amount of regulation has been passed in recent decades to control lead exposure and protect both the workforce and the environment from its toxic aspects. This has led to the reduction in lead usage.

Opportunities:

→ Increasing demand for uninterrupted power supply, rising energy storage application
→ Plays an important role in electric vehicles by running electrical systems such as lights, windows, navigation, air-conditioning and airbag sensors
→ Potential substitute when other metal supplies (i.e. cobalt, nickel and lithium) are limited
→ Near to medium term, start-stop technology in internal combustion engine vehicles requires more lead

Threats:

→ Losing market share due to environmental concerns
→ Well established secondary market
→ Main use in batteries is being replaced in the longer term by nickel and lithium batteries in electric vehicles



"PRODUCING THE BASE METALS WHICH ARE ESSENTIAL FOR MODERN LIVING

OUR MARKETS CONTINUED

2020 was a tale of two halves for base metals prices, which recovered well in H2 2020 from their H1 2020 lows. The expectation is that the stimulus measures by governments around the world will drive metal demand over the near and medium term.

The COVID-19 pandemic has been the biggest shock to Kazakhstan's economy in almost two decades. While the collapse in oil prices in 2009 and 2015 shrank aggregate demand and rocked the stability of the financial sector, the current crisis has meant that the supply side of the economy has also been affected by a series of lockdowns. Following the announcement of a state of emergency, a state commission was set up to coordinate the efforts to fight the pandemic, impose quarantine control, and provide support to those people whose livelihoods were affected by the virus or by the emergency restrictions.

More than a year ago President Kassym-Jomart Tokayev came to power and initiated an ambitious economic and political reform programme in Kazakhstan. While the pandemic has posed various challenges to the implementation of reforms, it has also become a catalyst for launching new reform measures such as public sector reform, large-scale privatisation and the promotion of a green economy. These measures are aimed at tackling the impact of the pandemic while also accelerating the path to diversify the economy away from hydrocarbons.

According to the National Bank of Kazakhstan, Kazakhstan's 2020 GDP declined by 2.6%, and inflation was 7.5%.

Copper

Copper began the year close to $6,000 per tonne and fell to its lowest point on 19 March 2020, at $4,353 per tonne, when concerns over the spread of COVID-19 came into focus. Global lockdowns resulting in temporary mine shutdowns and reduced production levels rebalanced the copper market and, on the expectation of stimulus measures, pushed copper to above $8,000 per tonne in December 2020, the highest price since 2013. The International Copper Study Group ('ICSG') expects a 2020 global refined copper deficit of 589,000 tonnes. Fastmarkets expects a 2021 deficit of 600,000 tonnes as a result of a sharp rebound in global ex-China demand.

COPPER

1 JAN 2020
$6,149/t

+26.0%

31 DEC 2020
$7,749/t

Commodity market $/t Average
$6,184/t

Following the outbreak of the COVID-19 pandemic, a state of emergency was declared in North Macedonia between March and June 2020, which delayed the parliamentary elections until July, resulting in the country being run by the 'technical government' for H1 2020. Following elections, a government was formed in August 2020, comprising a coalition between two parties, the ruling party, SDSM, and DUI, which typically represents Albanian voters. This elected Government will continue to implement EU-related reforms and progress with EU membership negotiations. In March 2020, North Macedonia officially joined NATO. According to the National Bank of North Macedonia, North Macedonia's 2020 GDP is expected to have declined by 4.4%, with inflation of 1.1%.

Zinc

The zinc concentrate market was anticipated to be in surplus during 2020. However, COVID-19 related shutdowns of major mines in Peru, Bolivia and India in particular offset this somewhat. China's demand for zinc picked up in the second half of the year and this, combined with the rockfall-related supply disruption at Vedanta's Gamsberg zinc mine in South Africa and renewed investor confidence, pushed the zinc price higher, rising by approximately $300 per tonne to $2,800 per tonne after the Gamsberg incident.

According to the International Lead and Zinc Study Group ('ILZSG'), there was an overall 2020 surplus of 553,000 tonnes. However, the Group envisages a surplus of 463,000 tonnes in 2021, due in part to fewer mine disruptions. While governments have begun to roll out COVID-19 vaccines, the threat of another year of above-average disruptions remains high.

Lead

The 2020 lead market was tight due to reduced mine supply coupled with reduced demand from the global automotive industry, which uses lead in lead-acid batteries, due to COVID-19. Consultancy group LMC Automotive forecasts global light vehicle sales could increase to 86 million vehicles in 2021 - up from an estimated 77 million vehicles in 2020, but still below the 90 million vehicles sold in 2019. The ILZSG estimates a refined lead market surplus of 166,700 tonnes for the first 11 months of 2020. oversupply expected in 2021.

ZINC

1 JAN 2020
$2,280/t

+19.7%

31 DEC 2020
$2,729/t

Commodity market $/t Average
$2,268/t

LEAD

1 JAN 2020
$1,914/t

+3.3%

31 DEC 2020
$1,976/t

Commodity market $/t Average
$1,825/t

FINANCIAL MARKETS AND CAML SHARE PRICE

Since the Company's IPO in September 2010, CAML's share price has significantly outperformed the FTSE AIM All Share/Basic Resources Index, primarily due to CAML's strong operational performance, low production costs and attractive high dividend yield.

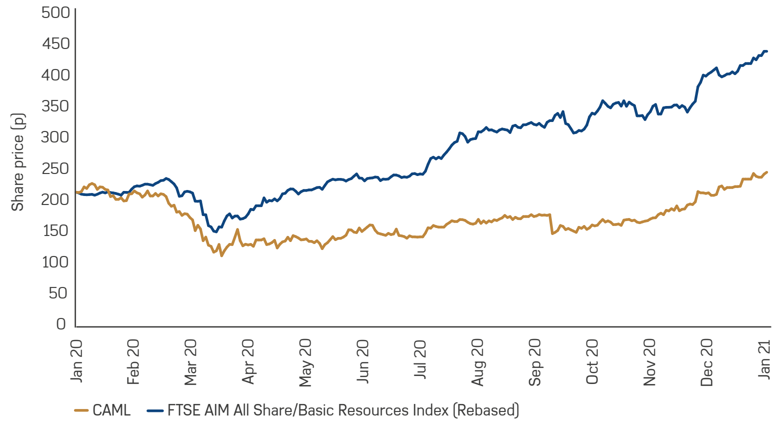
2020 was a challenging year for global stock markets due in large part to COVID-19. The FTSE 100 fell by over 30% between January and March as the severity of the pandemic became apparent. Markets generally improved as the year progressed though, and the FTSE 100 ended the year down only 15% since January 2020.

At the end of the year, the CAML share price closed at £2.40, which represents a 9% increase on the 31 December 2019 price of £2.20. However, since the share price low of £1.14 in March 2020, which was related to the COVID-19 pandemic, the CAML share price appreciated by over 100% to £2.40 by 31 December 2020. The FTSE AIM All Share/Basic Resources Index gained 104% during 2020 and outperformed CAML.

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

CAML versus AIM Basic Resources (IPO – 2020)

CAML versus AIM Basic Resources (2020)



ENTERING 2021 IN A STRONG POSITION

Gross revenue

$170.3m

2019: $180.8m

LTIFR

0.00

2019: 0.42

We ended 2020 in a strong position, having overcome a number of difficulties during the year, in particular the impact of the COVID-19 pandemic. With zero LTIs at both of our operations, we met our increased production guidance at Kounrad and, at Sasa, we achieved our zinc guidance and came within 1% of our lead guidance, despite the TSF4 related shutdown.

NIGEL ROBINSON,

CHIEF EXECUTIVE OFFICER

2020 OVERVIEW

Sasa produced 23,815 tonnes of zinc in concentrate and 29,742 tonnes of lead in concentrate at a C1 zinc equivalent cash cost of production of $0.50 per pound. While these costs are above previous years, this is largely due to increased treatment charges globally as on-site costs remained low.

Our Kounrad operations continued to perform well, delivering copper cathode output within the increased production guidance range of 13,855 tonnes. Kounrad's 2020 C1 copper cash cost of production remained extremely low by global standards at $0.51 per pound.

Despite the challenges of COVID-19 and weak H1 2020 metal prices, demand for copper, zinc and lead improved materially in H2 2020 and that, combined with our robust production, led to us reporting gross revenue of $170.3 million. 2020 EBITDA was $95.7 million with an EBITDA margin of 56%.

We have continued to deleverage during 2020, having repaid a further $38.4 million of corporate debt, ending the year in a net debt position of $36.2 million, with cash in the bank of $47.9 million (including restricted cash). We view this as significant progress given that CAML had debt of almost $200 million on acquiring Sasa in November 2017.

The Group generated 2020 free cash flow of $58.9m million, enabling us to recommend a 8 pence per share final dividend. This equates to a full-year dividend of 14 pence per share, which represents 57% of 2020 free cash flow.

SUSTAINABILITY

This strong operational and financial performance underpins our business and we place significant emphasis on ensuring that we are sustainable for all stakeholders. To demonstrate our efforts and achievements in this area, we will soon be publishing our second Sustainability Report, our first to GRI standards core option, which will provide qualitative and quantitative data to support material sustainability topic areas for us and our external stakeholders. We have also refined our corporate strategy to embed sustainability issues and ensure it reflects our purpose of ensuring we produce base metals profitably in a safe and sustainable environment.

We remain focused on safety and are pleased to report zero LTIs at either of our operations during 2020. We therefore report a 2020 LTIFR of 0.00, a marked improvement on the LTIFR of 0.42 that we reported in 2019. By the end of 2020, there had been 959 days since the last LTI at Kounrad and 702 days since the last LTI at Sasa. Effective safety training and supervision for our employees will always be a priority and are crucial to achieving a strong safety record.

We were disappointed to report a leakage at our TSF4 in September 2020. However, under the guidance of global tailings experts, Knight Piésold, we were able to swiftly repair the facility and make some engineering, operational and monitoring improvements for the future stability of the dam. Most importantly, we managed to maintain our strong government and local community relationships through our transparent and open approach to this issue, as well as our efforts in remediating the river.

It is estimated that, by 31 December 2020, in excess of 95% of the tailings deposited during the leakage had been removed from the river. Efforts to remove the remaining tailings will continue into 2021, with the necessary sediment traps already in place and collecting material. Biodiversity efforts can now accelerate in 2021, with revegetation and tree planting activities to be undertaken along the riverbanks, as well as the long-term monitoring of algae and macro-invertebrate regeneration.

During 2020, we spent $0.5 million at Sasa and Kounrad, supporting the local communities and our host countries nationally as we played our part in helping to mitigate the negative health impacts of the COVID-19 pandemic. 62% of our community support budget was spent on COVID-19 related expenditure. In Kazakhstan, our Kounrad Foundation charity purchased a polymerase chain reaction ('PCR') machine for Balkhash Central Hospital to ensure timely virus testing for the local population. In North Macedonia, Sasa donated $166,000 to provide support for hospitals (approximately 50% of funds), as well as providing help for the most vulnerable in the local community and contributing to the Government's Ministry of Health COVID-19 fund.

Supporting our local communities in general is a vital aspect of what we do in the areas close to the operations and, as a result, we enjoy good relations with our neighbours and we believe we have brought some real, positive change. We established the Kounrad Foundation for charitable donations in 2018 and have recently completed the formation of a similar Sasa Foundation.

SASA

At Sasa, in addition to our efforts in broadly achieving our production goals despite TSF4 related production stoppages, we also completed our Life of Mine studies, the findings of which were announced with our interim results in September 2020. The Board recommends the transition of Sasa's Svinja Reka orebody from the current sub-level caving method to cut and fill stoping as this will not only result in maximum recovery of mineral resources but will also enable safer operating practices as well as longer-term improvements to tailings disposal. Implementation of the Cut and Fill Project has commenced, and a dedicated Capital Projects Team formed to ensure the delivery of this project.

EBITDA

$95.7m

2019: $108.6m

EBITDA margin

56%

2019: 60%

KOUNRAD

During the year at Kounrad, leaching operations performed well, as did the SX-EW processing facilities which achieved availability of over 99%. We continued to develop more of the Western Dumps for future leaching operations, while focusing on maximising copper extraction in the Eastern Dumps. Capital expenditure remained very low at $1.3 million, comprising some replacement anodes, plus increasing our footprint of leaching infrastructure and collector trenches around the Western Dumps.

MARKET PERFORMANCE

During 2020, the CAML share price closed on 31 December 2020 at £2.40, which represents a 9% increase on the 31 December 2019 closing price of £2.20. However, since the COVID-19 related share price low of £1.14 in March 2020, CAML shares appreciated by over 100% to the end of the year.

OUTLOOK

The outlook for 2021 is positive, and we look forward to the year ahead producing the base metals essential for modern living, for all stakeholders, in a safe and sustainable manner.

WITH FOCUS

Our culture of embracing technology with an enterprising spirit is born out of our values, which ensure we focus on safety, sustainability, respect and trust, and efficiency and innovation.

While we remain in the midst of the COVID-19 pandemic, we have gained confidence over the last 12 months in the measures we have put in place to try to manage, as best we can, infection rates on our sites. We no longer currently fear the forced shutdown or force majeures that we believed possible last year, and the 2021 roll-out of vaccine programmes around the world should soon result in a marked improvement in the health of the global population. Despite the COVID-19 impact, the Group did not access any financial support throughout the pandemic from the UK Government.

We start 2021 in a strong base metal price environment, with improving treatment charges and increased demand for the metals we produce. Our production guidance for Sasa is 825,000 to 850,000 tonnes of ore, which should lead to between 23,000 and 25,000 tonnes of zinc in concentrate and between 30,000 and 32,000 tonnes of lead in concentrate.

At Kounrad, we expect to produce between 12,500 and 13,500 tonnes of copper.

Our focus at Sasa during 2021 and 2022 will be implementing the Cut and Fill Project. We now expect 2021 capital expenditure of $22-23 million, higher than previously guided in the H1 2020 results announcement. This adjustment is due to an additional $2-3 million in sustaining capital expenditure deferred from 2020 as well as a decision taken to bring forward from 2022 $4-5 million of project capital expenditure due to the current strong commodity prices. We are progressing well and look forward to implementing this project which will see us extract the maximum resources in a safe, sustainable and efficient manner.

NIGEL ROBINSON
CHIEF EXECUTIVE OFFICER
29 March 2021

AN OPEN AND TRANSPARENT BUSINESS

THROUGH OUR VALUES, WE BELIEVE WE HAVE CREATED A WORKING CULTURE THAT IS ENTERPRISING, RESPECTFUL AND PRODUCTIVE, WITH FOCUS ON SAFETY AND SUSTAINABILITY AS WELL AS EFFICIENCY AND INNOVATION.

OUR PURPOSE

Our purpose is to produce base metals which are essential for modern living, profitably, in a safe and sustainable environment for all our stakeholders. Our metals play a key role in transmitting power, in accommodation and workspaces, as well as for energy storage and the transformation of people, all of which fosters economic growth and development.

We promote low cost, sustainable and ethical metal production to benefit our workforce, local communities, host governments and shareholders. We enrich communities close to our operations with employment opportunities and education, sports facilities, medical care and help for underprivileged members of society. Focus on environmental responsibilities remains key to our business strategy.

OUR CULTURE AND VALUES

Since inception of the Company, our culture has been to operate in an open and transparent manner and develop a long-term and sustainable business. CAML, as a business, has been built by embracing technology and continues to operate with an enterprising spirit.

Our values inform the behaviour and standards expected of all our colleagues in the business regardless of the location or role of that individual. Our employees are the essence of the Company and their conduct affects our work ethic, the decisions we make and our performance.

We encourage our people to take ownership of their work, lead by example, and set achievable goals. Through this we facilitate improvement in our processes and practices enabling us to meet the targets we set ourselves. Accountability for us means defining our responsibilities and fulfilling our commitments to our partners, employees, and stakeholders. This means delivering on our objectives and goals efficiently in respect of time and cost.

See following section for how we have lived our values during 2020

HOW WE'VE LIVED UP TO OUR VALUES

HEALTH AND SAFETY

The safety of our employees is a core value and we are passionate about protecting the health and wellbeing of our people. We work hard to monitor, assess and mitigate all the risks that could potentially cause harm to our employees. We strive to ensure that every individual within the Company understands that safety is their responsibility.

Our priority in 2020 primarily focused on keeping our employees and contractors healthy during the pandemic. We shielded vulnerable workers at both of our operations and continued to pay our employees as normal during these challenging times. Through ongoing communications with our employees, including Toolbox Talks, meetings and videos, we continued to keep our employees aware of preventative measures for COVID-19.

We have good presence on site by our Company doctors who have provided tremendous support during the pandemic. We adopted their advice, as well as all COVID-19 measures that were recommended by the World Health Organization ('WHO') and our host governments. At Sasa, our teams have kept in regular communications with the Mayor of the nearby town, Makedonska Kamenica, and the Local Crisis Committee too.

We were delighted to have zero LTIs at either operation during the year and, by the end of 2020, we had recorded 702 days without a LTI at Sasa and 959 days since the last LTI at Kounrad.

Both operations are in the process of moving all mandatory HSE training to online to make this easy to access and administrate.

SUSTAINABILITY

Taking responsibility for sustainable development is our core objective and its importance is considered in each decision that we make. We aim to positively affect our employees and local communities, while minimising any adverse impacts on the natural environment.

Throughout 2020, we strengthened our focus on sustainability by integrating it throughout our business and, in doing so, we moved aspects of governance and HR teams under the sustainability realm.

We taught our management teams and employees about the importance of Corporate Governance and undertook an internal review and self-assessment. This included refresher training on our whistleblowing and code of conduct policies. Our new hires now receive our various corporate policies, such as the Whistleblowing, Code of Conduct and Anti-Bribery and Corruption and they confirm that they have read and understood them.

We endeavour to better understand, engage and partner with our key stakeholders to create sustained, mutual value. To that end, we appointed consultants to undertake a stakeholder engagement programme to ensure we were focussing on the most important sustainability areas and we provided GRI training for key personnel, as we wish to report in line with these standards going forward.

We want to make sure that we are doing all that we can for our employees and support them during difficult times. For that reason, we introduced return to work interviews for those who come back to work following a period of illness.

Our Sasa team created a website for our local community to access for news about the mine and potential job openings.

Kounrad kicked off the first phase of a programme that is aimed at transforming the culture, management and employee experience of the operations. In the initial phase, a number of employees and members of the management team were interviewed by an external party to understand how engaged and motivated employees are and identify opportunities for improvement.

2021 will see us continue to develop our culture of sustainability, to include safety, governance and employee satisfaction and development, all of which are core to our business.

EFFICIENCY AND INNOVATION

We encourage our team to embrace change and commit to continuing to bring technology and innovation together to improve our operations. This approach helps us to use our resources wisely and efficiently to achieve long-term sustainable production.

Despite the challenges that occurred in 2020, both of our operations have continued to drive positive changes with innovations in the production process, education and social aspects.

Our technical team has proven itself during 2020 for its focus on efficiency and innovation. In delivering the Sasa Life of Mine study, we are committed to optimising our mining method with the Cut and Fill project which will allow us to extract our maximum resources while storing over 40% of our tailings underground in a more innovative and environmentally and socially acceptable manner. Also, during 2020, we installed NewTrax digital monitoring systems to our mobile plant, which enables us to efficiently monitor utilisation and availability.

We also undertook a scoping study into the potential to use solar power to generate a portion of our energy requirements at Kounrad, which is currently entirely reliant on the local grid. Further work will be undertaken this year.

Attracting, developing and retaining the best people is crucial to our success. At Sasa, we developed various HR processes to help streamline and reduce non-value-add administrative activities. We implemented a recruitment procedure, to include online testing and a new initiative called 'Rising Stars'. Here we identified our leaders of tomorrow and we will be working with these individuals in 2021 to create development plans to assist them on the path to reach their full potential.

We are also moving towards 'one single source of truth' for employee information, linking our time and attendance system to our payroll.

RESPECT AND TRUST

We encourage open and constructive communications with team members and value collaborative working. We accomplish transparency through honest, fair, and open communication with all key stakeholders, built on disclosure, clarity, and accuracy. We are open to recognising our faults and improving practices. Our purpose is to provide a safe, collaborative and agile workplace that provides employees with the tools and training to be successful.

During the pandemic we proactively increased communications with our employees via various planned and impulsive meetings, Toolbox Talks and written communications. We also used our unions at Sasa and our Employee Representative Group at Kounrad to gather employee feedback and consult with them on the COVID-19 preventive measures and receive feedback. Managers personally called employees who had tested positive and/or were isolating to check they were supported.

We recognise and respect diverse cultures and communities and to that end we supported low-income citizens, children and disadvantaged people within the local villages throughout the year. In particular, the Kounrad Foundation charity assisted the Blind Society with renovation work on their premises and built a crisis centre for victims of domestic violence. We also purchased COVID-19 PCR testing equipment and installed a diesel generator at the local Balkhash Central Hospital. This commitment on our behalf helps to form the mutual respect and trust between the Company, our employees and the local community.

The management at Kounrad partnered with the Employee Representative Group to successfully agree on the terms of a new collective agreement that will be in place for the next three years. Some additional benefits included the increase of minimal paid vacation from 24 days to 30 days. We will also be financially supporting families with four or more children in contributions made towards their children's nursery expenses and schooling.

At Sasa, we donated numerous tablet computers to local schools for children from vulnerable families to continue to study from home. We also continuously kept the local community up to date with regards to the cleaning and river remediation project. This is extremely important to us to be able to build up the trust again and maintain the open dialogue.

We held a management away day for our leaders to come together and openly discuss and agree the road ahead for Sasa following the TSF4 incident in September. The management team openly discussed various issues and agreed, as a team, how to work together to resolve them and drive the business forward. The away day included discussions around culture and the open and transparent environment we would like to foster for employees. We will be holding follow up sessions in 2021.

OUR STRATEGIC FRAMEWORK

DURING THE YEAR WE HAVE EVOLVED OUR STRATEGIC OBJECTIVES AND ALIGNED THEM MORE CLOSELY WITH OUR PURPOSE – TO PRODUCE BASE METALS, WHICH ARE ESSENTIAL FOR MODERN LIVING, PROFITABLY AND IN A SAFE AND SUSTAINABLE ENVIRONMENT FOR ALL OUR STAKEHOLDERS.

Our strategic objectives of safety and sustainability, low cost, high margins and prudent capital allocation are underpinned by our longer-term ambition of growth through acquisition.

We promote low-cost, sustainable and ethical metal production to benefit our workforce, local communities, host governments and shareholders. We enrich communities close to our operations with employment opportunities and education, and other facilities, while at the same time focusing on the financial sustainability of our operations.

OUR IMMEDIATE STRATEGIC OBJECTIVES

Focus on safety and sustainability

This objective ensures that safety and sustainability remains a key priority in everything that we do

- The health, safety and wellbeing of our employees is our top priority
- Prevent, mitigate and control our environmental impacts through a focus on energy use and climate change, air quality and pollution, water, waste and biodiversity
- Continue to drive social and economic value in the communities we operate in

Progress in 2020

- Strong health and safety performance at both operations
- Strong stakeholder relationships maintained despite disappointing TSF4 incident

Performance in 2020

LTIFR	Fatalities	Environmental incidents
0.00	0	1

Our long-term objectives

- 15% reduction in five-year average LTIFR
- 0 fatalities
- 0 severe or major environmental incidents
- 0 severe or major community incidents

Targeting low cost, high margins

This objective is around our focus on low cost production which results in high margins

- Consistently focus on maintaining low cost production while maintaining high margins
- Aim to continue efficient operations to unlock maximum value and profitable operations

Progress in 2020

- Met increased 2020 copper production guidance
- Met zinc production guidance
- Lead production only 1% below guidance despite TSF4 related shutdown
- Maintain low Kounrad 2020 C1 copper cash costs and Sasa 2020 C1 zinc equivalent cash costs

Performance in 2020

Copper equivalent production	EBITDA	Cash cost, copper equivalent
29,082t	$95.7m	$1.15/lb

Our long-term objectives

- Meeting annual production targets
- Strong cost control

Ensuring prudent capital allocation

This objective focuses on CAML's ability to allocate capital efficiently

- Focus on capital allocation, including:
  - investing in our operations
  - debt reduction
  - returns to shareholders

Progress in 2020

- 2020 debt repayments of $3.2m per month
- 2020 Board commitment to implement Sasa Cut and Fill project
- Dividend payments during 2020 of $13.9m

Performance in 2020

Capital expenditure	Net debt	Corporate debt repayments
$8.5m	$36.2m	$38.4m

Our long-term objectives

- Continue to reduce debt in the absence of an acquisition opportunity
- Deliver on Sasa Cut and Fill project to change the mining method
- Ensure dividends are within policy range of between 30%-50%

OUR LONG-TERM STRATEGIC OBJECTIVE

Delivering growth

This objective is a continuous and underlying ambition

- Focus on CAML's ability to take advantage of opportunities to grow the business through acquisition

Progress in 2020

- Size and liquidity becoming more important investment considerations
- Attractive commodity exposure (ideally copper)
- Looking to acquire with manageable balance sheet implications

Performance in 2020

Opportunities reviewed	Site visits undertaken	Non-disclosure agreements signed
20	1	5

Our long-term objectives

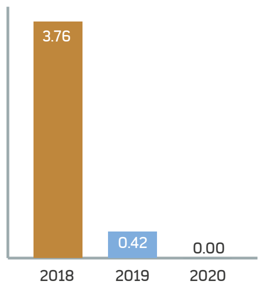
- NAV/share increase
- EBITDA/share increase
- EPS increase

See pages 24 and 25, Our KPIs, for more information on our performance

We have identified a range of financial and non-financial KPIs aligned to our strategic objectives to measure our performance.

FOCUS ON SAFETY AND SUSTAINABILITY

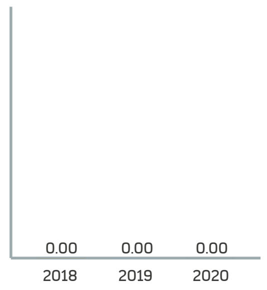
LTIFR



Definition/rationale
We aim to provide a safe working environment for our people. LTIFR is lost time injury frequency rate, which is calculated as the number of work lost-time injuries, divided by the number of hours worked, multiplied by 1,000,000.

2020 performance
CAML's 2020 safety performance was excellent, with zero lost time injuries at either operation.

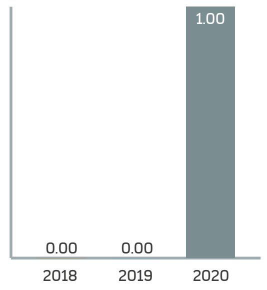
FATALITIES



Definition/rationale
CAML has a target of no fatalities and of zero harm in the workplace, and firmly believes that every employee should go home safely to their family at the end of their shift.

2020 performance
There were no fatalities due to a workplace safety incident at either operation in 2020. Indeed, there has never been a fatality at a CAML operated site.

ENVIRONMENTAL INCIDENTS

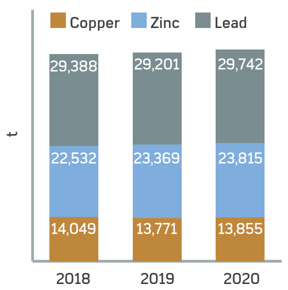


Definition/rationale
CAML strives for zero severe environmental incidents and Executive Director remuneration is linked to performance in this important area.

2020 performance
Sasa's TSF4 incident in September 2020 was a serious environmental incident and a disappointment. The team moved swiftly to repair the facility and clean up the tailings spillage.

TARGETING LOW-COST, HIGH MARGINS

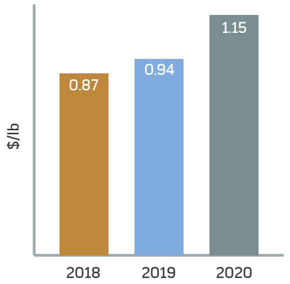
PRODUCTION



Definition/rationale
CAML aims to meet annual production targets and continue efficient operations to unlock maximum value and ensure a profitable performance.

2020 performance
2020 copper production at Kounrad within increased guidance range. Strong 2020 zinc and lead production at Sasa despite TSF4 related shutdown. Zinc in concentrate production within guidance range and lead in concentrate production within 1% of guidance range.

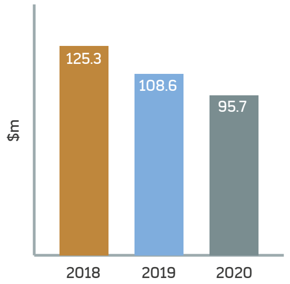
CASH COST, COPPER EQUIVALENT



Definition/rationale
Maintaining low costs at both of our operations underpins profitability. CAML reports its Group C1 cash cost on a copper equivalent basis incorporating production costs at Sasa. C1 cash cost of production is a standard metric used in the mining industry to allow comparison across the sector. CAML calculates C1 cash cost by including all direct costs of production (reagents, power, production labour and materials, as well as realisation charges such as freight and treatment charges) in addition to local administrative expenses. Royalties, depreciation and amortisation charges are excluded.

2020 performance
The Group C1 cash cost on a copper equivalent basis has increased largely as a result of higher realisation costs at Sasa, primarily due to increased treatment charges, and lower copper equivalent production units.

EBITDA

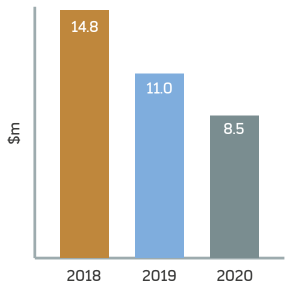


Definition/rationale
EBITDA is a valuable indicator of the Group's underlying profitability and is frequently used in the mining sector by investors and analysts for valuation purposes. EBITDA is earnings before interest, taxation, depreciation, amortisation and other special items. It is a non-IFRS financial measure which is reconciled on page 51.

2020 performance
The Group generated 2020 EBITDA of $95.7 million, representing a decrease of 12% from the prior year due to the decline in commodity prices and an increase in Sasa's treatment charges.

ENSURING PRUDENT CAPITAL ALLOCATION

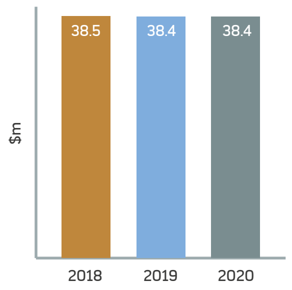
CAPITAL EXPENDITURE



Definition/rationale
Capital expenditure reflects the investment in the operations and includes sustaining capital expenditure at both operations and Sasa's TSF4 construction expenditure during 2018 / 2019.

2020 performance
During the year, Group capital expenditure totalled $8.5 million, a combination of $1.3 million Kounrad sustaining capital expenditure and $7.2 million Sasa sustaining capital expenditure.

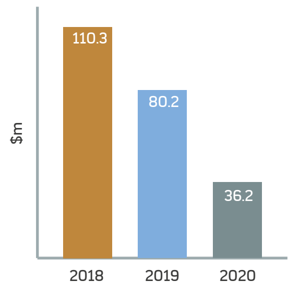
CORPORATE DEBT REPAYMENTS



Definition/rationale
CAML's focus is on deleveraging its balance sheet as well as ensuring the Group is able to maintain liquidity and service debt.

2020 performance
All contractual principal debt repayments were made under the borrowings held with Traxys Europe S.A. totalling $38.4million.

NET DEBT

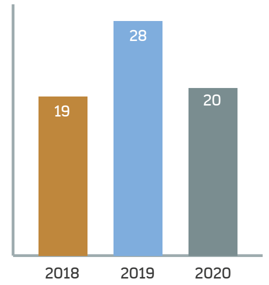


Definition/rationale
Net debt reflects the Group's financial liquidity. Net debt is calculated as the total of the borrowings held with Traxys Europe S.A. and bank overdrafts less the cash and cash equivalents held at the end of the year. This balance does not include the restricted cash balance.

2020 performance
Net debt reduced by $44.0 million in 2020 to $36.2 million as at 31 December 2020.

DELIVERING GROWTH

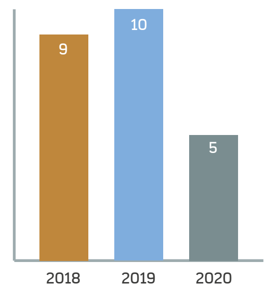
BUSINESS DEVELOPMENT OPPORTUNITIES REVIEWED



Definition/rationale
Reviews of potential opportunities for mergers and acquisitions are undertaken as a routine part of our business.

2020 performance
Despite COVID-19 related challenges, management continued to review a significant number of potential opportunities for growth.

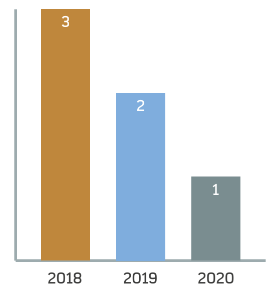
NON-DISCLOSURE AGREEMENTS SIGNED



Definition/rationale
Signing a NDA gives CAML access to company information that is not in the public domain. This greatly improves the level of due diligence that can be undertaken on a potential opportunity.

2020 performance
With many global businesses concentrating on the challenges of COVID-19 and associated weak H1 2020 metal prices, companies were typically not as focused on business development as in prior periods.

SITE VISITS UNDERTAKEN



Definition/rationale
Senior management undertaking a site visit denotes an advanced level of interest in a business development opportunity.

2020 performance
With senior management focused primarily on the existing business plus COVID-19 related travel restrictions, only one site visit was undertaken during the year.

FOCUS ON SAFETY AND SUSTAINABILITY

ONE OF OUR FOUR KEY STRATEGIC OBJECTIVES IS OUR FOCUS ON SAFETY AND SUSTAINABILITY.

“WITH COVID-19 CASES IN BOTH KAZAKHSTAN AND NORTH MACEDONIA, CAML'S TOP PRIORITY DURING 2020 HAS BEEN, AND CONTINUES TO BE, THE WELFARE OF OUR EMPLOYEES AND CONTRACTORS

The safety and wellbeing of our team is of the upmost importance to us as we want each of our employees to return home safely to their families at the end of their shifts. Our Group Health and Safety Manager, Peter Hoh, who joined us in 2018, brought with him a wealth of international mining health and safety experience and he has been instrumental in the improvements we have made during the last two years.

The broader sustainability topic is embedded in every aspect of our operations and the way we conduct ourselves as CAML personnel, and we are firmly committed to looking after the environment in which we operate, developing our people, helping to foster sustainable development in the communities close to our operations and operating to the highest standards of business ethics.

OUR COVID-19 RESPONSE

Total COVID-19 community support

$0.3m

CAML has taken significant steps to try to ensure the continued good health of its team members, including:

- Established a COVID-19 'Crisis Committee'
- Instructed staff to work from home wherever possible
- A cessation of all but essential international travel
- A cessation of all but necessary visitors to site (subject to authorisation from General Directors)
- Identification and close monitoring of team members most vulnerable to COVID-19
- The distribution of COVID-19 related PPE to employees and contractors
- The distribution of COVID-19 related PPE to community members in the town close to the Sasa mine
- Undertaken a detailed review of all activities at both operations to ensure that social distancing is at the heart of how we operate during the pandemic
- Made changes to alcohol testing at Sasa to increase social distancing
- Made changes to canteen and transport arrangements at both operations to increase social distancing
- Reinforced relevant government guidance and increased hygiene measures on both sites
- Issued instructions to employees to stay at home if they suffer from any potential COVID-19 symptoms
- Requested employees take their temperatures before coming into work, and testing temperatures at the mine gate

ENSURING PRUDENT CAPITAL ALLOCATION

OUR APPROACH TO CAPITAL ALLOCATION IS CENTRAL TO HOW WE GENERATE VALUE FOR OUR STAKEHOLDERS.

> **OUR SENIOR MANAGEMENT TEAM BALANCES OUR CAPITAL ALLOCATION PRIORITIES TO ENSURE LONG-TERM VALUE CREATION FOR ALL STAKEHOLDERS**

At CAML, we allocate capital in four predominant areas. These are capital expenditure to ensure our operations are as efficient as they can be, debt repayments, dividends and, longer term, looking for acquisition opportunities to grow our business.

Since instigating our first policy in 2012, we have now returned to our supportive shareholders over $209.6 million in dividends. On acquiring Sasa in 2017, we took on corporate debt totalling $187.0 million. By 31 December 2020, we had repaid $123.7 million of this total, and ended the 2020 financial year with net debt of $36.2 million and a strong balance sheet.

We devote material management time to appraising business development opportunities which we deem could result in growth and value creation for our Company. While these activities were reduced during H1 2020, they gathered momentum during H2 2020 during which time we reviewed 20 opportunities.

CUT AND FILL PROJECT

2021-2022 investment at Sasa

$19m

Project completion by

2022

The CAML Board has made the decision to invest in Sasa for the long term to transition the mining method from the current sub-level caving to a method known as cut and fill stoping. The reasons are:

- Cut and fill enables maximum recovery of Sasa's mineral resources due to increased selective mining and the limited need for support pillars deeper in the mine
- Cut and fill is widely understood to be a safer mining method than sub-level caving
- This method is superior from a social and environmental perspective as it enables Sasa to store over 40% of its life of mine tailings underground as part of the paste fill material
- Economically, this, in combination with dry stacking of the remaining tailings, should mean that no more costly tailings storage facilities will be built
- Development of a new decline will facilitate faster underground access, increased ventilation and remove 'double handling' aspects which will be exacerbated once production is below the current 830 main haulage level

STAKEHOLDER ENGAGEMENT

The Board of Directors has always been mindful of the duties of directors under s172 of the Companies Act 2006.

All Directors act in a way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members. In doing so, they each have regard to a range of matters in making decisions for its success over the long term. Key decisions and matters that are of strategic importance to the Company are appropriately influenced by the matters set out in s172.

Our purpose is to produce base metals, which are essential for modern living, profitably in a safe and sustainable environment for all our stakeholders. Throughout the year we continually engage, both formally and informally with our key stakeholders. This has enabled us to assess and clearly understand their needs, consider their perspectives and monitor their impact on our strategic ambition. During 2020, an independent stakeholder engagement process was undertaken with consultants, ERM, specifically to ascertain stakeholder views and re-visit CAML's material sustainability topics.

As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors. These include the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Examples of this can be seen in the long-term planning for the operation of the Group's key assets in Kazakhstan and North Macedonia, ensuring that this process continues to take account of the interests and views of our stakeholder groups. By careful consideration of these factors, we believe that we can create positive benefits for our stakeholders, which are integrated into our strategic model, that are also in the interests of the Company and its members.

Remuneration is another area in which the Group which takes account of the views of its stakeholders, through employees and their representatives and, at a senior level, through the views of investors. The recent re-design of the Company's Long-Term Incentive Plan has taken into account the feedback received following shareholder consultation and has been implemented with due consideration to responses received as part of this process. Details on how we have further developed this area with the incorporation of a sustainability performance measure to align our incentive schemes with our business and sustainability priorities are commented upon further in the table opposite and in the report of the Remuneration Committee on pages 76-77. Each of these matters are of great importance and help shape the success of the Group in achieving its long-term strategic aims in the interests of all stakeholders.

Examples of how s172 factors have been applied by the Board can be found throughout the Strategic Report. The table to the right sets out our key stakeholder groups and how we engaged with them during the year.

Stakeholders	How the Board and Company engage with them	Key topics raised
INVESTORS Our shareholders play an important role in supporting our Company. We recognise the importance of the activities and outcomes of stewardship and regularly engage with investors on our financial performance, strategy and business model and our ESG performance.	→ Regular one-on-one meetings with Executive Directors and Director of Corporate relations via telephone / videocall when face-to-face meetings not possible → Investor presentations (Executive Directors) → AGM (all Directors) → In-person and virtual Industry conferences (including Executive Directors) → Social media (CAML has an established Twitter platform, and commenced posting material on LinkedIn during 2020)	→ TSF4 leakage → COVID-19 → Climate change → Sustainability reporting → Tailings storage facilities
EMPLOYEES Our employees are our most important asset. They want to work in an environment where they are safe and respected, and have the opportunity to learn, reach their potential and develop successful careers in a Company they can be proud of.	→ Newsletters → Email → Briefings → HR discussions → Notice boards and suggestion boxes → Local website at both operations → Union representatives at Sasa and Employee representative group at Kounrad → Video presentations to disseminate key messages to employees while social distancing measures are in place (including Executive Directors)	→ Updates to COVID-19 operating practices → New vacancies and new hire information → Senior management changes → Pay review and bonuses
GOVERNMENTS / NGOS Building trust and partnership with the governments that host our operations is very important to us while minimising any adverse impacts on the natural environment.	→ Meetings with Company management (including Executive Directors) → Local and national government engagement (including Executive Directors) → Site visits by government officials and ministers (including Executive Directors) → Significant technical input by professors of local technical universities	→ TSF4 leakage → Remediation of river following TSF4 incident → Partnership regarding community development → Employment → COVID-19
COMMUNITIES Building trust and partnership with the communities closest to our operations is very important to us while minimising any adverse impacts on the natural environment.	→ Local media → Drop-in community relations centre at Sasa → Public meetings → Local websites at both operations → Support for local community events such as Spring Festival in Kazakhstan and Miners' Day in North Macedonia → Increased use of telephone and email to maintain strong engagement with the community throughout the COVID-19 pandemic → Sponsor of university students → Sasa training centre activities limited due to COVID-19	→ TSF4 leakage → Remediation of tailings spillage → Dust from TSF and from vehicle movements → Employment → Community support including COVID-19
SUPPLIERS We have established long-term partnerships that complement our in-house expertise, and have built a network of specialised partners within the industry and beyond.	→ Communications to suppliers regarding Local Procurement Policy → Communications covering anti-bribery and other ethical/ governance issues	→ Local procurement (jobs for community residents) → Clear and concise anti-bribery provisions → Long-term partnerships (preferred supplier status)

BOARD DECISION

The Remuneration Committee of the Board in consultation with the Sustainability Committee made the decision to introduce sustainability performance targets in relation to 25% of the Long-Term Incentive Plan ('LTIP') awards granted in 2020.

Stakeholder interests affected
The new target includes the following key areas:

- → health and safety of employees
- → environmental protection
- → community interests

For more details please see pages 76-77 of the Report of the Remuneration Committee.

Reason for decision
Stakeholder interests have always been a key part of CAML's methods of operation. The decision to include sustainability measures in the LTIP reinforces and provides public affirmation of this. Stakeholders can take comfort that Executive Director (and senior management) remuneration is intrinsically linked to sustainability performance.

Actions undertaken
All LTIP awards for Executive Directors and senior management granted in 2020 include sustainability performance targets.

Progress and outcomes
Performance against targets is being monitored over a three-year period and similar targets are intended to be included in the 2021 LTIP awards.

DRIVING VALUE FOR OUR STAKEHOLDERS

2020 STAKEHOLDER ENGAGEMENT INFORMS MATERIAL TOPICS

During 2020, CAML engaged external consultants, SustainAbility, to undertake a stakeholder engagement exercise. Our material topics as covered in our inaugural 2019 Sustainability Report were broadly confirmed and are demonstrated in the materiality matrix, which reflects the relative importance of each topic to the business (x-axis) and to external stakeholders (y-axis).

DELIVERING VALUE THROUGH STEWARDSHIP

We look to maintain the highest levels of ethical standards in our conduct and encourage the same for our suppliers whilst working in full compliance with the laws and regulations of our host countries. Robust corporate governance systems are the foundation from which we can promote optimal economic, social and environmental outcomes.

MATERIAL TOPICS

1. Responsible supply chain
2. Corporate governance and business ethics

MAINTAINING HEALTH AND SAFETY

Our priority is to provide a safe and healthy working environment for our employees, contractors and visitors and work together towards the goal of zero harm in the workplace. We aim to eliminate occupational health risks brought about by our operations and support employee wellbeing, whilst monitoring the health of our people and promoting a healthy lifestyle.

MATERIAL TOPICS

3. Health and wellbeing
4. Safety

FOCUSING ON OUR PEOPLE

We are dedicated to treating all employees fairly, recognising core labour and human rights principles and supporting the right to freedom of association and collective bargaining, as well as respecting the right to be free of harassment or intimidation in the workplace. We look to promote our Company culture and provide a positive, stimulating and productive workplace, where continuous employee development is encouraged.

MATERIAL TOPICS

5. Workforce culture and development
6. Labour relations

CARING FOR THE ENVIRONMENT

We recognise our responsibility, as a contributor of greenhouse gas emissions, to identify and implement programmes to minimise energy usage where possible, as well as to mitigate and adapt to the impacts of climate change throughout the value chain. We monitor water use and aim to minimise freshwater withdrawal, whilst also carefully managing discharge water quality. We are committed to effectively and responsibly managing tailings storage facilities and proactively working to reduce and recycle nonmineral, hazardous and non-hazardous materials waste and preventing or reducing pollution. We aim to protect and promote biodiversity and will ensure a responsible approach to rehabilitation and closure planning to ensure a sustainable legacy, recognising the potential for an operation to impact on the environment and local society after the end life of the asset.

MATERIAL TOPICS

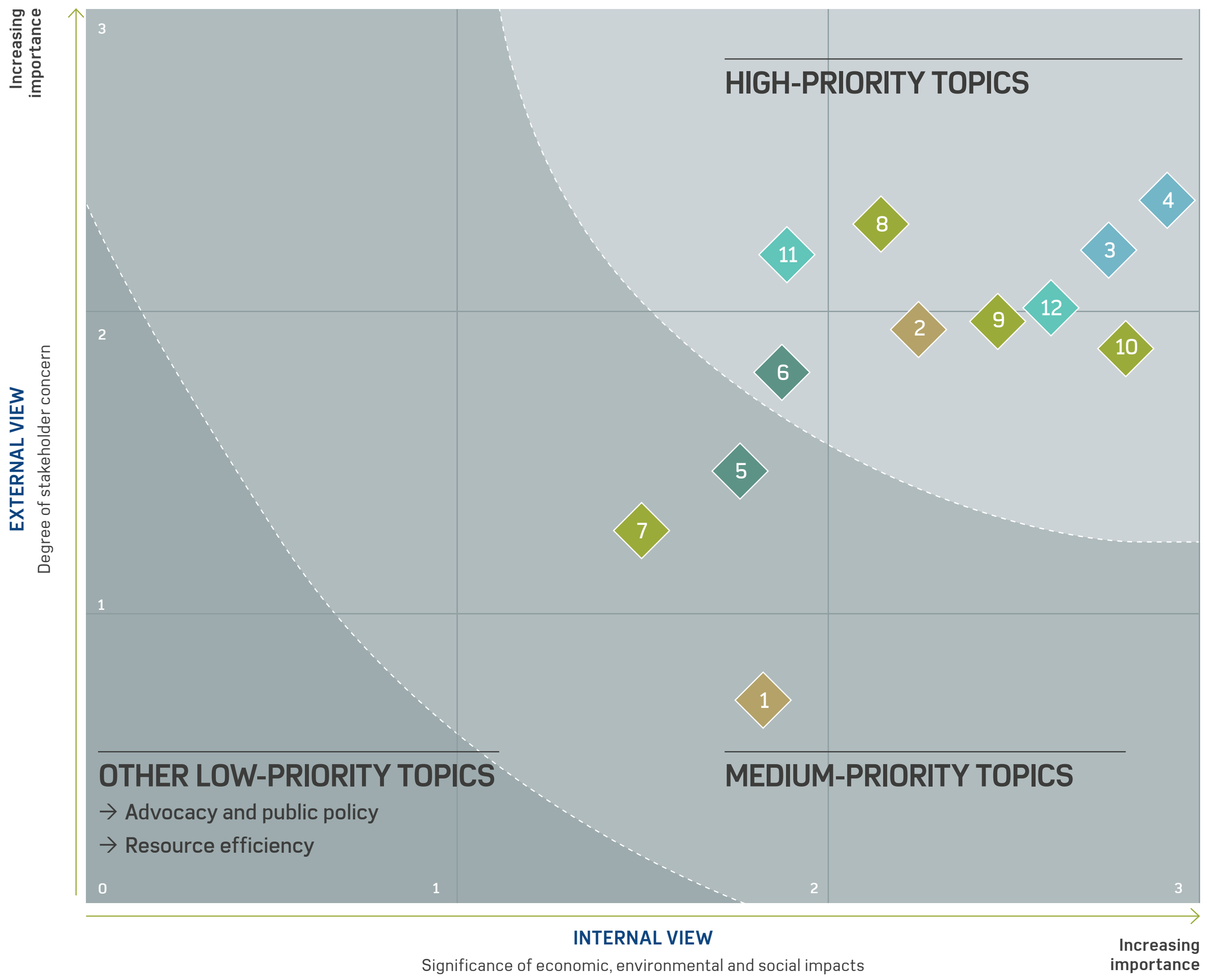
7. Biodiversity, rehabilitation and closure planning
8. Energy usage and climate change
9. Water management
10. Waste management

UNLOCKING VALUE FOR THE COMMUNITIES

We concentrate on developing positive, constructive and professional relationships with host governments and communities close to our operations, investing resources to understand their needs and promoting close collaboration to respect human rights and implement social investment strategies. We recognise our responsibility to create shared value for all our stakeholders. By hiring locally and providing fair wages and benefits, we wish to contribute not only to employee's well-being, but also to the economic strength of the communities in which we operate. By procuring from local supply chains, paying taxes and royalties, providing education and internship opportunities and local community investment, we aim to contribute to socioeconomic development.

MATERIAL TOPICS

11. Socio-economic contribution
12. Community engagement and development



THE BUSINESS OF SUSTAINABILITY

Sustainability is integrated and embedded in every aspect of our business. We aim to create long-term value for all our stakeholders and therefore we take our responsibility for ensuring sustainable operations at CAML very seriously.

NICK SHIRLEY,
SUSTAINABILITY DIRECTOR

Safety ('LTIFR')

0.00

2019: 0.42

Local community support

$0.5m

2019: $0.6m

2020 CAML carbon emission intensity

3.37tCO_2-e

2019: 3.28 tCO_2-e

OVERVIEW

We have been encouraged by feedback receive on our first standalone annual Sustainability Report in 2019 and will soon publish our second Sustainability Report for 2020 (available on our website at: www.centralasiametals.com), in accordance with Global Reporting Initiative ('GRI') Standards 'Core option'. In 2020, we have also identified the United Nations Sustainable Development Goals ('UN SDGs') to which CAML has the capacity to best contribute, given the nature of our business operations as well as our operating environment.

CAML has robust sustainability risk management systems in place and a strong framework to promote the ethical behaviour and corporate governance that are crucial for the effective running of our operations and the sustainability of our business. A detailed corporate governance review and risk assessment process was conducted in 2020 and details are included in our Sustainability Report.

Sustainability is an essential element of our strategy and is led from the top, by our Board. CAML has a Sustainability Committee, chaired by Non-Executive Director Dr Gillian Davidson, and further information regarding its composition and activities can be found on page 86.

DELIVERING VALUE THROUGH STEWARDSHIP

We look to maintain the highest levels of ethical standards in our conduct and encourage the same for our suppliers, whilst working in full compliance with the laws and regulations of our host countries. We pride ourselves on operating in a way which ensures that we respect human rights and treat our workers and those along our supply chains humanely, from our labour practices to our security measures on site, and everything in between. We adhere to IFC Performance Standards at both operations, are ISO 9001, 14001 and 45001 certified at Sasa and look to comply with ISO at Kounrad.

MAINTAINING HEALTH AND SAFETY

Our priority is to provide a safe and healthy working environment for our employees, contractors and visitors and work together towards the goal of zero harm in the workplace. In 2020, we set a clear safety target for the Group of achieving a 15% decrease in the lost time injury frequency rate ('LTIFR') over last five-year period. Zero lost time injuries ('LTIs') were recorded during the year.

We have fully integrated health and safety management systems at both operations and use employee feedback for continual improvement and development of working conditions. We believe that a healthy workforce is paramount in achieving high levels of productivity and have various programmes to promote wellbeing and monitor the health of our employees. The challenges encountered on account of COVID-19 have served to highlight the importance of maintaining a robust strategy to protect the health and contributing towards the wellbeing of all our employees and other personnel at our operations. Keeping our employees safe during the ongoing pandemic, whilst maintaining production activities, is a priority for the Company.

Wherever possible, we look to eliminate occupational health risks brought about by our operations. Fully equipped medical centres operate 24 hours a day at both sites, with dedicated, trained and qualified medical staff. All employees undergo annual medicals, specifically oriented to their occupation.

FOCUSING ON OUR PEOPLE

We are dedicated to treating all employees fairly, recognising core labour and human rights principles, fair wages and supporting the right to freedom of association and collective bargaining, as well as respecting the right to be free of harassment or intimidation in the workplace. We look to promote our Company culture and provide a positive, stimulating and productive workplace, where continuous employee development is encouraged.

We are cognisant of the benefits of broadening diversity and understand the importance of ensuring that the cultural values and customs of our employees and local stakeholders are respected and equal opportunities are supported. In 2020, 13% of our employees were female, with 11% representation on the Board. We aim to ensure we have strong training and skills development programmes in place, as well as the succession plans to develop our leaders of tomorrow. We appointed a Group People Manager during 2020 who has responsibility for driving future positive change for our employees.

CARING FOR THE ENVIRONMENT

We take our environmental responsibilities seriously and have comprehensive environmental management systems. We recognise our responsibility, as a contributor of greenhouse gas ('GHG') emissions, to identify and implement programmes to minimise energy usage where possible, as well as to mitigate and adapt to the impacts of climate change throughout the value chain. As such, we will be working with external consultants in 2021 to develop a Group climate strategy. Our Streamlined Energy and Carbon Reporting ('SECR') commentary can be found within the Governance Report on page 90.

We monitor water use and aim to minimise freshwater withdrawal, whilst also carefully managing discharge water quality. We are committed to effectively and responsibly managing tailings storage facilities at Sasa and proactively working to reduce and recycle non-mineral, hazardous and non-hazardous materials waste and preventing or reducing pollution. Following the tailings storage facility 4 ('TSF4') leakage in September 2020, CAML management has worked closely with the designers and local authorities to address the contributory factors. Physical changes have been made to the dam, as well as some operational and monitoring changes for the future (see the website for more detail: www.centralasiametals.com/sustainability/tailings/).

We aim to protect and promote biodiversity and will ensure a responsible approach to rehabilitation and closure planning to ensure a sustainable legacy, recognising the potential for an operation to impact on the environment and local society after the end life of the asset.

UNLOCKING VALUE FOR OUR COMMUNITIES

Our licence to operate is largely dependent on the continued support of our local communities and host countries. We concentrate on developing positive, constructive and professional relationships with host governments and communities close to our operations, investing resources to understand their needs and promoting close collaboration to respect human rights and implement social investment strategies. In 2020, we diverted much of our $0.5 million social investment towards addressing the challenges of COVID-19, committing a total of $0.3 million to support our communities in this regard.

We recognise our responsibility to create shared value for all our stakeholders. By hiring locally and providing fair wages and benefits, we wish to contribute not only to employees' well-being, but also to the economic strength of the communities in which we operate.

By procuring from local supply chains, paying taxes and royalties, providing education and internship opportunities, specifically at our Sasa Training Centre, and local community investment, we aim to contribute to socio-economic development. We prioritise local procurement at both operations.

PRODUCING THREE BASE METALS SUSTAINABLY

2020 was a successful year as we met our increased copper production guidance at Kounrad. We also achieved our targets for zinc at Sasa, and came within 1% of our lead guidance, despite TSF4 related production shutdowns. Most importantly, we recorded zero LTIs at either of our operations in 2020 and, by the end of 2020, almost two years had passed since our last LTI at Sasa and over two years since our last LTI at Kounrad.

SCOTT YELLAND,

CAML COO / SASA GENERAL DIRECTOR

“I AM VERY PLEASED WITH OUR OVERALL OPERATIONAL PERFORMANCE DURING 2020 DESPITE THE CHALLENGES OF THE GLOBAL COVID-19 PANDEMIC. IN Q4 2020, I TOOK ON THE ROLE OF SASA’S GENERAL DIRECTOR AS WELL AS MAINTAINING MY CHIEF OPERATING OFFICER DUTIES. IT IS A CHALLENGE I AM ALREADY ENJOYING AND I WILL BE SPENDING MUCH OF MY TIME NOW IN NORTH MACEDONIA. AT KOUNRAD I AM ABLY SUPPORTED BY GENERAL DIRECTOR, PAVEL SEMENCHENKO, AND HIS TEAM, AS WELL AS OUR TECHNICAL DIRECTOR, HOWARD NICHOLSON, WHO IS A WEALTH OF KNOWLEDGE ON OUR LEACHING AND SX-EW OPERATIONS IN PARTICULAR

Sasa 2020 zinc production

23,815t

See page 38 for more information on Sasa

Sasa 2020 lead production

29,742t

See page 38 for more information on Sasa

PAVEL SEMENCHENKO,

KOUNRAD GENERAL DIRECTOR

“WE HAVE HAD A VERY SUCCESSFUL YEAR AT KOUNRAD, HAVING INCREASED OUR PRODUCTION GUIDANCE IN Q4 2020 AND THEN DELIVERED PRODUCTION AT THE TOP END OF THAT GUIDANCE. WE HAVE RISEN TO THE CHALLENGES OF COVID-19 AT KOUNRAD, AND I AM PROUD OF THE TEAM FOR THE ADJUSTMENTS WE HAVE MADE TO OPERATIONS TO TRY AS BEST WE CAN TO LOOK AFTER THE HEALTH OF OUR EMPLOYEES AND CONTRACTORS. OUR CHARITABLE KOUNRAD FOUNDATION HAS ALSO HELPED THOSE IN NEED IN THE LOCAL COMMUNITY, AS WELL AS PROVIDING MUCH NEEDED PCR TESTING EQUIPMENT IN OUR LOCAL TOWN, BALKHASH

Kounrad 2020 copper production

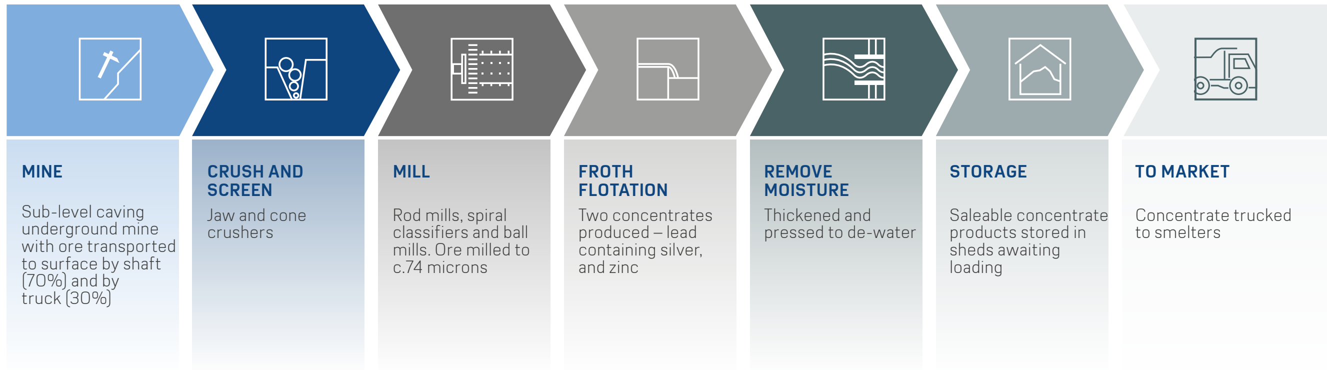
13,855t

See page 42 for more information on Kounrad

SASA
NORTH MACEDONIA

While 2020 has been dominated with the challenges of COVID-19 and the TSF4 issue, the mine has delivered strong production, good cost control and has commenced implementation of the Cut and Fill Project.

HOW WE PRODUCE ZINC AND LEAD



ZINC AND LEAD PRODUCTION

2020 mined and processed ore was 826,421 tonnes and 820,215 tonnes respectively. The average head grades were 3.37% zinc and 3.85% lead. The average metallurgical recoveries were 86.1% for zinc and 94.3% for lead.

Sasa produces a zinc concentrate and a separate lead concentrate. In 2020, Sasa produced 47,583 tonnes of zinc concentrate at an average grade of 50.0% and 41,289 tonnes of lead concentrate at an average grade of 72.0%.

2020 zinc recovery

86.1%

2019: 86.5%

2020 lead recovery

94.3%

2019: 94.5%

Production statistics

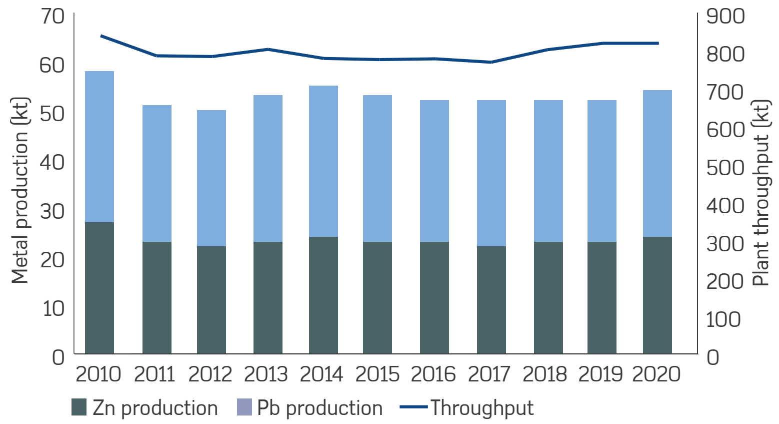
	Units	2020	2019	2018
Ore mined	t	**826,421**	817,714	803,101
Plant feed	t	**820,215**	820,491	804,749
Zinc grade	%	**3.37**	3.29	3.31
Zinc recovery	%	**86.1**	86.5	84.6
Lead grade	%	**3.85**	3.77	3.90
Lead recovery	%	**94.3**	94.5	93.6
Zinc concentrate	t (dry)	**47,583**	47,104	46,128
– Grade	%	**50.0**	49.6	48.9
– Contained zinc	t	**23,815**	23,369	22,532
Lead concentrate	t (dry)	**41,289**	40,366	40,317
– Grade	%	**72.0**	72.3	72.9
– Contained lead	t	**29,742**	29,201	29,388

Sasa typically receives from smelters approximately 84% of the value of its zinc in concentrate and approximately 95% of the value of its lead in concentrate. Accordingly, 2020 payable production was 20,008 tonnes of zinc and 28,254 tonnes of lead.

Payable base metal in concentrate sales from Sasa were 19,930 tonnes of zinc and 28,218 tonnes of lead.

During 2020 Sasa sold 341,633 ounces of payable silver to Osisko Gold Royalties in accordance with its streaming agreement.

Sasa annual production



MINING

A total of 826,421 tonnes of ore were mined using the sub-level caving method during the year from the 990m and 910m working areas, representing record underground production. The ore from the underground operations is trucked to surface via the XIVb ramp (30%) and hoisted via the Golema Reka shaft (70%).

Total ore development during the year totalled 3,047 metres at an average combined grade of 7.22% zinc and lead. Waste development for the year totalled 1,869 metres for 56,977 tonnes of waste, providing internal ramp access and crosscuts to the mining areas below the 910m level. A total of 198 metres of vertical development was completed during the year, providing internal passes and ventilation raises.

Six new underground machines were purchased during the year (three loaders, two boomer drill rigs and one truck) following a review of the equipment and optimisation initiatives. During the year, a total of six boomers were equipped with telescopic drifters enabling mechanised 'in-cycle' support, eliminating the need for hand-held jack leg machines.

Remote loading and charging systems were introduced during the year, utilising a line of site remote control system on two of the ST7 loaders and the introduction of the Can Blast explosive loading system for charging production holes.

Underground communications were installed during the year and included:

→ NewTrax equipment monitoring system, which enables more efficient analysis of utilisation and availability
→ Battery backup in the event of power loss
→ Bluetooth receivers
→ CCTV cameras with recording capability were installed at key locations
→ The IT team also commenced installation of a fibre network underground as well as 5GHz 802.11ac Wi-Fi access points throughout

PROCESSING

Despite periods of reduced personnel due to COVID-19, the Sasa processing facility processed a total of 820,215 tonnes of ore during the year with an availability of 96.3% (2019: 94.7%).

Commissioning of the tertiary crusher was completed in January 2020 and, since then, the crusher has operated well, producing a finer product size that will enable the grinding circuit to reach a capacity of 850,000 tonnes per year going forward.

The metallurgy team also reinstated a regrind mill for the lead circuit and this, coupled with minor changes in control philosophy has also aided recoveries.

Sasa's metallurgical laboratory has now been operating successfully for one year and has provided valuable support in optimising lead and zinc recoveries.

EXPLORATION

During 2020, CAML undertook diamond drilling at both Svinja Reka, the location of current Sasa mining operations, and Kozja Reka, which was mined between 1966 and 1989, and from where 3.2 million tonnes of ore at a combined zinc and lead grade of 10.5% was extracted. A total of 4,268 metres were drilled at Svinja Reka, with the aim of verifying previous exploration programmes and converting a portion of the Inferred Mineral Resources into the Indicated category.

Following the completion of the Svinja Reka infill drilling programme between the 830 and 750 levels and interpretation of the results, a Mineral Resource Estimate was completed at the end of June 2020 and a total of 710,367 tonnes of Inferred Resources were converted to Indicated Resources.

A total of 2,528 metres were drilled at Kozja Reka to explore the potential mineralisation below the 830 level. The drilling programme will continue in 2021, and, while mineralisation has been intersected, it is not expected that the findings of this initial programme will as yet form part of a Mineral Resource Estimate as additional work would be required.

There were no exploration activities at Golema Reka during 2020.

2021 PRODUCTION GUIDANCE

The 2021 production guidance for Sasa is for a mining rate of between 825,000 and 850,000 tonnes, resulting in metal output of between 23,000 and 25,000 tonnes of zinc and between 30,000 and 32,000 tonnes of lead in concentrate.

CUT AND FILL PROJECT

Overview

During the year, CAML completed its technical and financial analysis and the Board agreed to transition the Svinja Reka operations at Sasa from the current sub-level caving mining method to cut and fill stoping.

The cut and fill mining method involves filling mined voids with a backfill paste material containing tailings to provide support, rather than allowing the roof to cave as is the case with the current sub-level caving method. In order to achieve this, a backfill plant will be constructed, along with associated reticulation pipework to transport this material underground. This is then distributed underground to fill stopes.

Given that a major component of the backfill material will be tailings generated from the Sasa processing plant, it is estimated that in excess of 40% of Svinja Reka's life of mine tailings will be stored underground. Approximately 30% of tailings will be stored in the current TSF4, and CAML is advancing studies with a view to dry-stacking the remainder and therefore eliminating the need to construct further tailings dams in the future.

In order to ensure efficient underground operations for the long term, a new decline will be developed from surface. The development of this decline, which was mentioned at the time of the H1 2020 results, has subsequently been approved by the Board. The decline, will be larger than the current access route and would offer increased ventilation, easier access for reticulation infrastructure and the ability to increase ore production to 900,000 tonnes per year in the medium term, while removing the 'double handling' aspect of the tracked, shaft haulage and conveyor configuration of the current 830 haulage level. This will become particularly important once mining operations progress to below the 830 level.

A Capital Projects team has been formed at Sasa to ensure appropriate focus on this key project and ensure delivery.

Production profile

Cut and fill stoping will commence in H2 2022, with approximately 90% of ore being extracted using this method by 2024, by which point an underground production rate of 900,000 tonnes should be achieved. Production guidance should be maintained at current levels throughout the construction period. In order to increase plant throughput to 900,000 tonnes, modifications will be made to the processing facilities. Specific options are still being considered, with a likely approach being to add another smaller mill as well as additional flotation capacity.

Operating and capital costs

It is expected that operating costs will increase minimally, primarily as a result of the paste component of the operation, involving thickening of tailings, creation of paste and reticulation of the backfill product into the mined stopes. Once the ramp-up period commences in 2023, total site-based costs on a per tonne basis are likely to be in the order of 5% higher than that achieved in 2019.

In 2021 and 2022, project capital expenditure required to transition the mine is expected to be $18-19 million.

SVINJA REKA MINERAL RESOURCE ESTIMATE

Sasa's technical services team has updated the Mineral Resource Estimate ('MRE') for the Svinja Reka deposit as of 30 June 2020.

		Grades			Contained metal		
Svinja Reka	Mt	Pb (%)	Zn (%)	Ag(g/t)	Pb (kt)	Zn (kt)	Ag(koz)
Indicated	12.7	4.7	3.3	25.7	588	421	10,463
Inferred	2.0	3.9	2.0	22.6	81	42	1,508
Total	**14.7**	**4.5**	**3.1**	**24.8**	**669**	**463**	**11,972**

Notes

- Mineral Resources have an effective date of 30 June 2020. The Competent Person for the declaration of Mineral Resources is Jordan Angelov, MSc. MAIG. Jordan Angelov is a Member of the Australian Institute of Geoscientists and has some 20 years' experience in the exploration, definition and mining of precious and base metal Mineral Resources, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the type of activity which he is undertaking to qualify as a 'Competent Person' as defined by JORC and as required by the June 2009 Edition of the AIM Note for Mining and Oil & Gas Companies. He has reviewed, and consents to, the inclusion in the Interim Report of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.
- All Indicated Mineral Resources are reported within the Exploitation Licence, approximately 600kt of the Inferred resources reported at Svinja Reka exist outside of the Exploitation Licence.
- Mineral Resources are reported as undiluted. No mining recovery has been applied in the Statement.
- Tonnages are reported in metric units, grades in percent (%) or grams per tonne (g/t), and the contained metal in metric units or ounces. Tonnages, grades, and contained metal totals are rounded appropriately.
- Rounding, as required by reporting guidelines, may result in apparent summation differences between tonnes, grade and contained metal content.

SVINJA REKA ORE RESERVE STATEMENT

The following Ore Reserve Statement has been prepared by the Sasa technical team on the basis of a transition over four years comprising a two-year construction period followed by a two-year ramp-up period from the sub-level caving mining method to cut and fill. It takes into account the updated MRE and modifying recovery and dilution factors appropriate for each of the two mining methods.

		Grades			Contained metal		
Svinja Reka	Mt	Pb (%)	Zn (%)	Ag(g/t)	Pb (kt)	Zn (kt)	Ag(koz)
Probable	10.7	4.0	3.0	22.3	431	320	7,671
Total	**10.7**	**4.0**	**3.0**	**22.3**	**431**	**320**	**7,671**

Notes

- Ore Reserves have an effective date of 30 June 2020.
- The Competent Person who has reviewed the Ore Reserves is Scott Yelland, C.Eng, FIMMM, MSc, who is a full-time employee and Chief Operating Officer of CAML. He is a mining engineer with over 36 years' experience in the mining and metals industry, including operational experience in underground zinc and lead mines, and as such qualifies as a Competent Person as defined in the JORC Code (2012).
- All figures are rounded to reflect the relative accuracy of the estimate and have been used to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, Sasa does not consider them to be material.
- The metal prices used to assess the Ore Reserve estimate in the financial model are $2,250/t for zinc and $1,850/t for lead.
- The standard adopted in respect of the reporting of Mineral Resources and Ore Reserves is in accordance with the guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code').

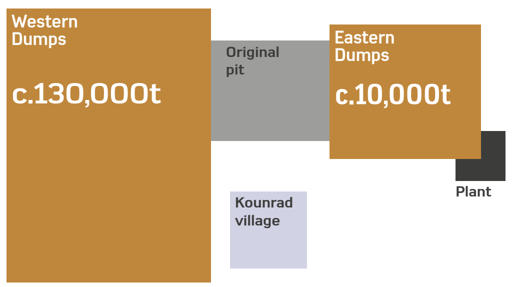
KOUNRAD
KAZAKHSTAN

The Kounrad team was proud to meet safety, cost and increased production targets despite the impacts that COVID-19 had on restricting personnel interactions for health measures. Additionally, the team was congratulated on achieving a significant milestone on 18 April 2020, when Kounrad's 100,000th tonne of copper was harvested.

HOW WE PRODUCE COPPER

RESOURCES MAP

ESTIMATED REMAINING COPPER TO BE RECOVERED



Copper cathode purity

99.998%

2019: 99.998%

Plant availability

99.5%

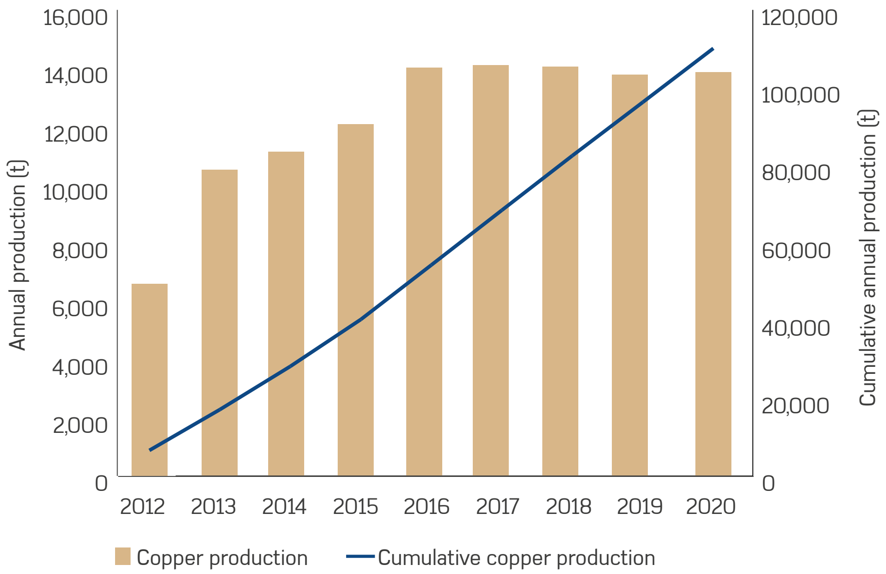
2019: 99.6%

2020 CATHODE PRODUCTION

During the year, the SX-EW plant produced 13,855 tonnes of copper cathode, a slight increase from the previous year of 13,771 tonnes. Total Kounrad copper production since operations commenced in April 2012 is now 110,100 tonnes, averaging over 1,058 tonnes per month since start-up.

During 2020, copper was leached from the Eastern and Western Dumps, with both areas performing in line with forecasts. This combined approach will continue into 2021, and from the end of that year onwards, the contribution from the Eastern Dumps will decline to approximately 20-25% of total output. Winter leaching of the Eastern Dumps was suspended in early December 2020 and will restart in April 2021 and, over the winter period, copper production will be generated solely from the Western Dumps.

KOUNRAD COPPER PRODUCTION



LEACHING OPERATIONS

Both the Eastern and Western Dumps were simultaneously leached during 2020, with the production split being 37% and 63% respectively. As well as leaching copper from the few remaining un-leached cells in the Eastern Dumps, the team also focused on irrigating previously leached blocks in order to maximise the recovery of copper. This technique was implemented on various blocks that had been allowed to rest for periods of, in some cases, almost two years. During this rest period, bacterial and chemical activity continued to solubilise copper mineralisation and this approach worked extremely well, resulting in total 2020 output from the Eastern Dumps of 5,355 tonnes. This takes the total quantity of copper recovered from this resource area, since operations commenced, to 77,731 tonnes or c.96% of that initially forecast at the time of the IPO. Typically, the daily average area under irrigation at the Eastern Dumps during the year was 28 hectares.

This approach of leaching and rotating around all the old, rested blocks will be undertaken going forward with at least a 0.4 grammes per litre copper pick-up being maintained for eight months each year.

During Q1 2021, an additional heavy-duty bulldozer will be purchased, which will be utilised in pushing down the Eastern inter-dump side walls and ripping the surface of the original access roads, after which irrigation piping will be laid. The Company estimates that these currently difficult-to-irrigate areas contain additional quantities of recoverable copper, from which we anticipate an extra 3,000 to 4,000 tonnes of copper in the years between 2021 and 2024. At the Western Dumps, the focus of irrigation remained on parts of Dump 16 and Dump 22 within the initial leach area ('ILA'). During 2020, 8,729 tonnes of copper were recovered from these areas, contributing approximately 63% of the total Kounrad copper production. The average daily area under irrigation on the Western Dumps was 33 hectares of both fresh and previously leached material.

With both dump areas simultaneously under active irrigation, the volume of raffinate pumped around the site averaged 1,334 cubic metres per hour ('m^3/hr') versus 1,329 m^3/hr in 2019. During the summer period, a proportion of the off-flow solutions from the Eastern Dumps were recycled across to the Western Dumps with the aim of maintaining broadly stable pregnant leach solution ('PLS') grades to the SX plant. This technique operated successfully and will be continued in 2021, as and when appropriate.

Given the planned switch to almost all leaching from the Western Dumps by 2024, engineering studies have been finalised to implement a split irrigation and solution collection system to allow the operation of an Intermediate Leach System ('ILS'), which should result in an increase in the copper grade of the PLS. Capital has been allocated to the first phase of this project in 2021, which will involve the installation of over 14 kilometres of water delivery pipeline and associated pumps. During 2022, the second phase will be completed in readiness for operations from Spring 2023 onwards. This involves the construction of various collection ponds and the installation of the top of dump distribution and irrigation system.

Application rates of solution to the dumps were maintained at approximately 2.25 litres per square metre per hour ('l/m^2/hr') throughout the year. Direct field experience has confirmed that materials in Dump 1A require a lower application rate of approximately 1.5l/m^2/hr to achieve optimum solution penetration. Additionally, during 2021, a large-scale field test will be conducted with a low application rate of between 1.0 to 1.5l/m^2/hr on Dump 2, in order to assess the potential exploitation of this fine and clay-rich material.

Significant levelling and shaping earthworks were undertaken for six months on Dump 21 in readiness for leaching starting in the Spring of 2021.

CAML's external metallurgical consultant, PCMETS, continued with its valuable technical oversight of the operation. With three and a half years of direct field data for analysis, it has been possible to confirm that leaching of the Western Dumps is materially in line with our original expectations. This data confirms the necessity of the ILS approach to the leaching cycle, coupled with the use of 'rest' periods as successfully proven at the Eastern Dumps.

SX-EW PLANT

The SX-EW plant continued to operate efficiently during 2020 and the overall operational availability throughout the year was in line with expectations at 99.5%.

With the average Western Dumps copper grade of around 0.1%, the average PLS grade for the year was 2.10gpl, approximately 3% less than in 2019. To off-set this reduction the volume of PLS treated through the SX circuit averaged 1,084m^3/hr, compared to 985m^3/hr achieved in 2019.

While the increased levels of iron in the Western Dumps generally has a positive impact on leaching, as previously mentioned, the impact of this increased iron typically causes a reduction in the current efficiency of the plating process. At an average of 8.75gpl of iron in the rich electrolyte, compared to 7.37gpl in 2019, power consumed per tonne of copper plated increased by 6% to 4,045 kWh per tonne.

During Q2 2020, 1,567 anodes were renewed in the EW1 building, with a further 415 pieces arriving in December for scheduled replacement in Q1 2021. A further 750 pieces will be ordered for replacement in the EW2 building during Q3 2021.

An extra 75m^3 capacity tank was delivered to site in late December to enhance on-site storage capability for Escaid, which is a crucial reagent for the process.

The focus for the operations team has been on continued safe, efficient plant operations and the tight control of all operating costs.

COPPER SALES

Throughout the year, the quality of CAML's copper cathode product has once again been maintained at high levels both chemically and visually and there have been no negative quality claims. Regular in-house and independent metallurgical analyses have consistently reported 2020 copper purity of around 99.998%. The Company continues to sell the majority of copper production through its off-take arrangements with Traxys, the terms of which are fixed until October 2022.

2021 PRODUCTION GUIDANCE

The 2021 guidance for Kounrad's copper cathode production remains between 12,500 and 13,500 tonnes.

DELIVERING SHAREHOLDER VALUE

CAML is pleased to report a strong set of financial results, which demonstrate a strong operational performance and effective cost control. However, the results reflect weak zinc and lead prices, particularly during H1 2020, due to the COVID-19 pandemic, with gross revenue and EBITDA lower than the prior year.

GAVIN FERRAR,
CHIEF FINANCIAL OFFICER

OVERVIEW

The Group generated 2020 EBITDA of $95.7 million (2019: $108.6 million), representing a decrease of 12% from the prior year due to the decline in commodity prices and an increase in Sasa's concentrate treatment charges. The EBITDA margin however remained strong at 56% (2019: 60%) which, given the global conditions, reflects the Group's ability to maintain low costs across the operations.

Earnings per share ('EPS') from continuing operations was 24.78 cents (2019: 29.36 cents), 16% lower than the previous year.

CAML generated $58.9 million (2019: $69.8 million) of free cash flow. The Group has continued to deleverage, having repaid debt of $38.4 million during the year (2019: $38.4 million). As at 31 December 2020, drawn overdraft facilities totalled $9.7 million (2019: $0.9 million) resulting in net debt of $36.2 million (2019: $80.2 million).

Sasa's 2020 EBITDA was $42.3 million (2019: $59.6 million), with a margin of 51% (2019: 60%). Whilst sales volumes for both zinc and lead were higher during 2020 compared to 2019, zinc and lead prices declined during 2020 and treatment charges increased. Continued cost control has ensured that the mine continues to operate at approximately the 25th percentile of global producers on a C1 zinc equivalent cash cost basis.

Kounrad's EBITDA was $65.5 million (2019: $61.7 million), with a margin of 75% (2019: 76%). EBITDA increased year on year due to an increase in the average copper price received, effective cost control and a weakening of the local currency during the year. This enabled the operation to continue producing copper at costs well within the lowest industry quartile.

INCOME STATEMENT

Group profit before tax from continuing operations decreased by 12% to $59.8 million (2019: $67.8 million). This was primarily as a result of reduced revenue due to lower zinc and lead commodity prices and increased treatment charges, as low costs of production were maintained.

Revenue

CAML generated 2020 gross revenue of $170.3 million (2019: $180.8 million), which is reported after deduction of treatment charges, but before deductions of offtake buyer's fees and silver purchases for the silver stream. Net revenue after these deductions was $160.1 million (2019: $171.7 million).

Sasa

A total of 19,930 tonnes (2019: 19,697 tonnes) of payable zinc in concentrate and 28,218 tonnes (2019: 27,875 tonnes) of payable lead in concentrate were sold during 2020.

The zinc price achieved declined by 10% to an average of $2,253 per tonne (2019: $2,497 per tonne) and, for lead, the price achieved also declined by 10% to an average of $1,791 per tonne (2019: $2,001 per tonne), leading to a reduction in gross revenue generated from the mine. Revenue also declined due to higher treatment charges during the year of $22.2 million (2019: $13.6 million). Sasa generated 2020 gross revenue of $82.7 million (2019: $99.1 million). During 2020 the offtake buyer's fee for Sasa was $0.9 million (2019: $1.1 million).

Zinc and lead concentrate sales agreements have been arranged with Traxys through to 31 December 2022 for 100% of Sasa production. During 2020, additional smelters were identified in China and South Korea to diversify CAML's customer base. Through these concentrate sales to new smelters, Sasa is benefitting from reduced treatment charges. However, Group selling and distribution costs increased to $2.6 million (2019: $1.8 million) reflecting the increased international shipping costs.

Sasa has an existing silver streaming agreement with Osisko Gold Royalties whereby Sasa receives approximately $6 per ounce from its silver production for the life of the mine.

Kounrad

A total of 13,763 tonnes (2019: 13,100 tonnes) of copper cathode from Kounrad were sold as part of the Company's offtake arrangement with Traxys which has been fixed through to October 2022. The commitment is for a minimum of 95% of Kounrad's annual production. A further 97 tonnes (2019: 500 tonnes) were sold locally, a reduction from the prior year due to lower local demand as a result of COVID-19. Total Kounrad copper sales were 13,860 tonnes (2019: 13,600 tonnes).

Revenue increased due to both higher sales volumes when compared to 2019 and a 4% increase in the average copper price received, which was $6,267 per tonne in 2020 (2019: $6,011 per tonne). This generated gross revenue for Kounrad of $87.7 million (2019: $81.7 million). During 2020, the offtaker's fee for Kounrad was $2.5 million (2019: $2.4 million).

2021 hedging

Given the increased capital expenditure required to deliver the Sasa Cut and Fill Project, CAML has subsequent to year end, put in place hedging arrangements for a portion of its 2021 metal production. Kounrad's Zero Cost Collar contract for 30% of copper production includes a put option of $6,900 per tonne and a call option of $8,380 per tonne. Sasa's zinc and lead arrangements are swap contracts, with 30% of Sasa's payable zinc production to be sold at $2,804 per tonne and 30% of its payable lead production to be sold at $2,022 per tonne.

These arrangements ensure that CAML retains its leverage to strong copper, zinc and lead prices, while protecting a meaningful proportion of revenues during the higher capital expenditure period and continuing to rapidly deleverage.

Cost of sales

Group cost of sales for the year was $72.0 million (2019: $73.1 million). This includes depreciation and amortisation charges of $28.6 million (2019: $29.5 million).

Sasa

Sasa's cost of sales for the year was lower than the previous year at $51.0 million (2019: $52.8 million) as spending was reduced where possible as commodity prices fell. During 2020, six new pieces of Epiroc underground equipment (three loaders, two boomers and a truck) arrived at site and this also resulted in lower expenditure on underground fleet materials such as spare parts and tyres. Cost of sales also reflects lower concession fees amounting to $2.4 million (2019: $2.6 million). This tax is calculated at the rate of 2% (2019: 2%) on the value of metal recovered during the year and the reduction resulted from the lower average zinc and lead prices during the year.

Kounrad

Kounrad's 2020 cost of sales was $21.0 million (2019: $20.3 million). This increase year on year was due to higher sales volumes and an increase in mineral extraction tax ('MET') paid. MET is charged by the Kazakhstan authorities at the rate of 5.7% (2019: 5.7%) on the value of metal recovered during the year. MET for the year was $5.1 million (2019: $4.7 million) and an increase resulted from the higher average copper price and higher sales volumes during the year.

During the year, the Kazakhstan Tenge depreciated against the US Dollar. The average exchange rate for the year was 413 KZT/USD (2019: 383 KZT/USD), with the Kazakhstan Tenge being worth on average 7% less in US Dollar terms in 2020 compared to 2019. This resulted in a benefit for the cost base, including lower depreciation and amortisation charges during the year of $3.9 million (2019: $4.4 million).

C1 cash cost of production

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

C1 cash cost

	2020	2019
Sasa zinc equivalent C1 cash cost ($/lb)	**0.50**	0.47
Kounrad copper C1 cash cost ($/lb)	**0.51**	0.52
Cu equivalent production (t)	**29,082**	31,233
Group Cu equivalent C1 cost ($/lb)	**1.15**	0.94
Fully inclusive Cu equivalent cost of production ($/lb)	**1.63**	1.50

Sasa

Sasa's C1 zinc equivalent cash cost of production for 2020 was $0.50 per pound (2019: $0.47 per pound). The reason for the $0.03 per pound increase was due to higher realisation costs at Sasa, primarily due to increased treatment charges for 2020. The on-site costs, over which CAML has more control, were lower than 2019 at $39.2 per tonne (2019: $40.3 per tonne) demonstrating continued cost management.

Kounrad

Kounrad's C1 cash cost of production remains firmly in the lowest quartile of the copper industry cost curve at $0.51 per pound (2019: $0.52 per pound). The decrease in C1 cash cost is largely due to tight cost control and as a result of the devaluation of the Kazakhstan Tenge. Approximately 70% of the C1 cash cost base in Kazakhstan is denominated in Tenge. The average C1 cash cost since production commenced in 2012 is $0.55 per pound.

Group

CAML reports its Group C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa. The Group's 2020 C1 copper equivalent cash cost was $1.15 per pound (2019: $0.94 per pound). This number is calculated based on Sasa's 2020 zinc and lead payable production, which equated to 15,227 copper equivalent tonnes (2019: 17,462 copper equivalent tonnes) added to Kounrad's 2020 copper production of 13,855 tonnes (2019: 13,771 tonnes).

The Group C1 cash cost on a copper equivalent basis has increased largely as a result of higher realisation costs at Sasa, primarily due to increased treatment charges, and lower copper equivalent production units due to lower lead and zinc prices.

CAML also reports a fully inclusive cost that includes capital expenditure, local taxes including MET and concession fees, interest on loans and corporate overheads associated with the Kounrad and Sasa projects. The Group's fully inclusive copper equivalent unit cost for the year increased to $1.63 per pound (2019: $1.50 per pound). The increase of $0.13 per pound reflects the higher Group C1 cash cost as explained above, however the impact of this increase was countered by lower finance costs and capital expenditure.

Administrative expenses

During the year, administrative expenses were higher at $19.0 million (2019: $18.3 million), largely due to employee pay increases across the Group and an increase in Kazakhstan withholding taxes paid.

Finance costs

The interest payable on the debt financing with Traxys Europe S.A. reduced to LIBOR plus 4.00% with effect from 27 March 2020 (previously LIBOR plus 4.75%) and the 2020 average LIBOR rate also reduced to 0.63% (2019: 2.27%). The Group therefore incurred lower finance costs of $6.7 million (2019: $11.2 million) given the reducing debt balance and lower interest rate.

Taxation

While the Group profit before tax decreased in 2020, the group corporate income tax remained consistent at $16.0 million (2019: $15.9 million). This is due to higher tax paid in Kazakhstan in 2020 owing to an increase in profit before tax at Kounrad from improved copper commodity prices and cost control at a corporate income tax rate of 20%. The profit before tax at Sasa decreased significantly due to lower zinc and lead commodity prices and increased treatment charges in 2020 however North Macedonian corporate income tax is payable at a lower rate of 10% therefore this had less impact on total corporate income tax.

Discontinued operations

The Group continues to report the results of the Copper Bay entities within discontinued operations. These assets were fully written off in prior years.

In February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10%. The Group will not be required to contribute towards future costs of the project. Shuak BV was dissolved in April 2020.

BALANCE SHEET

In reaction to the global market conditions, adjustments were made to the capital expenditure plan and savings and deferrals were identified. As a result, the initial 2020 capital expenditure guidance was reduced from $12.0 - $14.0 million to $9.0 – $11.0 million.

During the year, there were additions to property, plant and equipment of $8.5 million (2019: $12.1 million). The additions were a combination of $1.3 million (2019: $1.8 million) Kounrad sustaining capital expenditure and $7.2 million (2019: $7.5 million) Sasa sustaining capital expenditure. Sasa's TSF4 construction was completed in 2019 and therefore no construction costs were incurred during 2020 (2019: $1.9 million).

During 2019, a full audit of Sasa's underground mobile fleet was undertaken and a decision was made to undergo a phased process of replacing the current underground mobile plant with a new optimised fleet. During 2020, six new pieces of Epiroc underground equipment (three loaders, two boomers and a truck) arrived at site.

As at 31 December 2020, current trade and other receivables were $8.9 million (31 December 2019: $6.3 million), which includes trade receivables from the offtake sales of $1.9 million (31 December 2019: $1.5 million) and $2.6 million in relation to prepayments (31 December 2019: $2.2 million).

Non-current trade and other receivables were $3.8 million (31 December 2019: $3.4 million). As at 31 December 2020, a total of $3.3 million (31 December 2019: $3.1 million) of VAT receivable was still owed to the Group by the Kazakhstan authorities. Recovery is still expected through the local sales of cathode to offset these recoverable amounts.

As at 31 December 2020, current trade and other payables were $12.9 million (31 December 2019: $12.3 million).

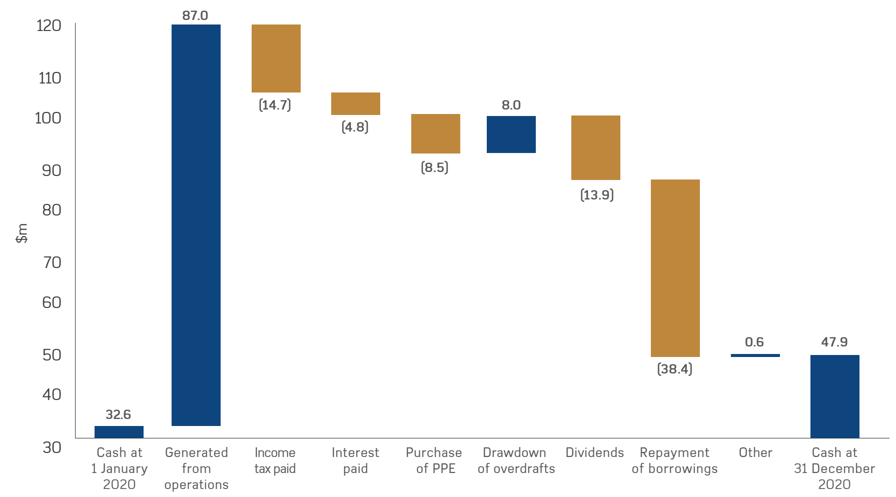
As at 31 December 2020, non-current and current borrowings were $32.3 million (31 December 2019: $69.5 million) and $48.1 million respectively (31 December 2019: $39.3 million) comprising of $70.7 million in corporate debt through Traxys Europe S.A. and the $9.7 million of North Macedonian overdraft facilities. The reduction in total borrowings of $28.4 million reflects debt repaid during the year of $38.4 million, net drawdowns on overdrafts of $8.0 million, finance charges of $1.2 million unwinding directly attributable fees and foreign exchange of $0.8 million on Macedonian Denar denominated overdrafts.

The debt financing agreement with Traxys Europe S.A. has a final maturity date of 4 November 2022. The monthly repayment schedule is $3.2 million and interest is payable at LIBOR plus 4.00% with effect from 27 March 2020 (previously LIBOR plus 4.75%). Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts and the offtake agreements between Traxys and each operation. The financial covenants of the debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant with significant headroom.

The $5.0 million overdraft facility previously agreed with Komercijalna Banka AD Skopje with a fixed interest rate of 3.8% denominated in Macedonian Denar has been extended to July 2021 with the fixed interest rate reduced to a range of 2.4% to 2.5% dependent on conditions. In June 2020, a new one-year $5.0 million overdraft facility was agreed with Ohridska Banka A.D. Skopje with a fixed interest rate of 2.5% denominated in Macedonian Denar. Both facilities can be extended on an annual basis. These funds provide the Group with additional financial flexibility.

As of 31 December 2020, the Group had cash in the bank of $47.9 million (31 December 2019: $32.6 million).

CASH FLOW



During 2018, CMK Europe Limited ('CMK Europe'), paid $5.9 million of withholding tax liability to the Public Revenue Office ('PRO') in North Macedonia. The liability related to the activities of CMK Europe prior to CAML's ownership. In June 2020, CMK Europe received a judgement from the Higher Administrative Court of North Macedonia accepting its appeal and overturning the PRO ruling. The Court judgement instructed the PRO to repeat the withholding tax inspection for the year 2015 to 2017 taking into consideration the findings of the Court judgement. Management believes that a favourable outcome is probable, however, the contingent asset has not been recognised as a receivable at 31 December 2020 as receipt of the amount is dependent on the outcome of the reinspection.

TSF4 incident

During 2020, $0.7 million was incurred as an expense in relation to the Sasa TSF4 incident, comprising dam repairs to the facility, environmental aspects for riverbed remediation and includes a €65,000 fine for the environmental impact associated with the leakage. There was also $0.2m capitalised in respect of infrastructure work and engineering improvements. A further $0.3 million is expected to be incurred in expenses to complete the remediation works during 2021.

FINANCIAL REVIEW CONTINUED

CASH FLOWS

The operational performance of both Kounrad and Sasa and the associated low costs of production resulted in strong cash flows for the Group in the context of the 2020 global health, economic and metal price challenges. Net cash flow generated from operations was $67.4 million (2019: $80.9 million).

During the year, corporate debt repayments of $38.4 million were made (2019: $38.4 million), plus Group interest paid totalling $4.8 million (2019: $9.4 million). Net drawdowns on overdrafts during the year were $8.0 million (2019: $0.9 million).

$1.6 million (2019: $3.0 million) of North Macedonia corporate income tax was paid in cash during the year in addition to a $4.0 million (2019: $3.9 million) non-cash payment offset against VAT receivable and overpaid corporate income tax from the prior year. $13.1 million (2019: $13.3 million) of Kazakhstan corporate income tax was paid during the year.

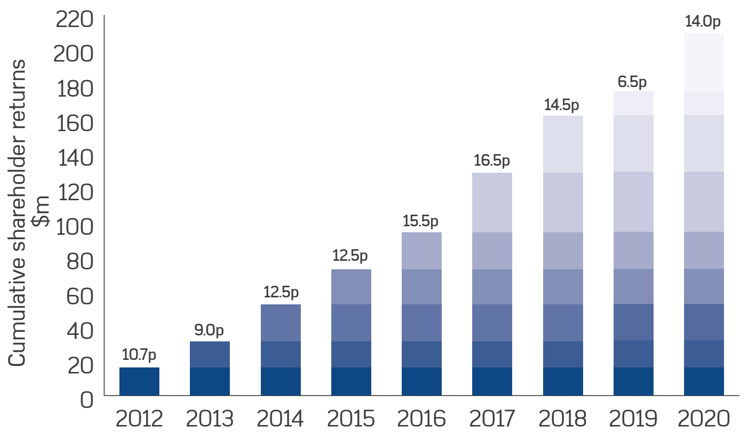
Taking into account capital expenditure, CAML's free cash flow for 2020 was $58.9 million (2019: $69.8 million).

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

In light of COVID-19, the CAML Board took the decision not to recommend a final 2019 dividend. Total dividends paid to shareholders during the year of $13.9 million (2019: $32.2 million) therefore relate to the interim dividend for the year ended 31 December 2020 of 6.0 pence per Ordinary Share, which was delayed to December 2020 due to the leakage from Sasa's TSF4.

In conjunction with CAML's 2020 annual results, the Board proposes a final 2020 dividend of 8 pence per Ordinary Share which represents 57% of free cash flow and is therefore above our stated policy. This demonstartes a strong end to 2020 for us and a positive start to 2021, particularly in terms of commodity prices. This brings total dividends (proposed and declared) for the year to 14 pence (2019: 6.5 pence) payable on 25 May 2021 to shareholders registered on 30 April 2021. This latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the 2010 IPO listing to $209.6 million.

DIVIDEND



GOING CONCERN

The Group meets its day-to-day working capital through its profitable and cash generative operations at Kounrad and Sasa. The Group manages liquidity risk by maintaining adequate committed borrowing facilities and the Group has substantial cash balances as at 31 December 2020.

The prices of copper, zinc and lead were impacted in 2020 by concerns over global demand due to the outbreak of the COVID-19 pandemic. Looking forward, uncertainty remains regarding the global health and economic ramifications of COVID-19, although metal prices have improved significantly from their lows of H1 2020 with various government COVID-19 vaccine programmes now being implemented and fiscal stimulus expected to drive demand for raw materials.

During 2020, both the Kounrad facility in Kazakhstan and the Sasa mine in North Macedonia continued to operate with no disruptions to production or sales volumes due to COVID-19. The Company put in place many measures during 2020 to try to ensure the health of its employees and contractors on both sites. The CAML Board has considered and debated a substantial range of possible scenarios on the Group's operations, financial position and forecasts covering a period of at least the next 12 months.

This analysis has considered potential impacts associated with a) operational disruption that may be caused by restrictions applied by governments, illness amongst the workforce and disruption to supply chain and offtake arrangements; b) market volatility in respect of commodity prices; c) availability of existing credit facilities. Management have performed reverse stress testing sensitivities to determine when profitability, liquidity or covenants break.

The likelihood of the stress test scenarios occurring is considered to be remote and therefore no material uncertainty is considered to exist and the Directors have a reasonable expectation that the Group has existence for the foreseeable future, accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

NON-IFRS FINANCIAL MEASURES

The Group uses alternative performance measures, which are not defined by generally accepted accounting principles ('GAAP') such as IFRS. These measures are used by management, alongside the comparable GAAP measures, in evaluating the business performance. The measures are not intended as a substitute for GAAP measures and may not be comparable to similarly reported measures by other companies. The following non-IFRS alternative performance financial measures are used in this report:

EBITDA

EBITDA is a valuable indicator of the Group's ability to generate liquidity and is frequently used by investors and analysts for valuation purposes. It is also a non-IFRS financial measure which is reconciled as follows:

	2020 $'000	2019 $'000
Profit for the year	43,690	51,937
Plus/(less):		
Income tax expense	16,035	15,911
Depreciation and amortisation	29,148	30,080
Foreign exchange loss/(gain)	690	(377)
Other income	(535)	(212)
Other expenses	28	481
Finance income	(116)	(336)
Finance costs	6,673	11,153
Loss/(profit) from discontinued operations	70	(53)
EBITDA	**95,683**	108,584

Gross revenue

Gross revenue is presented as the total revenue received from sales of all commodities after deducting the directly attributable treatment charges associated for the sale of zinc, lead and silver. This figure is presented as it reflects the total revenue received in respect of the zinc and lead concentrate and is used to reflect the movement in commodity prices during the year. The Board considers gross revenue, together with the reconciliation to net IFRS revenue to provide valuable information on the drivers of IFRS revenue.

Net debt

Net debt is a measure used by the Board for the purposes of capital management and is calculated as the total of the borrowings held with Traxys Europe S.A. and bank overdrafts less the cash and cash equivalents held at the end of the year. This balance does not include the restricted cash balance of $3.6 million (31 December 2019: $4.0 million):

	31-Dec-20 $'000	31-Dec-19 $'000
Borrowings	80,412	108,768
Cash and cash equivalents	(44,231)	(28,566)
Net debt	**36,181**	80,202

Free cash flow

Free cash flow is a non-IFRS financial measure of the cash from operations less capital expenditure on property, plant and equipment and intangible assets and is presented as follows:

	2020 $'000	2019 $'000
Net cash generated from operating activities	67,439	80,853
Less: Purchase of property, plant and equipment	(8,497)	(11,042)
Less: Purchase of intangible assets	(2)	(21)
Free cash flow	**58,940**	69,790

On behalf of the Board

GAVIN FERRAR
CHIEF FINANCIAL OFFICER
29 March 2021

IDENTIFYING AND MANAGING RISKS

Risk management within the Group is an ongoing evolutionary process and we have continued to make significant improvements during the year in this key area that is integrated into our whole business.

RISK MANAGEMENT PROCESS

COMMUNICATION AND CONSULTATION
There is continual consultation with the relevant parties throughout the process to ensure consistency and appropriate decision-making is being made across the Group towards risk management.

IDENTIFICATION
Risks are identified by the Risk Managers, risk management coordinators, General Directors and site Senior Management.

ANALYSIS
An understanding of the risk is gained through investigation of causes and estimation of likelihood and potential consequences.

This continues and repeats in response to the monitoring and review process.

EVALUATION
The results of the analysis are used to determine the level of the risk.

This continues and repeats in response to the monitoring and review process.

MITIGATION
An agreed risk treatment plan is put into place to modify, manage, or prevent the risk's likelihood of occurrence or its consequence. This includes regular analysing and evaluating the desired level of risk.

MONITORING/REVIEW
Regular supervision and observation is conducted to monitor changes in a risk's status to ensure that the desired risk level is achieved. This includes regularly analysing and evaluating the risk.

While a disappointment and an area for further development internally, our TSF4 incident did at least demonstrate the robustness of our risk processes as this was identified as one of our key company risks.

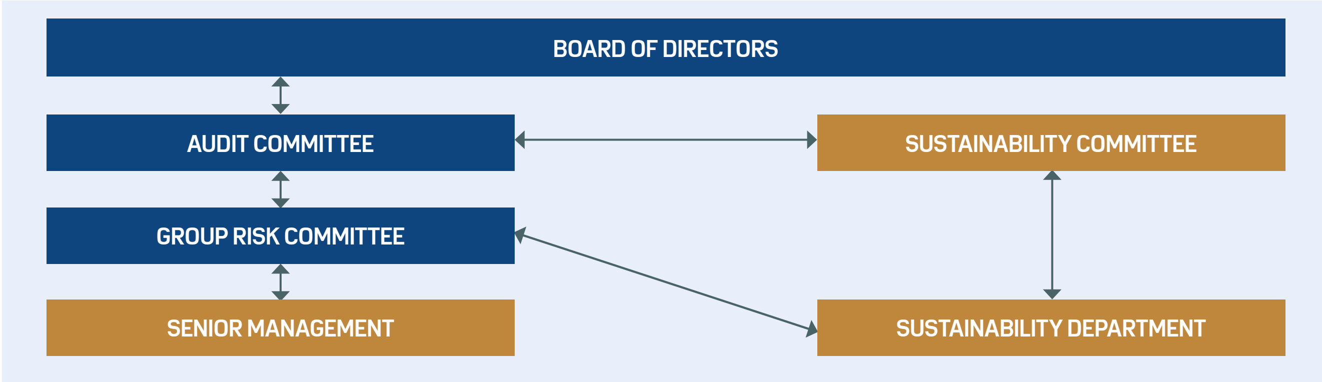
Risk management is led by the executive directors and senior management. Throughout 2020, this team, formed as the Risk Committee, met and reviewed the significant risks which the Group faced and how best to mitigate those risks. The Chair of the Risk Committee met with the Audit Committee and reported on the material risks to the business and what was being done to mitigate them.

An area of ongoing work is to engage the junior management at the sites to identify and bring risks to the attention of the senior management and Risk Committee. Previously the Group had utilised specialised software to assist with risk recording and reporting, but this was not successful and so its use was ceased. Following feedback from users, the risk reporting system has been simplified and it is hoped that engagement by junior management will be improved.

During 2020, one of our Principal Risks came to the fore as we suffered a leakage from our TSF4. A detailed review was immediately initiated, with significant focus on deepening our understanding of the risks associated with these facilities and further educating our employees on site. Whilst it has been an unfortunate incident, the business has emerged in a stronger position in this regard, with an increased knowledge and understanding of the risks associated with storing tailings.

Insurance is a tool which we use for risk management and, in particular, the Independent External Audit reports we receive from these groups provide useful insight into risks, and typically help us to generate a mitigation action list. The insurance markets are becoming more difficult and costs associated with insurance continue to rise significantly. During 2020, we were able to keep our Group insurance costs at levels similar to previous years. This is due largely to the work that our local teams do in managing operational risks at site, which is recognised by the insurance markets. 2021 will see increased insurance scrutiny for the business due to global market changes and the TSF incident, but we remain confident that we will be able to demonstrate to the insurance markets the actions we continue to take to minimise risks.

OUR RISK MANAGEMENT FRAMEWORK



COVID-19
The development of the COVID-19 pandemic has caused worldwide upheaval but, fortunately for the Group, it has had limited impact on our operational output given the risk-related procedures we put in place to maintain as best we could the health of our employees.

In February, the Group began its COVID-19 response, following which a committee led by the Sustainability Director and the General Counsel was formed in March. Membership of this committee included management from both sites. Our top priority was to ensure as best we could the health and safety of our employees and contractors on site as the pandemic spread worldwide. Business continuity plans were developed, and preventative actions initiated. Whilst infections at the initial stages were mainly limited to China, an initial concern was the impact on our supply chains as global trade slowed. Our analysis showed that our risk management of our supply chains was robust and there was little more required to minimise the impact on our operations.

At our sites we introduced social distancing where possible, increased use of PPE, modified the way in which workers are fed and how they are transported to and around site and have had a significant number of persons working from home (in particular those who are most vulnerable). During times of increased infections in the workforce, we reduced workforce numbers. We utilise a track and trace program when an infection is identified and use isolation of workers as a key measure to reduce transmission. Our efforts at site have meant that during 2020, we restricted positive cases at Kounrad to 39 and 47 at Sasa. Since period end, there have been further isolated cases but encouragingly these have not led to significant outbreaks.

Our efforts and protocols are ever developing as we learn more about the pandemic. In particular, we are utilising testing as much as possible using both PCR and lateral flow tests to identify any cases of infections. As well as minimising visitor entry to site, we have strengthened prior quarantine for visitors to site from high-risk areas. The colder winter weather has brought its own challenges in temperature screening, requiring the construction of insulated rooms to automatically test body temperature on arrival to site at Kounrad.

Board
The Board responded to the challenges of COVID-19 pandemic by increasing the frequency of meetings to ensure that they were well appraised of the ongoing situation and able to offer advice and support to the management team as required. Spending on capital expenditure was reduced to a minimum as commodity prices fell and we extended our overdraft facilities to ensure sufficient cash liquidity if we were forced to curtail production for a prolonged period at one or both sites.

EMERGING RISKS

Aside from the emergence of the COVID-19 pandemic and the direct risks associated with it, the impact on world trade meant that some governments increased their pressure and scrutiny on the taxation of entities. Whilst taxation is not an emerging risk for the Group, the Group has seen an increase in scrutiny and application in Kazakhstan in particular. The Kazakh authorities are revisiting interpretations of taxation laws, which has led to the Group paying additional tax for prior financial years.

Management of the risk is focussed on understanding developments in taxation within country and engaging with our advisors and the taxation authorities to ensure fairness and compliance.

CLIMATE CHANGE

Climate change is a key global risk for all individuals and businesses, and investors and other stakeholders are understandably increasing their scrutiny on company performance in this area.

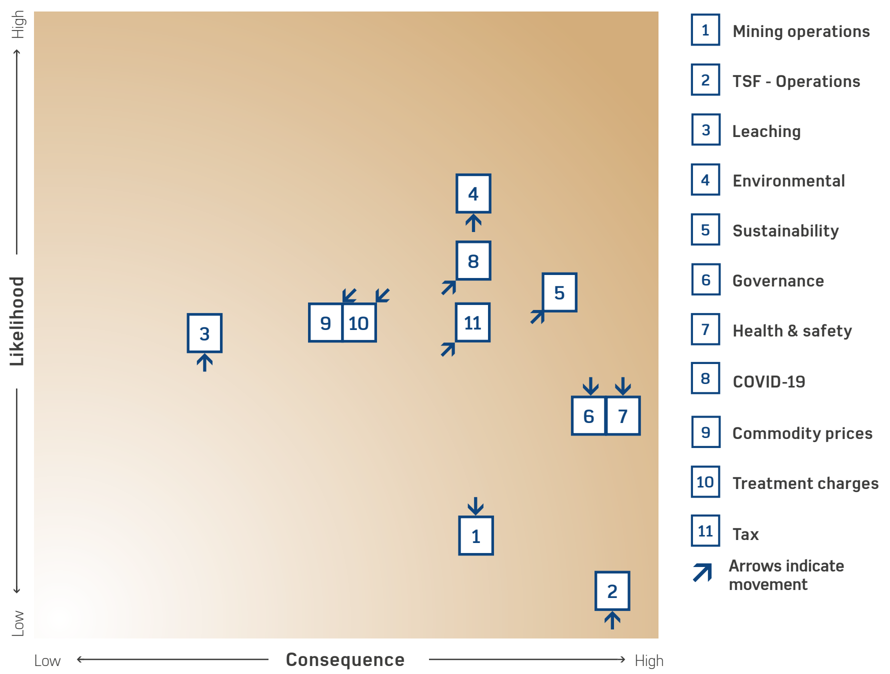
While CAML is a relatively small company, we are committed to doing what we can in this global effort. In Q4 2020, the senior management team made the decision to undertake some overarching work to develop a risk-based climate change strategy for the Company, which can be actioned and developed for the future and consultants to help with this work have been appointed. This work will be undertaken in H1 2021.

RISK APPETITE

The Group's appetite to risk has changed little since last year. We continue to focus on Health & Safety as an area where there is little risk appetite.

Generally, the Group's appetite to financial risk is more forgiving as we have a low-cost base upon which we operate. We put in place a meaningful hedge programme for 2021 production to lock in metal prices to cover the expected capital costs for 2021 while ensuring that CAML retains some leverage to copper, zinc and lead prices.

OUR RISK HEAT MAP



Operating in the mining sector brings with it inherent risk in the extraction and processing of natural resources. The risks and uncertainties described are material risk factors which could impact CAML's ability to meet its strategic objectives.

SUSTAINABILITY RISKS

ENVIRONMENT - LEACHING 4

KPIs

Responsibility
- Sustainability Director

Risk and impact
- At Kounrad the most significant environmental risk is the potential pollution of the groundwater from operating an in-situ dump leaching project.

Mitigation
- At Kounrad, extensive groundwater modelling and testing is conducted to understand the interaction of leaching and groundwater.
- Should solution be lost to the ground, there is an extensive array of boreholes surrounding the dumps to identify issues and from which solution can be extracted.

Risk movement
- As operations at Kounrad move predominately to the western dumps, increased assessment of the hydrogeology is required, thereby increasing risk.

SUSTAINABILITY - TSF 5

KPIs

Responsibility
- Sustainability Director
- COO

Risk and impact
- Tailings storage facilities which are not constructed or managed correctly can fail, leading to potentially significant damage to persons, property, the environment and the Company's reputation.

Mitigation
- The tailings incident of 2020 has led to changes in the site team's approach to tailings management systems and procedures.
- Regular internal monitoring of all aspects of the operation and stability of the tailings storage facilities, including movement and water levels, is undertaken. The data is regularly reviewed by external parties.
- Work is being undertaken to implement warning systems for the local community in the event of a failure.
- All of Sasa's TSFs are of a 'downstream' construction type which is generally regarded as the safest design option.

Risk movement
- The incident at the TSF has made the Group re-evaluate the assessment and identification of associated risks which, with new findings, has resulted in a greater appreciation of the risks. However, improvements in the monitoring systems and management classifies the risk as stable.

COVID 19 8

KPIs

Responsibility
- Sustainability Director

Risk and impact
- Given the global health crisis there is an ongoing risk of COVID-19 infection brought to site by employees, contractors or site visitors.
- Infection of key workers or significant numbers of staff may impact on the site's ability to sustain production.
- Worldwide infections may have a global impact on commodity prices and on supply chains.

Mitigation
- Increased use of PPE, site based testing, and social distancing measures.
- Track and trace measures with associated testing and mandatory enforced isolation periods.

Risk movement
- The impact of COVID 19 on our operations currently poses a significant risk which is being mitigated appropriately and adequately.
- The expectation is that risk will decrease over time as worldwide measures such as vaccination programs take effect.

Strategic objectives key:

Focus on safety and sustainability | Targeting low cost, high margins | Ensuring prudent capital allocation | Delivering growth

SUSTAINABILITY RISKS CONTINUED

GOVERNANCE 6

KPIs

Responsibility
- Sustainability Director

Risk and impact
- There are multiple governance based risks which may have an impact on the business.
- The Group operates within a complex regulatory environment which focuses on accountability. Failure to comply with regulations or failure to follow expected social and business conduct could cause reputational damage and potential financial loss.

Mitigation
- During 2020, the Group improved communication and transparency on governance with the production of its first sustainability report.
- The Group continues its engagement with local authorities and communities to follow good governance.
- The Group has restructured its senior personnel and conducted a risk assessment to improve focus on good governance within its sites and also along its supply chains.
- The Group maintains strong principles of corporate governance supported by a capable and experienced Board and reinforced by several committees supporting the Board in its role.

Risk Movement
- Whilst the likelihood of governance risks has decreased slightly within the measures that have been put in place, the overall potential impact to the Group is considered to be higher.

HEALTH AND SAFETY 7

KPIs

Responsibility
- Sustainability Director

Risk and impact
- Mining operations by their very nature are dangerous working environments. In particular, working underground presents significant challenges which, if not managed, could lead to a loss of life.

Mitigation
- The health and safety of our employees is the primary objective which we aim to achieve. Significant capital is deployed to ensure that our employees have all the necessary personal protective equipment.
- At Sasa we have recruited a designated mine instructor to our personnel to ensure our workforce receive the best training possible whilst ensuring these are in line with international industry standards.
- We are updating our underground mining fleet and have added remote operating capabilities to improve safety.
- Further capital is being deployed in 2021 to improve safety by the addition of new equipment and more advanced methods.

Risk movement
- As we invest more in safer equipment and continue to train and develop our employees, the likelihood of this risk decreases although the Group understands that managing this risk must always remain at the forefront of our daily activities.

Strategic objectives key:

Focus on safety and sustainability | Targeting low cost, high margins | Ensuring prudent capital allocation | Delivering growth

OPERATIONAL RISKS

LEACHING OPERATIONS 3

KPIs

Responsibility
- Technical Director
- COO

Risk and impact
- The nature of in-situ leaching means that grades and flows of copper-bearing solution from dumps is dependent upon existing geology of the dumps and the hydrogeology of the ground. Should the flow and/or grade drop, this could lead to a reduction in copper cathode produced.

Mitigation
- Extensive studies on the Kounrad dumps have been completed to Kazakh and international standards to ascertain the material contained within. The results of operations have shown a good correlation to the initial study work undertaken which gives management confidence for future operations.
- Significant studies into the geology and hydrogeology of the Kounrad site have been undertaken. Should solution be lost to the ground, there is an extensive array of boreholes surrounding the dumps to identify issues and from which solution can be extracted.

Risk movement
- As operations focus on the Western Dumps, different geological and hydrogeological features will present future challenges.
- The production of copper-bearing solution is performing in line with technical expectations.

MINING OPERATIONS & PROCESSING 1

KPIs

Responsibility
- COO

Risk and impact
- A significant fire at one of our facilities constitutes the single biggest potential impact to our operations. The solvent extraction facility at Kounrad contains highly flammable solutions which if set alight would be extremely difficult to extinguish. At Sasa, a fire in the processing facility would have a prolonged impact on our ability to operate.
- The resource reserves and the positioning of the ore bodies at Sasa present challenges and have led to significant changes to the methods of extraction.

Mitigation
- Fire suppression systems have been installed in the SX facility and in many other key installations at the sites.
- The mining method at Sasa is to change to a cut and fill operation which aims to decrease dilution and will result in over 40% of tailings being stored underground.

Risk movement
- The risks discussed are generally stable but should reduce over time as the mitigation measures come into fruition.

TAILINGS STORAGE FACILITIES 2

KPIs

Responsibility
- COO

Risk and impact
- Failure to identify long term storage capacity for tailings could result in an inability to process mined ore.

Mitigation
- The transition of Sasa's mining method to Cut and Fill Stoping, as well as proposed dry-stack tailings, will provide additional tailings storage and augment the lifespan of TSF4.

Risk movement
- Reassessed following the TSF 4 incident to be an increase but investment in capital development changes ensure the risk is stable.
- Transition away from the need for future TSF construction further stabilises this risk.

BUSINESS RISKS

TREATMENT CHARGES 10

KPIs

Responsibility
→ CFO

Risk and impact
→ Adverse movement in zinc and/or lead treatment charges could have an impact on Sasa's profitability.

Mitigation
→ The markets for zinc and lead concentrates are global in nature but with significant local supply/demand dynamics and are generally set around benchmark prices established by larger market players. The team works hard to ensure that Sasa's concentrates remain of high quality so as to be as marketable and therefore as attractive as possible.
→ During 2020 and early 2021, Sasa through its offtaker trialed small lots to market in China, South Korea, and Germany to take advantage of competitive treatment charges.

Risk movement
→ In early 2020 treatment charges continued to increase. As the global markets began to recover from the initial COVID-19 pandemic shock, spot treatment charges have declined.

TAX 11

KPIs

Responsibility
→ CFO

Risk and impact
→ Increased scrutiny of taxation measures by the governments in our countries of operation may lead to higher taxation being imposed on the Group.
→ Revisiting interpretations on taxation decisions may lead to the Group paying increased taxation for previous financial years.
→ Worldwide shift to the avoidance of using offshore holding structures may lead to increased taxation on the Group.

Mitigation
→ Focussing on understanding developments within our countries of operation and engaging with our advisers and taxation authorities.
→ Updating aspects of the Group structure to follow worldwide developments in the use of holding companies.

Risk movement
→ Increase as governments around the world struggle fiscally in the economic downturn attributable to COVID-19.

COMMODITY PRICES 9

KPIs

Responsibility
→ CFO

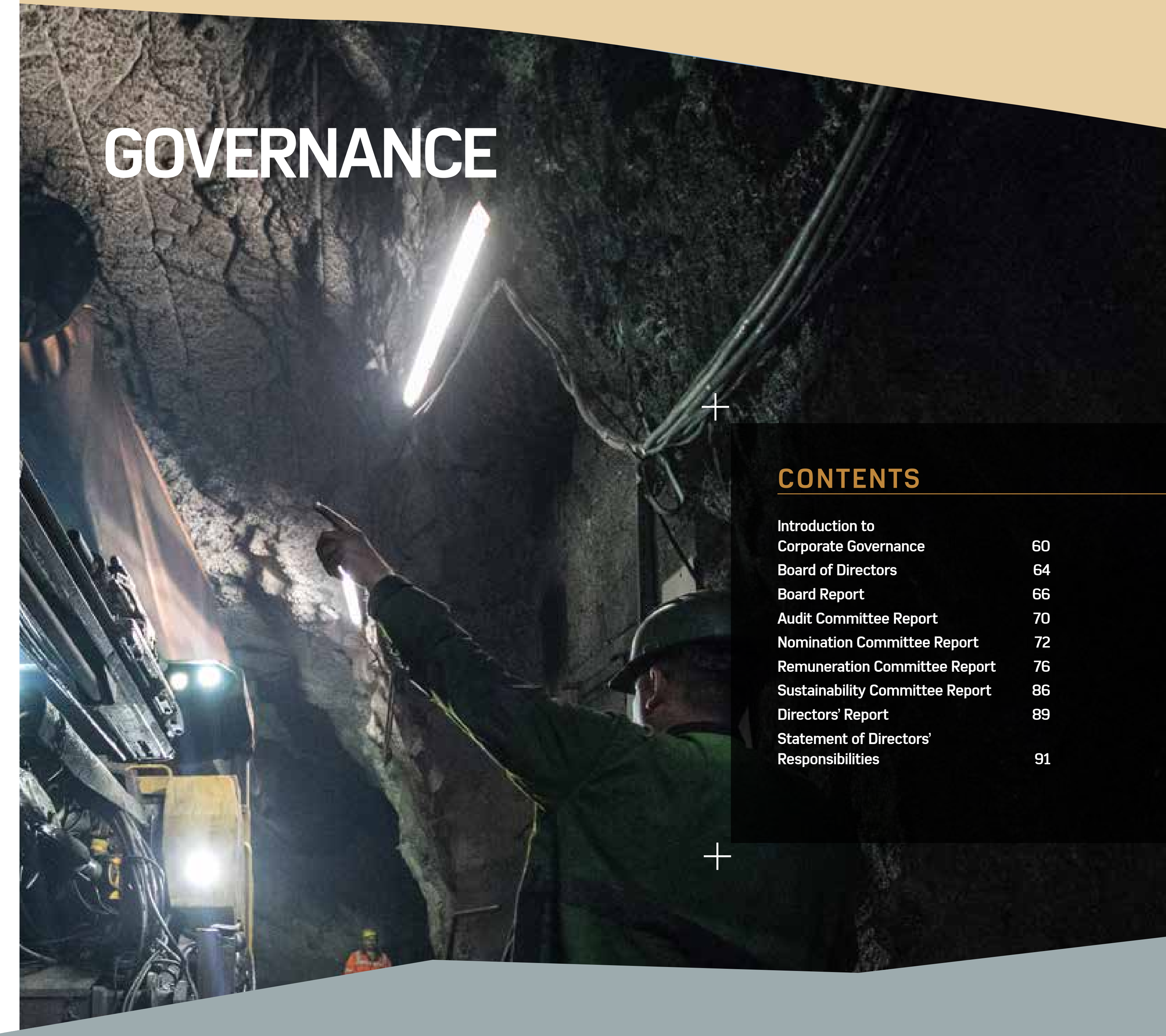
Risk and impact
→ A significant decrease in copper, zinc or lead commodity prices would negatively impact Group revenues.

Mitigation
→ As a low cost producer of our metals, we are able to withstand depressed commodity prices for a period of time.
→ The Company established a hedging programme to allow the Group to lock in commodity prices in 2021. This programme was utilised for 30% of 2021 production to cover the expected capital costs for 2021.

Risk movement
→ As commodity prices for base metals have increased during the latter stages of H2 2020 from lows seen at the beginning of the COVID-19 pandemic, this risk has decreased.

Strategic objectives key:

Focus on safety and sustainability | Targeting low cost, high margins | Ensuring prudent capital allocation | Delivering growth



GOVERNANCE

CONTENTS

LETTER FROM THE CHAIRMAN

The importance of good governance has always been recognised within CAML. Its role in the management of the Company has never been greater than in the past year.

NICK CLARKE,
CHAIRMAN

Dear Shareholder,

When I penned my letter to you in last year's annual report, none of us knew how serious the COVID-19 pandemic was to become. Nonetheless, we had prepared as best we could for all eventualities. In governance terms, this was the most unusual period in the Company's history. The Board, along with senior management and staff throughout the Company were able to respond well to developments as they transpired. I would like to thank my Board colleagues, management, and all throughout the Group for their great work in ensuring that we continue as a strong Company generating value for all of our stakeholders.

We have always considered good governance to be of fundamental importance to building and sustaining stakeholder value in CAML over the long term. We view the bedrock of how the business is run to be critical to its success, and we see our style of leadership as key in setting the tone from the top. These beliefs have always been central to the manner in which we have managed the business, and we strive to ensure our ethos of strong governance is embedded in every aspect of our Company.

Whilst the importance of good governance has always been recognised within CAML, the way it is communicated to our stakeholders has become of increasing importance as the Group has grown and as our investors and other stakeholders understandably prioritise Environmental, Social and Governance ('ESG') aspects. This has been a key area in which we have sought to continue to improve over the past year. Whilst strides have been made, we continue to view good governance and its reporting as a journey of ongoing improvement rather than a static destination. This reflects our desire for continuous development in this area as well as in our business more generally.

Amongst the developments over the past year commented on elsewhere in this report, I particularly want to highlight the following:

1. COVID-19 clearly has had a massive impact on the global economy as well as on the health and wellbeing of people around the world. After it became clear how serious the COVID-19 pandemic could become, the Board moved to weekly calls and received regular updates on the precautions put in place to protect our staff. This ensured enhanced monitoring of developments within the business and beyond, and to provide support and guidance to the management team. The Board has also managed the Company in such a way as to sustain its continued strength of operation. We continue to meet more frequently than normal though weekly update calls are not currently required.

2. We published our first separate Sustainability Report in Q2 2020 to enhance reporting and disclosure in this area of critical importance. We are pleased to report the investor response on this was positive and feedback received is being acted upon where appropriate in the forthcoming second Sustainability Report, which will be available on the Company's website at www.centralasiametals.com.

3. In March last year, we took the difficult but prudent decision not to pay a final dividend to ensure the Group was able to weather the effects of the COVID-19 pandemic. I was pleased that after careful consideration of the economic outlook, as well as the position of the Company, we were able to resume dividend payments, which we did in December.

4. The unexpected and disappointing news of the leakage at TSF4 in Sasa was reported to the Board straight after its occurrence. The Board then convened as quickly as possible to review events and how these were being addressed. It continued to review matters on at least a weekly basis until these had been resolved and future plans to mitigate any recurrence were put in place.

5. As part of the ongoing refreshment of the Board, we are delighted that Mike Prentis has accepted the position of independent Non-Executive Director with effect from 31 March. His investment and capital markets expertise will bring great value to the Board. Mike will also serve on the Audit, Nomination and Sustainability Committees and further details of the process we followed for his appointment are set out on page 73 of the Nomination Committee report.

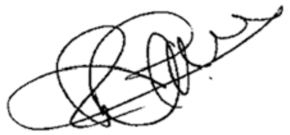
6. Nigel Hurst-Brown, our Deputy Chairman, as mentioned in last year's report, agreed to stay on the Board to ensure continuity through the then very uncertain prospects that could result from the COVID-19 pandemic. I would like to thank him for doing so. Following a period of transition for the Board and its Committees, Nigel will step down from the Board later this year.

7. I am pleased to report that Bob Cathery has agreed to continue as Chairman of the Remuneration Committee until later this year when he has noted his intention to step down from the Board. This is important in terms of bedding in the new Long-Term Incentive Plan ('LTIP') structure and transitioning this role to a new Chair of the Remuneration Committee.

8. Dr Gillian Davidson has been on the CAML Board for a full year in 2020, and her sustainability expertise was invaluable in guiding us through the period of extreme global health risk due to COVID-19 as well as the environmental ramifications of the unfortunate TSF4 incident, which we collectively managed well.

9. Due to the uncertainty created by the pandemic, the Remuneration Committee deferred the 2020 LTIP awards until December of last year while further consideration was given to appropriate performance measures in the context of COVID-19. Further details are set out in Bob's Remuneration Committee Chairman's letter on page 76.

As we look forward to the coming year, we do so with increased certainty, confidence and optimism for the future. I would like to thank all the Directors, the management team and of course, our staff for their ongoing work. We remain committed to all our stakeholders and look forward to reporting further developments over the year ahead.



NICK CLARKE
NON-EXECUTIVE CHAIRMAN
29 March 2021

THE QCA CORPORATE GOVERNANCE CODE

CAML complies with the Quoted Companies Alliance Corporate Governance Code for small and mid-sized companies and has incorporated a set of robust principles based on its guidelines into our corporate governance procedures. The Directors believe this reinforces the strong corporate governance systems and processes that are vital in building a successful business, maximising value and maintaining the high standards that we set for ourselves. Our QCA Code disclosures within this Annual Report are summarised in the table below. In addition, full details of how we have applied each of the ten principles of the QCA Code can be found on our website at https://www.centralasiametals.com/corporate-governance.

	Principle	Disclosure within this report
1	Establish a strategy and business model which promotes long-term value for shareholders	see pages 66, 22-31
2	Seek to understand and meet shareholder needs and expectations	see pages 68-69
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	see pages 30-35, 86-88
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	see pages 52-58, 71
5	Maintain the board as a well-functioning, balanced team led by the chair	see pages 60-61
6	Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities	see pages 66, 68
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	see pages 74-75
8	Promote a corporate culture that is based on ethical values and behaviours	see pages 68, 86-88
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the board	see page 62
10	Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders	see pages 68-69

OUR APPROACH TO GOVERNANCE

In structuring its governance framework, CAML takes guidance from the principles of the QCA Code. The Board is supported by four Committees, specifically the Audit, Remuneration, Nomination and Sustainability Committees. These standing Committees focus on the four areas of the Group's operation which the Board views as having key importance to the Group's shareholders and other stakeholders.

Our governance arrangements are summarised below:

Board
A strong independent representation on the Board with five independent Non-Executive Directors. The Board of Directors leads the Company in making key decisions about strategy, financial planning, its Directors and its operations.

Audit Committee
An Audit Committee consisting of three independent Non-Executive Directors led by David Swan as its Chairman. The Audit Committee assists the Board in its oversight of the Company's financial reporting, internal control and risk management.

Remuneration Committee
A Remuneration Committee led by Robert Cathery comprised solely of independent Non-Executive Directors. 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.

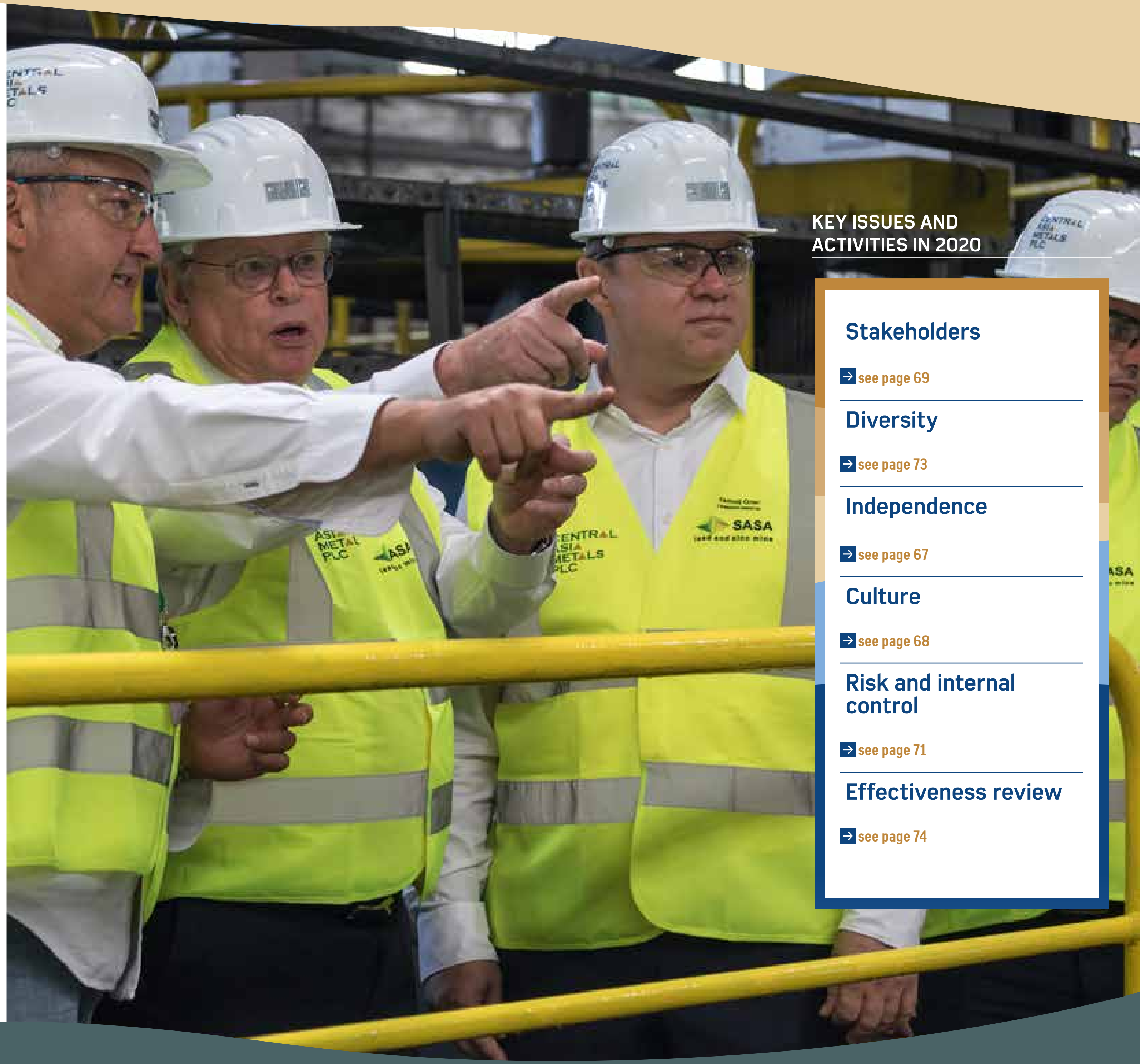
Nomination Committee
A Nomination Committee chaired by Nick Clarke. The members of this Committee are our other six Non-Executive Directors. The Nomination Committee leads the process and makes recommendations to the Board in relation to Director appointments, reviews the composition and structure of the Board, evaluates the balance of skills, knowledge and experience of the Directors, oversees the annual internal review process for evaluating the Board's performance and effectiveness and assists the Board with its progressive refreshment and ongoing succession planning.

Sustainability Committee
Although not a QCA Code requirement, we also have a Sustainability Committee, chaired by Dr Gillian Davidson. This Committee comprises Executive and Non-Executive Directors and closely involves members of the senior management team, including our Sustainability Director. The Sustainability Committee enables us to maintain our strong focus on our people, their health and safety, environmental matters and the communities in which we operate.

- These Committees support the Board in ensuring the relevant level of focus on their specific areas of responsibility and each have their own terms of reference which provide the necessary authorities for them to operate as they consider appropriate.
- Each Committee reports to the Board through its respective Chair, providing invaluable contributions to the Board's effectiveness through their work.
- On the following pages are further details of each of our individual Directors and separate reports of our Board, and its Audit, Nomination, Sustainability and Remuneration Committees. These are intended to provide an insight into the robust governance structure of the Company and the value that we continue to place on good corporate governance processes.

These arrangements form part of our ongoing commitment to shareholders and other stakeholders to sustainably value for all our stakeholders through the long-term success of the business.

QCA Code Principle:
Maintain governance structures and processes that are fit for purpose and support good decision making by the board



KEY ISSUES AND ACTIVITIES IN 2020

Stakeholders
see page 69

Diversity
see page 73

Independence
see page 67

Culture
see page 68

Risk and internal control
see page 71

Effectiveness review
see page 74

BOARD OF DIRECTORS

Committees

- A Audit
- N Nomination
- R Remuneration
- S Sustainability Committee
- ○ Chair of Committee

NICK CLARKE,
NON-EXECUTIVE CHAIRMAN

N (Chair)

Appointed
April 2009

Skills and experience
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 managing director of Oriel Resources until its acquisition by OAO Mechel for $1.5 billion in 2008. In addition, Nick was managing director at Wardell Armstrong International, where he managed numerous multidisciplinary consulting projects in the resource sector. In 2013, Nick was named CEO of the year at the Mining Journal outstanding achievements awards. He joined CAML in 2009 as Chief Executive Officer prior to the Company's IPO in 2010, and assumed the role of Chairman in June 2016.

Education/ qualifications
Nick graduated in 1974 from the Camborne School of Mines, ACSM. He is a Chartered Engineer and a Member of the Institute of Materials and Mining, IOM3.

External appointments
Nick joined the Board of Caledonia Mining as a non-executive director in September 2019.

NIGEL ROBINSON,
CHIEF EXECUTIVE OFFICER

S

Appointed
April 2009

Skills and experience
Nigel started his career as a Royal Naval Officer in the Fleet Air Arm where he served an eight-year short career commission. Upon leaving the Royal Navy, he qualified as a Chartered Accountant with KPMG in the North West of England, where he stayed for a further three years before leaving the profession to work in commerce. He initially joined one of KPMG's clients, British Aerospace, working in the internal audit department before relocating to London where he worked for six years in management with British Airways. In 2002 he left to become more involved in smaller enterprises and joined CAML in 2007 as Group Financial Controller. Prior to his appointment as CEO in April 2018, he had been the CFO of the Group since he joined the Board in April 2009 and was instrumental in growing the business.

Education/ qualifications
Nigel has an engineering degree from Lancaster University and is a member of the Institute of Chartered Accountants in England & Wales.

External appointments
Treasurer (Pro bono) of the Fleet Air Arm Officer's Association.

GAVIN FERRAR,
CHIEF FINANCIAL OFFICER

Appointed
June 2016

Skills and experience
Gavin has been involved in the mining sector for over 25 years. His career in the industry began with Anglo American in its New Mining Business Division where he worked in a target generation and due diligence team and subsequently managed projects from greenfields exploration through to a feasibility study on a gold project. He then spent 11 years in the London investment banking sector focusing on debt and derivative financing for mining clients of Barclays Capital and equity and debt investments for Investec. After leaving the banking sector he advised a variety of private mining investors and junior companies on project development and funding before joining the Company in June 2014 as Business Development Director.
He was appointed CFO on 16 April 2018 and Gavin continues to serve as the Business Development Director for the Company.

Education/ qualifications
Gavin holds post-graduate degrees in geology from the University of the Witwatersrand, Johannesburg and from the University of Natal. He also holds an MBA in finance from Imperial College, London.

NIGEL HURST-BROWN,
DEPUTY CHAIRMAN

A N R

Appointed
December 2006

Skills and experience
Nigel was previously 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.

Education/ qualifications
Nigel is a Fellow of The Institute of Chartered Accountants in England and Wales.

External appointments
Nigel is currently chief executive of Hotchkis and Wiley Ltd.

ROBERT CATHERY,
NON-EXECUTIVE DIRECTOR

N R (Chair)

Appointed
September 2007

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

ROGER DAVEY,
NON-EXECUTIVE DIRECTOR

A N S

Appointed
December 2015

Skills and experience
Roger has over 40 years' operational experience at senior management and director level in the international mining industry covering financing, feasibility studies, construction, development, commissioning and operational management of both underground and surface mining operations in gold and base metals. Previous positions include senior mining engineer at NM Rothschild (London) in the Mining and Metals project finance team (1997 to 2010); director, vice-president and general manager of Minorco (AngloGold) subsidiaries in Argentina (1994 to 1997), for the development of the Cerro Vanguardia, open pit gold-silver mine in Patagonia; operations director of Greenwich Resources plc, London (1984 to 1992); production manager for Blue Circle Industries in Chile (1979 to 1984); and various production roles from graduate trainee to mine manager, in Gold Fields of South Africa (1971 to 1978).

Education/ qualifications
Roger holds a Master of Science in Mineral Production Management from the Royal School of Mines, Imperial College, London and a Master of Science in Water Resource Management and Water Environment from Bournemouth University. He is an Associate of the Camborne School of Mines (ACSM), a Chartered Engineer, a European Engineer and a Member of the Institute of Materials, Minerals and Mining (IMMM).

External appointments
Roger is also a non-executive director of Atalaya Mining, where he serves as chairman, and of Tharisa and Highfield Resources.

DAVID SWAN,
NON-EXECUTIVE DIRECTOR

A (Chair) N R

Appointed
June 2014

Skills and experience
David has extensive commercial experience across the natural resources sector internationally in Australia, Europe, Central Asia, Africa, and the United States. He has had experience as a director of companies listed on the Australian, Canadian and UK stock exchanges. David has been involved with numerous corporate transactions, including IPOs, RTOs, mergers and acquisitions, and project funding. Operational experience has included exploration, mine start-up, open cast, and underground mining operations.

Education/ qualifications
David holds a Bachelor of Commerce from the University of WA and is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand ('ICAANZ') and a Member of the Institute of Chartered Accountants in England and Wales ('ICAEW').

External appointments
David is also a non-executive director of AIM-listed Sunrise Resources plc and ASX-listed Tigers Realm Coal Ltd.

NURLAN ZHAKUPOV,
NON-EXECUTIVE DIRECTOR

N S

Appointed
October 2011

Skills and experience
Nurlan is a Kazakh national and currently works in the capacity of Country Adviser Kazakhstan and Central Asia for Rothschild & Co Global Advisory team. He has extensive experience in capital markets and has held positions at UBS and RBS. Most recently, he was CEO of SPK Astana, a Kazakh regional development institution. He has previously held a number of positions in the Kazakhstan resource sector for Kazatomprom, Tau-Ken Samruk (the national mining company), Chambishi Metals and ENRC.

Education/ qualifications
Nurlan holds Bachelor's and Master's degrees from the economics from the Moscow State Institute for International Relations.

External appointments
Nurlan is chief executive officer of Kazakhstan Investment Development Fund Management Company Ltd. ('KIDF') and an independent non-executive director of Zerde National Infocommunication Holding.

DR GILLIAN DAVIDSON,
NON-EXECUTIVE DIRECTOR

N S (Chair)

Appointed
December 2019

Skills and experience
Gillian has over 20 years of sustainability experience in the extractives and natural resources sectors. Gillian was, until 2017, Head of Mining & Metals at the World Economic Forum, leading global and regional initiatives for responsible and sustainable development. Prior to this, she was director of social responsibility at Teck Resources. Gillian previously served on the board of Lydian International Limited and has held senior roles in mining companies, government, academia and consultancy.

Education/ qualifications
Gillian holds an MA (Hons) in Geography from the University of Glasgow, a PhD in Development Economics and Economic Geography from the University of Liverpool and is an alumnus of the Governor General of Canada's Leadership Conference.

External appointments
Gillian is an independent sustainability adviser and currently serves as a non-executive director on the board of New Gold Inc. She is also chair of International Women in Mining.

The Board is comprised of a diverse group of experienced Directors, both from the UK and abroad, each with a wealth of expertise and a depth of knowledge. Many have worked across a variety of jurisdictions and have extensive business and financial experience in the sector in which the Group operates. This ensures that each member of the Board is able to fully contribute to the effectiveness of the Board as a whole and in doing so, have collective responsibility for, and participation in, its decision making. We believe this leads to better performance, sustainable growth and value in the business for its shareholders and other stakeholders in the long term.

KEY STRENGTHS

The diagram below shows the range of our Board's key strengths. In addition, further detailed biographies of each of our Directors are shown on pages 64 to 65:

	Natural Resources	Sustainability	Financial Governance, Risk and Controls	People	Strategy	International	Capital Markets
Nick Clarke	✓	✓		✓	✓	✓	✓
Nigel Robinson		✓	✓	✓	✓	✓	✓
Gavin Ferrar	✓		✓	✓	✓	✓	✓
Nigel Hurst-Brown			✓		✓	✓	✓
Robert Cathery	✓				✓	✓	✓
Roger Davey	✓	✓	✓	✓	✓	✓	✓
Dr Gillian Davidson	✓	✓		✓	✓	✓	
David Swan	✓		✓	✓	✓	✓	
Nurlan Zhakupov		✓			✓	✓	✓

THE ROLE OF OUR BOARD

In leading the Company, the Board defines its purpose and makes key decisions in relation to strategic matters to deliver this. The Board is also responsible for making key decisions about financial planning, review of financial performance, setting the cultural tone for the Group, review of operational matters, the governance framework, investments and Director appointments. In doing so, the Board draws on each Director's unique skill set, personal attributes and wide range of experience in the mining industry, financial and operational aspects of businesses, public markets and of different geographies around the world.

In previous years our Board would typically meet face-to-face at least five times a year and at other times where required for arising matters. During 2020 and at present, due to the ongoing restrictions on travel and gatherings in the context of COVID-19, the Board has been meeting via video-conference. Throughout 2020, in addition to the five main Board meetings held, we also had regular Board update meetings every one to two weeks to be able to closely monitor and consider matters in the Group and developments more widely during this period. A total of 15 formal Board meetings were held during the year in addition to the regular update meetings between the formal meetings. As well as the Executive Directors, senior management are invited to attend and present at meetings of the Board and its Committees where appropriate. The Board found the virtual meeting format enabled a sense of team to be maintained through this difficult period and, although this cannot fully replace in-person interactions, the ability to increase meeting frequency, particularly in dealing with critical or urgent matters, has been greatly beneficial to the Board's effectiveness.

All Directors devote ample time in order to discharge their duties both at and outside of Board meetings. Board and Committee meetings normally take place over the course of a whole day. We also hold specific Board sessions to focus on strategic matters in the Group as appropriate, usually on an annual basis. These strategy-specific sessions are also attended by local operational management as appropriate. In addition, Non-Executive as well as Executive Directors visit the Group's operations when opportunities to do so arise. Despite the limitations on international travel imposed in the context of the COVID-19 pandemic, visits to the Group's sites during 2020 by Group management took place where practical.

The Board is well briefed in advance of meetings and receives high-quality, comprehensive reports to ensure matters can be given thorough consideration. There is an appropriate balance of influence within the Board which, as a result, is not dominated by one person or group of individuals. The Independent Non-Executive Directors constructively challenge the Executive Directors and the resulting Board debates are always robust and sometimes lively. The open and direct forum for discussion ensures the deliberations during meetings lead to decisions reached by the Board collectively in alignment with the core values of the Company.

QCA Code Principle:

Establish a strategy and business model which promotes long-term value for shareholders

ATTENDANCE AT BOARD MEETINGS

The attendance of current Board and Committee members at the scheduled meetings and calls, as compared with the number of meetings held during 2020 is shown below.

Director	Board (five meetings)[2]	Audit (four meetings)	Remuneration (three meetings)	Nomination (one meeting)[5]	Sustainability (five meetings)
Nick Clarke	5 attended [1]			1 attended [1]	
Nigel Robinson	5 attended		1 non-committee member invited		5 attended
Gavin Ferrar	5 attended	4 non-committee member invited			
Nigel Hurst-Brown	5 attended	4 attended	3 attended	1 attended	
Robert Cathery	5 attended		3 attended [1]	1 attended [4]	
Roger Davey	5 attended	4 attended		1 attended [4]	5 attended
Dr Gillian Davidson	5 attended			1 attended	5 attended [1]
David Swan	5 attended	4 attended [1]	3 attended	1 attended	
Nurlan Zhakupov	5 attended			1 attended [4]	4 attended, 1 non-attendance [3]

Meetings attended · Non-attendance · Non-committee member invited to attend some or all of a meeting

1 Denotes Chairman status.
2 The Board also met via video-conference on ten other occasions and in addition had regular update calls during the course of the year to closely monitor progress.
3 Nurlan Zhakupov was unavoidably unable to attend one Sustainability Committee meeting due to it necessarily being arranged when Mr Zhakupov was required in connection with his KIDF role in Kazakhstan.
4 Participated in wider discussions following consideration by the Succession Planning Committee.
5 The members of the Nomination Committee also met informally during the year to consider specific matters.

Directors do not attend meetings (or parts of meetings) of the Remuneration Committee when the Committee is deciding matters in relation to such Directors' Remuneration.

Following the Government guidance in response to the COVID-19 pandemic, it was not possible for Directors to attend the 2020 AGM in person – this meeting was attended by the Chairman and another individual appointed as proxy for a shareholder in order to meet the meeting quorum requirements. Shareholders were invited to submit questions in advance of the meeting.

BOARD COMPOSITION

We have a well-balanced Board, constituted as follows:

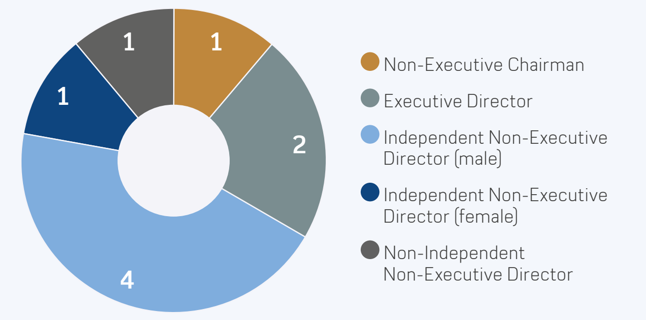
Non-Executive Chairman: Nick Clarke.

Two Executive Directors: Nigel Robinson and Gavin Ferrar.

Six Non-Executive Directors:
Five are considered fully independent: Nigel Hurst-Brown, Robert Cathery, Roger Davey, Dr Gillian Davidson and David Swan.

One is based in Kazakhstan: Nurlan Zhakupov. Nurlan Zhakupov has previously received share awards from the Company and is therefore not considered to be fully independent.

BOARD COMPOSITION



BOARD INDEPENDENCE

In line with the QCA Code, the Board has considered the independence of each Non-Executive Director, including assessment of their character, judgement, any business and other relationships which could significantly interfere with their ability to effectively discharge their duties. As part of this assessment, we also consider length of tenure. The Board considers that length of tenure alone is not necessarily a compromise to independence and is satisfied that the independence of none of the Non-Executive Directors has been compromised by this. As such, after taking account of all of these factors, the Board continues to consider Roger Davey, Dr Gillian Davidson and David Swan to be independent Directors. Nigel Hurst-Brown and Robert Cathery are also considered to be fully independent by the Board despite their length of tenure due to their fully independent engagement in their roles in the Company. The Board believes that the combination of independent Board members and our other Non-Executive Director, Nurlan Zhakupov, together with our Executive Directors, enhances the balance of views and personal qualities as well as strengthening the range of skills and depth of experience within the Board.

BOARD CHANGES

As part of the ongoing succession planning for the Board, as mentioned in the Chairman's letter, Nigel Hurst-Brown will be stepping down as a Director later this year. Robert Cathery also intends to step down from the Board during 2021 following completion of the transition to a new Chairman of the Remuneration Committee. As announced on 30 March 2021, Mike Prentis has been appointed to the Board effective 31 March 2021 as an independent Non-Executive Director. We believe Mike will add significant value and bring an additional independence of thinking, views and experience to the Board.

SUPPORT TO DIRECTORS

All Directors on the Board have access to, and the support of, the Company Secretary who acts as secretary to the Board and its Committees, reporting directly to their Chairs, advising on, and assisting on compliance with, relevant governance regulations and procedures. In addition, all Directors have unrestricted access to the Company's external advisers. Resources and training for their own personal development are also made available to Directors on an ongoing basis ensuring they have the necessary knowledge and skills to fulfil their roles effectively.

The role of the Company's Auditors is explained in more detail in the Audit Committee Report on pages 70 to 71

QCA Code Principles:

- Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities
- Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

THE BOARD AND CULTURE

Of course, commitment to good corporate governance in the boardroom is just one part of setting and maintaining an appropriate culture that aligns with our strategic goals and values.

The Board, and its Committees set the tone for, and promote a healthy culture of, openness, honesty, engagement and respect throughout the Group and with all of its stakeholders. The Board welcomes an open dialogue with these stakeholders be they investors, employees, governmental authorities or local communities. Decisions made by the Board collectively, supported by management, are taken in the context of this shared sense of purpose that comes with the continuous focus on culture throughout the Group's operations. We highlight the importance of communication and the flow of information throughout the Group to ensure consistency in our procedures. We also maintain strong internal policies including those relating to anti-bribery, share-dealing, trade sanctions, the Modern Slavery Act, human rights, our code of conduct and whistleblowing which are implemented by our teams and regularly reviewed. The Board promotes the corporate culture of the Group with the support of the Sustainability Committee.

SHAREHOLDER ENGAGEMENT

As mentioned above, we have embedded into our culture as a Group that maintaining a continual, open and active dialogue with our shareholders and other stakeholders plays an essential part in understanding their views and ensuring the long-term success of the Company. Whilst most engagement with the Company's institutional investors is through the Executive Directors and the Director of Corporate Relations, valuable feedback from shareholders is also communicated to, and discussed with, the other Board members. The Board as a whole recognises that the views of our investors should be considered as an important part of the Board's deliberations and decision-making processes as the Board has a duty to safeguard the interests of all stakeholders. The other Directors are also available to meet with investors where requested and all shareholders also have the opportunity to attend and ask questions at the Company's Annual General Meeting. The Board welcomes the opportunity to understand the motivations behind voting decisions, as well as the ongoing feedback from our shareholders and other stakeholders, as this plays an important part in ensuring our long-term success.

ANNUAL GENERAL MEETING ('AGM')

As explained in my letter to shareholders included in the circular containing the notice of AGM, in light of the impact of the COVID-19 pandemic, the Board had to consider the best way to deal with arrangements for the Company's 2020 AGM in line with the mandatory Government measures in place at the time of the meeting (which did not permit travel and imposed limitations on the number of people permitted to gather indoors). Recognising that the AGM is an important event for shareholders in the corporate calendar, the Company was committed to ensuring that shareholders could exercise their right to vote and ask questions in connection with the meeting and arrangements were put in place to facilitate this. Shareholders were invited to submit questions relevant to the business of the AGM in advance of the meeting and responses were provided by email as appropriate.

The health and wellbeing of our employees, shareholders and stakeholders remains a priority for the Company and we intend to revert to our normal format of meeting for future AGMs when it is deemed safe to do so. A separate communication will be sent to shareholders and published on the Company's website regarding the format of the Company's 2021 AGM.

Where appropriate, we also engage with our key shareholders on specific governance matters. Details of our stakeholder engagement activities during 2020 are set out in the table to the right.

Material information in relation to the Company is made publicly available via the London Stock Exchange's Regulatory News Service ('RNS'). Presentations on our full year and interim results are given to analysts and investors shortly after publication.

STAKEHOLDER ENGAGEMENT ACTIVITIES

Q1

- 2019 operational update
- Preparations for 2019 Annual Report, presentation of annual results and 2020 Annual General Meeting
- Executive Director attendance at two global mining investor conferences:
  - Mining Indaba, Cape Town, February 2020
  - BMO Global Metals and Mining Conference, Miami, February / March 2020

CEO speaks at BMO conference

Q2

- Q1 2020 Operations Update (9 April 2020)
- 2019 results announcement (1 April 2020) and 2019 results attended by Executive Directors and Director of Corporate Relations
- Annual Report publication
- Engagement with proxy advisers in connection with publication of 2019 Annual Report and Notice of 2020 AGM
- Sustainability Report publication
- Sustainability Report journalist briefing (CEO, CFO and Director of Corporate Relations)
- Executive Director presents at Proactive One2One Virtual Forum
- Annual General Meeting
- Stakeholder Engagement project commenced, using consultants, ERM
- Participation in Minex Forum (CEO and Director of Corporate Relations) CEO presents at ShareSocUK webinar

Q3

- H1 2020 Operations Update (9 July 2020)
- 2020 interim results announcement (16 September 2020) and results attended by Executive Directors and Director of Corporate Relations
- CEO visit to Sasa following TSF4 incident – met with government, community and employee stakeholders

Q4

- Q3 2019 Operations Update (8 October 2020)
- H1 2020 Dividend Update (11 November 2020)
- CEO presents at Kazakhstan Global Investment Forum
- CEO presents at Natural Resources Forum
- Participation in Mines and Money online conference (CEO, CFO and Director of Corporate Relations)


Executive Director gives a Company update at Proactive One2One Virtual Conference

QCA Code Principle:

- Seek to understand and meet shareholder needs and expectations

ASSISTING THE BOARD IN THE FULFILMENT OF ITS RESPONSIBILITIES

MEMBERS

David Swan – Chairman
Roger Davey
Nigel Hurst-Brown

ACHIEVEMENTS IN 2020

- Review and recommendation to the Board for approval the Group's half year and annual results, including the report from the CFO and from the Auditors.
- Worked with the Sustainability Committee to obtain an external assessment of the environmental decommissioning plan and cost in relation to the Group's asset retirement obligation.
- Through the Risk Committee, oversaw the setting and implementation of robust risk policies and procedures relating to risk management.
- Ongoing review of the adequacy of the internal control mechanisms in place.
- Worked with BDO LLP in their second year as Auditor to further develop the audit plan, in particular in areas of key focus.
- Met with Auditors and with management in order to agree items for the audit of accounts including: preliminary planning report, final audit plan, review of audit scope, and materiality.

OBJECTIVES FOR 2021

- Continued development of processes and further implementation of policies and procedures relating to risk management.
- Appropriate financial reporting disclosures will continue to be reviewed closely. And in the coming year particular emphasis will be placed on the on the emerging trend to extend the reporting on and disclosure of the Group's environmental, social and governance measures.
- Further trends and new developments coming from the FRC will be closely monitored to ensure that our reporting is relevant and up-to-date.

DAVID SWAN,
CHAIRMAN OF THE AUDIT COMMITTEE

Dear Shareholder,

The Audit Committee's main function is to assist the Board in the fulfilment of its responsibilities by overseeing key areas such as financial reporting, regulatory compliance and risk management. The Audit Committee's work is essential to ensuring the effectiveness of the Group's internal controls and the integrity of its financial accounts.

The Audit Committee has the responsibilty of overseeing the Risk Committee which reports into it on key business, operational, and sustainability risks. During the past year and in response to the global health crisis, through effective planning and monitoring the Group has implemented management systems which have ensured minimal impact on our employees and contractors whilst maintaining sustained production throughout.

Notwithstanding the occurrence of the TSF 4 incident, it is important to note the speed and effectiveness with which management reacted and rectified the problem. The presence of tailings facilities risks had been highlighted to the Audit Committee and it was reassuring to see how diligently and openly management have implemented all of the independent recommendations and strengthened procedures from lessons learned.

SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE IN RELATION TO THE 2020 FINANCIAL STATEMENTS

- The Committee assessed management's determination of cash-generating units and review of impairment triggers as at 31 December 2020. The Committee considered the key judgements made by management in relation to discount rates, commodity price forecasts, operating and capital expenditure, and the mineral reserves and resources estimates. The Committee reviewed disclosures related to impairment tests in note 20 of the financial statements.
- The Committee assessed management's going concern assessment by reviewing the cash flow forecasts to the end of 31 December 2022, considering the potential risks to the Group, assessing current and future compliance with debt covenants and being aware of the stress tests and the underlying assumptions which have been approved by the Board. The Committee reviewed disclosures related to the going concern basis of preparation in note 2 of the financial statements.

- The Committee considered the asset retirement obligations of Sasa and Kounrad prepared by management considering the key judgements made in relation to future expected costs, discount rates and life of mine. The committee reviewed disclosures in note 32 of the financial statements.
- Independent experts have been engaged in 2021 to undertake a review and assessment of the asset retirement obligation.
- The committee reviewed the disclosure in note 39 of the event after the reporting period related to the change in regulation affecting the lining of TSF 3.2.

FINANCIAL REPORTING

The Audit Committee monitors the accuracy and completeness of the financial statements by reviewing them for consistency and ensuring that they are duly considered to be balanced, fair, and understandable to shareholders as well as compliant with regulatory and disclosure requirements. Throughout the year and alongside ordinary business, the Audit Committee considered issues relating to the appropriateness of key accounting policies and key judgements and estimates. In particular, the Audit Committee was mindful of the emerging best practices and reporting around Covid-19 and engaged with management to ensure a thorough assessment was performed.

INDEPENDENCE OF THE AUDITOR

Following the tender process of 2019 as described in last year's report, and subsequent appointment of BDO LLP as Auditor, the Audit Committee reviewed, as it does on an annual basis, the independence, objectivity and effectiveness of the external auditor.

COMMITTEE FUNCTION

The members of the Audit Committee have the appropriate experience and skill sets to support the Company's governance systems, oversee internal controls, and review the presentation of the financial statements.

The Committee is made up of David Swan as the Committee Chairman, along with Roger Davey, and Nigel Hurst-Brown. David Swan is a qualified chartered accountant bringing a breadth of financial expertise to the role. Roger Davey is a mining engineer possessing wide sector-specific knowledge relevant to the business and Nigel Hurst-Brown has extensive finance and capital markets experience.

As mentioned in the Chairman's letter on page 61, Nigel Hurst-Brown who has been a valued member of the Audit Committee will be stepping down from the Board in 2021. Mike Prentis who will be joining the Board as an independent Non-Executive Director, effective 31 March, 2021, has agreed to serve on the Audit Committee. Mike brings with him 35 years of fund management and City experience, and we look forward to working with him on this committee.

INTERNAL CONTROL

The Committee is responsible for oversight of the effectiveness of the Company's systems of internal controls. The key areas which the Committee assists the Board in monitoring and review include:

- Budgeting – budgets for each upcoming financial year are reviewed by the Audit Committee before they are recommended to the Board in full. The budgets as well as the annual budgeting process itself is reviewed by the Audit Committee.
- Long-term forecasts – the Audit Committee ensures long-term forecasts and the underlying assumptions and are properly reported to the Board.
- Management reporting – each month, the Group's financial performance and strength is monitored against the budget and is reported to the Board formally once a quarter.
- Monitoring – the Audit Committee engages in regular monitoring of internal controls through external audit.

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

RISK MANAGEMENT

The Audit Committee has responsibility for overseeing the Group's risk management. The Risk Committee, comprising senior executive management, reports into the Audit Committee . The Risk Management Committee ensures that risk management is addressed in an orderly and systematic way and that risks identified as both high in consequence and likelihood of occurrence are brought to the attention of the Audit Committee. The Audit Committee is then responsible for taking the identified risks, as appropriate, to the Board.

Audit Committee representatives work closely with Risk Committee members to monitor progress towards an efficient and effective management of the risks which are relevant to the Group's business.

WHISTLEBLOWING

In addition to internal grievance mechanisms, the Group maintains an independently managed external whistleblowing system, which extends to all employees across each site, providing them with the facility to confidentially express any concerns. We believe that such efforts to ensure open channels of communication cultivate a truly sustainable business with sound principles and strong corporate governance practices.

DAVID SWAN
CHAIRMAN OF THE AUDIT COMMITTEE
29 March 2021

QCA Code Principle:
- Embed effective risk management, considering both opportunities and threats, throughout the organisation

THE COMMITTEE HAS BEEN OVERSEEING PLANS FOR REFRESHMENT AND SUCCESSION OF THE BOARD, IN PARTICULAR IN RELATION TO THE LONGER-SERVING NON- EXECUTIVE DIRECTORS

MEMBERS

Chairman – Nick Clarke
Nigel Hurst-Brown
Robert Cathery
Roger Davey
Dr Gillian Davidson
David Swan
Nurlan Zhakupov

ACHIEVEMENTS IN 2020

- Appointment of new Non-Executive Director, Mike Prentis.
- Identified, using feedback from the Board's internal effectiveness review, specific areas of expertise that could be sought in potential candidates for future Board appointments.
- Continued with progressive succession planning and ongoing refreshment of the Board.

OBJECTIVES FOR 2021

- Continue with plans for the progressive refreshment of the Board over the next two to three years.
- Ongoing development of succession planning including for the role of Chairman in the longer term.
- Continue the annual self-evaluation process and address any issues identified from this.

NICK CLARKE,
CHAIRMAN OF THE NOMINATION COMMITTEE

Dear Shareholder,

The Nomination Committee was established in July 2018 and is responsible for the review of the composition and balance of the Board and its committees.

In carrying out this duty, the Committee makes recommendations to the Board in relation to the appointment and reappointment of Directors and the memberships of the Board's committees. The Nomination Committee is also responsible for the continuous refreshment of, and proactive succession planning for, the Board.

The diagram at the top of the next page shows the selection process for the appointment of new Board members as followed by the Nomination Committee. Having assessed his suitability for the role as an independent Non-Executive Director, this is the process followed for Mike Prentis, our most recent Board appointment, effective 31 March.

INDUCTION AND ONGOING SUPPORT AND DEVELOPMENT

After a new Director is appointed, they receive an induction to familiarise themselves with the Company and its business. In addition, all Directors have unrestricted access to, and receive regular updates from, management to keep them abreast of the latest developments. Directors have ongoing access to resources as appropriate for the update of their skills and knowledge.

SELECTION PROCESS FOR THE APPOINTMENT OF NEW BOARD MEMBERS

STEP 1
An appropriate process is agreed for the recruitment utilising the assistance of the NOMAD and other advisors to the Company in identifying and initiating contact with potential candidates.

STEP 2
A specification for candidates is prepared setting out the agreed key skills and character profile being sought to fit with the current balance, membership and dynamics of the Board.

STEP 3
A longlist of candidates meeting the specification is then identified.

STEP 4
A shortlist of candidates is selected by the Nomination Committee.

STEP 5
Following interviews carried out by representatives of the Nomination Committee, the preferred candidate is recommended to the Board by the Nomination Committee. The preferred candidate also meets with the CEO and CFO prior to Board approval for the appointment to be made.

BOARD BALANCE

The Nomination Committee keeps the balance of skills, strengths, diversity, experience, independence, and tenure of the Board under review. Over the past year, this area has been looked at particularly closely in the context of succession plans for the coming years to ensure the continued effectiveness of the existing Directors as well as to avoid substantial changes to the Board composition taking place over a short period of time.

Biographies of our current Board members can be found on pages 64 to 65, and the composition and key strengths of its members are set out on pages 66 to 67.

BOARD DIVERSITY

In making recommendations for appointment, the Nomination Committee considers suitably qualified candidates of any ethnic background or gender. It also considers having a diversity of personal attributes as well as skills on the Board to be another important factor when selecting potential candidates. Roles are awarded on merit using objective criteria. On the Board we have nationals of three countries other than the UK and also have a gender mix. We feel that this inclusive approach to recruitment throughout the Company, not just at Board level, enables us to maintain the appropriate balance of skills, in particular with regard to emerging trends and key areas of focus in the sector in which we operate. As our Board membership continues to change, diversity will remain a priority for the Nomination Committee.

CONFLICTS OF INTEREST

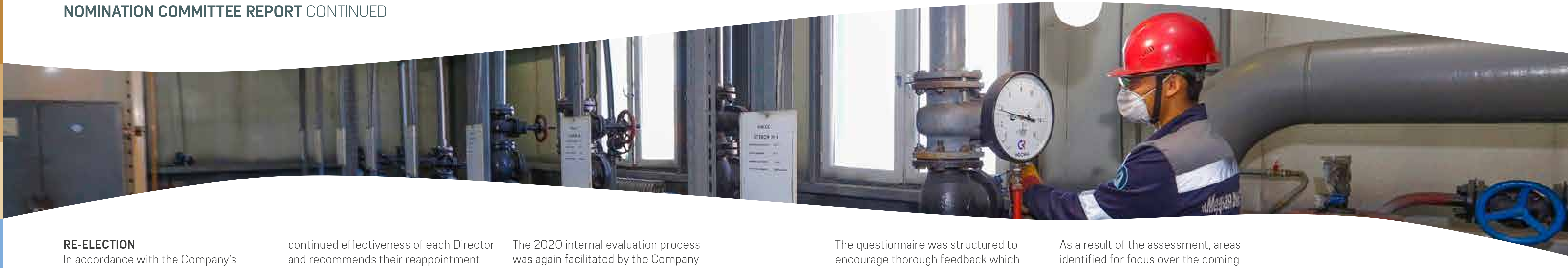
It is a principle of law (enshrined in the Companies Act 2006) that a Director should avoid a situation in which his duty to the Company conflicts with his other duties/interests. Such conflicts may arise as a result of other involvements with significant shareholders, suppliers, or customers of the Group or otherwise. This is distinct from transactions or arrangements between the Company and the Director.

There is no breach of this new statutory duty if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest. In addition, such duty is not infringed if the matter has been specifically authorised by the remaining Directors. The Company's Articles of Associated permit the Directors to give such authorisations in respect of any matter or circumstance which gives rise to, or may give rise to, a conflict. Any such conflicts or changes would be notified before they arise in order that they can be considered and, if appropriate, approved by the Board.

SUCCESSION PLANNING

The Nomination Committee assesses the developing needs of the Company, not just in relation to the periodic refreshment of the Board but also to ensure contingency plans are in place for unexpected changes in addition to those being planned for the longer term. During the year, given the global economic uncertainty and the Board needing to act as a highly experienced and focused unit to navigate through this, the Nomination Committee recommended that the Directors should remain in their current roles. Progressive succession plans were deferred and kept under review as conditions changed. This continuity provided the necessary stability at Board level to steer the Company through the unforeseen circumstances.

As mentioned in my Chairman's letter last year, Nigel Hurst-Brown and Robert Cathery have both indicated their willingness to be part of the progressive succession in the long-term interests of Board development. This progressive succession will be assured by future appointments to the Board. As mentioned on the previous page, Mike Prentis has joined the Board effective 31 March 2021 as an independent Non-Executive Director. Nigel Hurst-Brown will step down from the Board later this year and, following a transition of his role as Chairman of the Remuneration Committee, Robert Cathery intends to retire during 2021. Shareholders will be kept up to date on further developments in this area.



RE-ELECTION

In accordance with the Company's Articles of Association, 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. In 2020, Nigel Robinson, Gavin Ferrar, Nigel Hurst-Brown, Robert Cathery, Dr Gillian Davison and I offered ourselves for reappointment in this manner and were all duly appointed, each receiving more than 98% of the proxy votes lodged in advance of the meeting.

This year, David Swan and Nurlan Zhakupov are required to retire and be reappointed in this manner. Following review of their performance and commitment to their roles, the Committee is satisfied with the continued effectiveness of each Director and recommends their reappointment to the Board subject to shareholder approval at the 2021 AGM. In addition, as Mike Prentis will have been appointed to the Board since the last AGM, he will accordingly retire and seek reappointment at this meeting.

EFFECTIVENESS REVIEW

In line with the QCA Code, and following on from our internal effectiveness review carried out last year, the Committee, led by me as Chairman, completed our annual evaluation of the effectiveness of the Board as a unit, its Committees and of the individual Directors. In doing so, we have also taken into account the outcomes of last year's review. The areas of focus arising from the 2019 evaluation and actions taken in response to these are shown in the table below:

Areas of focus arising from outcomes of 2019 evaluation		Action in 2020 in response to outcomes of 2019 evaluation
Continued development of clear long-term strategy	→	Business development and strategy updates given to every main Board meeting by management to ensure focus on this area is maintained.
Continued enhancement of activities in relation to stakeholders	→	The Board has maintained its strong commitment to the interests of shareholders and other stakeholders and plays an active role in determining external communication and messaging. This was evident in, for example, the Company's first Sustainability Report.
Ongoing development of risk management	→	The Risk Management Committee designated to oversee this area has enhanced risk reporting procedures. Development of risk management monitoring and management processes will remain a key area of focus for continuous improvement. Further details are set out in the report of the Audit Committee on page 71.
Succession planning for the Board over the coming years	→	This continues to be an area of ongoing development for the Board. In 2020 a Succession Planning Committee was established to progress work in this area. This Committee has been overseeing plans for refreshment and succession of the Board, in particular in relation to the longer-serving Non-Executive Directors.

The 2020 internal evaluation process was again facilitated by the Company Secretary and followed a similar format to that of prior years. This involved the completion of a confidential questionnaire by each Director covering the categories set out below. The assessment of my performance as Chairman of the Board was led by Nigel Hurst-Brown as Deputy Chairman. As well as the Directors, the Company's Auditors (BDO LLP) provided responses on the performance of the Audit Committee. In line with the QCA Code, the Board's review of performance was based on clear and relevant objectives, seeking continuous improvement.

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

- → Strategy
- → Shareholders
- → Stakeholders
- → Risk Management
- → Board Dynamics
- → Succession Planning
- → Individual Directors
- → The Chairman
- → Audit Committee
- → Remuneration Committee
- → Sustainability Committee
- → Nomination Committee
- → Any other matters Directors wished to raise

The report on the responses received was reviewed and discussed by the Board. The responses in relation to my performance as Chairman were provided to Nigel Hurst-Brown as Deputy Chairman to discuss with the other Non-Executive Directors. The Auditors' comments were also included in the report to the Board and, as with the other responses, these were included on an unattributed basis.

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

- → continued focus on and development of long-term standing strategy;
- → ongoing enhancement of activities with stakeholders;
- → continued development of risk management; and
- → succession planning for the Board over the coming years.

COMING YEAR

We will report to you again next year on the results of our ongoing succession planning and other activities we intend to carry out during 2021.

NICK CLARKE
CHAIRMAN OF THE NOMINATION COMMITTEE
29 March 2021

QCA Code Principle:
→ Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

IN 2020, AFTER CAREFUL CONSIDERATION, TAKING ACCOUNT OF SHAREHOLDER FEEDBACK AND CONSULTATION WITH OUR SUSTAINABILITY COMMITTEE, WE ADOPTED NEW MEASURES FOR THE LTIP

MEMBERS

Chairman – Robert Cathery
Nigel Hurst-Brown
David Swan

ACHIEVEMENTS IN 2020

- Further enhanced the structure of the Long-Term Incentive Plan including the introduction of sustainability performance measures.
- Continued to develop transparency of reporting in executive remuneration with the inclusion of a remuneration policy and implementation report in the Company's FY2019 annual report.
- Continued to take account of investor views when considering executive remuneration.
- Ensured the balance between long - and short-term incentives aligned with the Group's overall strategy.

OBJECTIVES FOR 2021

- Monitor operation of new LTIP structure and targets.
- Continue to take account of investor views on remuneration.
- Continue to develop and keep under review short- and long-term incentive targets appropriate to the economic environment.
- Continue to work with the Sustainability Committee on sustainability matters.

ROBERT CATHERY,

CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder,

The role of the Committee is to decide the remuneration of the Executive Directors and the Chairman, to oversee wider remuneration, and to determine participation and award levels under the Group's Long-Term Incentive Plan ('LTIP'). Inevitably, 2020 has been a challenging year for setting long-term targets, as in so many other ways. Having all but decided on the new LTIP structure by March, we had to relook the performance targets in the context of the COVID-19 pandemic.

In this report, I aim to give you an insight into our activities in the year, which are driven by our aim to incentivise management in the interests of our shareholders and other stakeholders over the long term. I cover three key areas of our work:

- The new targets under our LTIP which we have changed since my report last year.
- The reporting format which we adopted last year as part of CAML's overall aim to increase transparency in our governance work.
- Other elements of the remuneration of our Executive Directors.

LONG-TERM INCENTIVE PLAN

Background

The Committee has been operating the current LTIP since 2011. The LTIP has helped incentivise the Executive Directors and senior managers and we believe that this has been reflected in the total shareholder return ('TSR'), which combines share price changes and dividends. Obviously, TSR during the course of this year has been substantially affected by the global economic situation.

LTIP awards, up to and including 2018, were granted on the basis of one third of the grant amount vesting per annum, commencing around one year after the date of grant, subject to the achievement of business and operational performance conditions in the year of grant. Normally, such awards to Executive Directors were equivalent in face value at grant to 100% of their salary.

Although that structure had served CAML well, as we entered 2019, we felt that this approach did not sufficiently align the CAML team's remuneration with the Company's shareholders and we should move towards more typical awards for public company long-term incentives.

Accordingly, we transitioned the structure of the LTIP in 2019 and put in place arrangements to ensure this continued to act as an effective incentive for the management team.

Implementation

As I mentioned last year, for the LTIP awards granted in 2019, we made three key changes:

- Awards would vest only after three years rather than at the rate of one third per annum.
- Awards were made subject to a performance target of the compound annual growth rate of absolute TSR measured over three years on sliding scales up to a maximum of 20%, thereby seeking to address alignment with shareholders.
- The award level was increased from 100% of salary to 150% of salary to compensate management's transition from awards vesting annually to vesting after three years.

Whilst these were good first steps in the development of the LTIP during that year, we recognised last year there was more work to do. In 2020, after careful consideration, taking account of shareholder feedback and consultation with our Sustainability Committee, we adopted new measures for the LTIP as shown in the table to the right.

Key terms for 2020 LTIP awards
These terms are unchanged since 2019:

- The awards were granted over shares with the face value of 150% of salary
- The awards will not vest until the third year after the date of grant (on 31st March to ensure consistent vesting dates for each award)
- Awards will vest only to the extent that performance targets measured over three years are achieved
- Targets will be in relation to the following performance conditions – new for 2020:

Proportion of award	Performance measure
50%	The **'TSR Performance Target'** Relative TSR measured over a period of three calendar years relative to the constituents of the AIM Basic Resources Index. Vesting on the following basis: → for below median performance, no part of this portion of the award will vest. → for median performance, 25% of this portion of the award will vest. → for between median and upper quartile performance, between 25% and 100% of this portion of the award will vest (on a straight-line scale). → on achievement of above upper quartile performance, 100% of this portion of the award will vest.
25%	The **'Sustainability Performance Target'** The sustainability targets are based on the Remuneration Committee's assessment, taking account of the views of the Sustainability Committee, of the Group's overall performance against targets in the following specific areas: → Health and Safety – nil fatalities and improvement on the LTIFR average of the previous five-year period → Environment – nil severe or major environmental incidents at either site → Community – nil severe or major community incidents at either site

2021 LTIP TARGETS

The 2021 LTIP targets will follow a similar structure to the 2020 awards, as set out above, with such adjustments as the Remuneration Committee considers appropriate.

INVESTOR FEEDBACK

Whilst due to the pandemic, it was not possible for us to meet with investors face-to-face, we did take account of their previous feedback on the 2019 targets. In particular, we changed from the use of absolute TSR to relative TSR for the LTIP. We also concluded that operational targets such as production and costs were best set annually under the annual bonus arrangements.

OTHER ELEMENTS OF REMUNERATION

As well as maintaining the same level of LTIP awards, there have been no significant changes in the other elements of the remuneration of Executive Directors.

Nigel Robinson and Gavin Ferrar were awarded inflationary increases in salary effective from 1 January 2020 in line with increases in staff pay across the Group as a whole. Due to the ongoing global economic uncertainty as a result of the COVID-19 pandemic and relatively low inflation rates, salary increases are not planned for this year. As a result, Nigel Robinson's salary as CEO remains at £365,000 per annum and Gavin Ferrar's salary as CFO is £300,000 per annum. The maximum possible 2021 bonus for Executive Directors remains at the same level as 2020 at 100% of salary. Details of the annual bonus for 2020 and 2021 are shown on page 82.

Nick Clarke transitioned from Executive Chairman to Non-Executive Chairman with effect from 1 January 2020. For 2020 only, Nick received an additional fee of £10,000 as he relinquished the executive benefit package. Following the completion of this transition, effective 1 January 2021, he now receives fees of £175,000 per annum. In addition, from and including last year, Nick no longer receives an annual bonus or new LTIP awards.

TRANSPARENCY IN REPORTING

Our report aims to give shareholders insight into our considerations and reasoning in arriving at the current remuneration structure.

Following this letter is a table summarising our remuneration policy. Whilst variations are possible, this is the policy that we followed in 2019, 2020 and are following 2021. We intend to continue with this approach going forward unless the Remuneration Committee considers variations are justified. We also include an implementation report giving more detail on how the policy has been applied both for 2020 and for 2021.

Following this letter is a table summarising our remuneration policy. Whilst variations are possible, this is the policy that we followed in 2019, 2020 and are following 2021. We intend to continue with this approach going forward unless the Remuneration Committee considers variations are justified. We also include an implementation report giving more detail on how the policy has been applied both for 2020 and for 2021.

CONCLUSION

We hope that shareholders agree that further development of the LTIP performance measures in conjunction with the annual bonus measures strike an appropriate balance.

I always welcome engagement with investors and I am happy to answer any questions or receive any feedback that shareholders may have.

ROBERT CATHERY
CHAIRMAN OF THE REMUNERATION COMMITTEE
29 March 2021

DIRECTORS' REMUNERATION POLICY

As an AIM-quoted company following the QCA Code, CAML is not required to have a binding remuneration policy for its Directors. Nonetheless both the Board and the Remuneration Committee believe that transparency of the policy under which Directors' remuneration is structured is beneficial to shareholders. Accordingly, this Remuneration Policy is set out in the table below. It is subject to variation where the Remuneration Committee considers appropriate though no variations were made in 2020 and none are intended in 2021.

Remuneration Policy table

Element and purpose

Base salary
This is the core element of pay and reflects the individual's role and responsibilities within the Group with some adjustment to reflect their capability and contribution.

Policy and operation	Base salaries are determined each year by the Committee. Salary levels are reviewed by reference to public companies in the sector of a similar size and complexity. The Committee also has regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is paid monthly in cash. Changes to base salaries normally take effect from 1 January.
Level	The Remuneration Committee will apply the factors set out in the section above in considering any salary adjustments during the duration of this policy. Increases in base salaries for Executive Directors will be generally guided by any increases for the broader employee population, but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role. No increase will be made if it would take an Executive Director's salary above the level the Committee considers is justified by these factors.
Performance measures	N/A

Benefits
To provide benefits valued by recipients.

Policy and operation	The Group provides benefits to all employees, including the Executive Directors. The Executive Directors receive private medical cover and insurance benefits. The Remuneration Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of CAML to do so, having regard to the particular circumstances and market practice. Where appropriate, the Company may meet certain costs relating to Executive Director relocations and (if appropriate) expatriate benefits.
Level	The Remuneration Committee sets such benefits within overall market practice and ensures that the overall costs do not increase by more than the Remuneration Committee considers to be appropriate in all the circumstances.
Performance measures	N/A

Pension
To provide retirement benefits.

Policy and operation	Executive Directors receive pension contributions to Company or personal pension arrangements or an amount can be paid as a cash supplement in lieu of pension contributions (reduced for the impact of employers' National Insurance Contributions).
Level	The amount of employer's contribution is approximately 6% of base salary per annum which is aligned with other employees.
Performance measures	N/A

Element and purpose

Annual Bonus Plan

To motivate employees and incentivise delivery of performance over a one-year operating cycle, focusing on the short/medium-term elements of our strategic aims.

Policy and operation	Annual Bonus Plan levels and the appropriateness of measures are reviewed annually to ensure they continue to support the Group's strategy. Annual Bonus Plan outcomes are calculated following the determination of achievement against performance measures and targets.
Level	The normal maximum of Annual Bonus Plan outcome for an Executive Director is 100% of base salary per annum.
Performance measures	The performance measures applied may be financial or non-financial, corporate, divisional or individual and in such proportions as the Remuneration Committee considers appropriate. They are typically a blend of corporate targets such as production, cost control and sustainability achievements as well as individual KPIs. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events (such as major transactions) where the Committee considers it necessary in its judgement to make appropriate adjustments to the targets applying before such event. The Annual Bonus Plan remains a discretionary arrangement and the Remuneration Committee retains a standard power to apply its judgement to adjust the outcome of the Annual Bonus Plan for any performance measure (from zero to any cap) should it consider that to be appropriate.

Long-term incentives

To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests, the Group operates a Long-Term Incentive Plan.

Policy and operation	Awards under the LTIP are typically granted as options which vest to the extent that performance conditions are satisfied over a period of at least three years. Awards are normally granted at nominal cost ($0.01) per share although can be granted at nil-cost under the rules. Under the LTIP rules, vested awards may also be settled in cash (although this will typically be the case only if decided appropriate by the Committee in particular circumstances). If appropriate, dividend entitlements will accrue until the end of the holding period in respect of performance-vested shares and be delivered as additional vesting shares.
Level	The normal level under the LTIP is for awards over shares worth 150% of base salary in a financial year. This excludes any dividend equivalent accruals.
Performance measures	The Remuneration Committee may set such performance measures on LTIP awards as it considers appropriate (whether financial or non-financial, and whether corporate, divisional or individual). Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to alter the performance conditions in such manner as the Committee thinks fit. Performance conditions would only be altered this way for factors that could not be foreseen at the time of grant of the awards and significantly distort the operation of the intended performance conditions (positively or negatively). Performance may be measured over such periods as the Remuneration Committee selects at grant, which will not normally be less than, but may be more than, three financial years.

Element and purpose

Chairman and other Non-Executive Director fees

To enable the Company to recruit and retain a Chairman and Non-Executive Directors of the highest calibre, at the appropriate cost.

Policy and operation	The fees paid to the Chairman and the fees of the other Non-Executive Directors aim to be competitive with other listed companies of equivalent size and complexity, and to take account of the time commitment of the Directors. The fees payable to the Non-Executive Directors are determined by the Board. The fees payable to the Chairman are determined by the Remuneration Committee. All fees will be subject to periodic review. For Non-Executive Directors, the fee structures may involve separate fees for chairing, for membership of Board Committees or for acting as Deputy Chairman or Senior Independent Director, or for performing specific services. No benefits are normally envisaged for the Non-Executive Directors but the Company reserves the right to provide benefits (including travel and office support). Fees are paid monthly in cash.
Level	The Chairman and Non-Executive Directors are paid fees comparable in relation to other companies taking account of their respective roles, responsibilities and time commitment. Any increases made will be appropriately disclosed.
Share awards	Share awards will not normally be granted to Non-Executive Directors. If exceptional share awards are granted to Non-Executive Directors, those Non-Executive Directors shall not normally be counted amongst the independent Directors under the Quoted Companies Alliance ('QCA') Code.
Performance measures	N/A
Changes from previous policy	No material changes.

IMPLEMENTATION REPORT

Directors' remuneration

The table below sets out the total remuneration in respect of qualifying services for both Executive and Non-Executive Directors for the financial year 2020:

	2020 Basic salary/ fees $'000	2020 Annual bonus $'000	2020 Pension $'000	2020 Benefits in kind $'000	**2020 Total $'000**	2019 Total $'000
Executive Directors:						
Nigel Robinson	468	378	29	12	**887**	904
Gavin Ferrar	385	312	23	–	**720**	725
Non-Executive Directors:						
Nick Clarke	227	–	–	13	**240**	648
Nigel Hurst-Brown	129	–	–	–	**129**	129
Robert Cathery	104	–	–	–	**104**	102
Nurlan Zhakupov	72	–	–	–	**72**	95
David Swan	104	–	–	–	**104**	102
Roger Davey	97	–	–	–	**97**	101
Dr Gillian Davidson	104	–	–	–	**104**	8
Directors' aggregate emoluments	1,690	690	52	25	**2,457**	2,812

* Effective from 30 September 2020, Nurlan Zhakupov waived the emoluments he was entitled to from the Company for the remainder of the year amounting to $25,000 following his appointment as Chief Executive Officer of the Kazakhstan Investment Development Fund ('KIDF') Management Company Ltd.

The benefits receivable by Executive Directors include private medical and dental insurance.

The aggregate emoluments of the highest paid Director totalled $887,000 (2019: $904,000). No Director has a service agreement with the Company that is terminable on more than six months' notice. Details of Executive Director service agreements are set out on page 82.

During the year Nigel Robinson exercised 350,000 shares for a total share option gain of $1,032,000, Gavin Ferrar exercised 300,000 shares for a total gain of $870,000 and Nurlan Zhakupov exercised 40,000 shares for a gain of $117,000. See the Directors' option awards table below.

Salaries for Executive Directors for 2021

The Executive Directors have each signed a service agreement with the Company. Under the terms of these service agreements, the Executive Directors are entitled to a salary (which is denominated in pounds Sterling) as set out below.

	2021 Salary £'000	2020 Salary £'000
Nigel Robinson (Chief Executive Officer)	365	365
Gavin Ferrar (Chief Financial Officer)	300	300

Annual bonus measures

The table below sets out the performance measures and weightings between these:

Metric	2021 Weighting	2020 Weighting
Production Production across all operations	40%	40%
Financial/Operational C1 cash cost and unit cost of mined ore	20%	20%
Health and Safety, Environmental and Community	20%	20%
Personal performance Individual assessment	20%	20%

Executive Directors can earn up to a maximum bonus potential of 100% of salary based on these measures. In 2020, each Executive Director earned 76% (2019: 91%) of the maximum bonus potential.

Directors' option awards

	As at 1 Jan 2020 Number[1]	Granted/ awarded Number[2]	Dividends Number	Lapsed Number	Exercised Number	As at 31 Dec 2020 Number[1]	Exercisable at 31 Dec 2020 Number[1]
Nick Clarke	1,699,378	–	54,754	–	–	1,754,132	1,494,608
Nigel Robinson	1,065,109	247,289	34,317	–	(350,000)	996,715	554,062
Gavin Ferrar	888,169	203,252	18,951	–	(300,000)	810,372	338,467
Nurlan Zhakupov	260,185	–	7,093	–	(40,000)	227,278	227,278
Total	3,912,841	450,541	115,115	–	(690,000)	3,788,497	2,614,415

1 This includes the number of shares covered by such awards increased in terms of the relevant plan rules by the value of dividends as if these were reinvested in Company shares at the dates of payment.
2 Before any adjustments for accrued dividends.

The options in the table above have been granted to the Executive Directors under the Central Asia Metals Employee Share Plan 2011:

- → Options granted in 2020 are subject to two performance targets. Of each Award, 75% was to be subject to a performance target relating to the performance of the Company's total shareholder return ('TSR') relative to the constituents of the AIM Basic Resources Index over a period of three years (the 'TSR Performance Target'). The other 25% of each Award was to be subject to a sustainability target, (the 'Sustainability Performance Target'). Awards do not vest until the third year from the year of grant. Further details of the TSR and Sustainability Performance Targets are set out on page 77.
- → Options granted in 2019 are subject to a performance target. The performance target relates to the level of absolute TSR compound annual growth rate of the value of the Company's shares over the performance period of three years. Awards do not vest until the third year from the year of grant.

DIRECTORS' INTERESTS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements and their interest in the issued Share Capital of the Company during the year were as follows:

Director	Shares held as at 31 Dec 2020	Shares held as at 31 Dec 2019
Nick Clarke (Chairman)[1]	1,379,644	1,342,887
Nigel Robinson (Chief Executive Officer)[1]	646,715	646,715
Gavin Ferrar (Chief Financial Officer)	–	–
Nigel Hurst-Brown (Deputy Chairman)	909,065	909,065
Robert Cathery[2]	1,355,254	2,105,254
Roger Davey	–	–
Dr Gillian Davidson	–	–
David Swan	3,000	3,000
Nurlan Zhakupov	–	–
Total Directors' interests	5,043,678	5,006,921

1 Of these shares, the numbers set out below are held jointly with the Company's EBT under a joint share ownership plan. All share awards were made prior to the 2010 IPO and vested upon its successful completion.
- Nick Clarke: 1,342,887
- Nigel Robinson: 646,715

2 530,254 (2019: 1,355,254) shares held in the name of Robert Cathery; 425,000 (2019: 250,000) shares held by Elizabeth Cathery, the wife of Robert Cathery and a Person Closely Associated to Mr Cathery; and 400,000 (2019: 500,000) shares held jointly by Robert and Elizabeth Cathery in the Cathery Family Trust, a Person Closely Associated to Mr Cathery, are included in the above amounts.

2021 LTIP KPIS

The plans and performance measures for the LTIP grants planned to be made in 2021 are commented upon on page 77.

Non-Executive Director remuneration

The Non-Executive Directors, including the Chairman, have each signed a letter of appointment. Under the terms of these letters, the Non-Executive Directors are entitled to an annual fee (which is denominated in pounds Sterling) as set out below.

	2021 and 2020 Fee £'000*
Nick Clarke (Non-Executive Chairman)[1]	175
Nigel Hurst-Brown (Deputy Chairman)	100
Robert Cathery[2]	80
Roger Davey	75
Gillian Davidson[3]	80
David Swan[4]	80
Nurlan Zhakupov[5]	75

* The amounts as set out in the table above are paid in £ and reported in US$ on page 81.
1 For 2020 only, Nick Clarke was paid an additional £10,000 as he relinquished the executive benefit package has as he transitioned from Executive Chairman to Non-Executive Chairman.
2 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Remuneration Committee.
3 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chair of the Sustainability Committee.
4 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Audit Committee.
5. Effective 30 September 2020 Nurlan Zhakupov waived his annual Non-Executive Director fee following his appointment as Chief Executive Officer of the Kazakhstan Investment Development Fund (KIDF) Management Company Ltd.

Further details on the Non-Executive Director and Non-Executive Chairman letters of appointment are set out under 'Service Contracts'.

SERVICE CONTRACTS

Executive Directors

The Committee's policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination by the Company or the individual on six months' notice. The service agreements of both Executive Directors comply with that policy. In addition, the Company has the discretion to pay them in lieu of their notice period or to place them on gardening leave. In the event of a change of control of the Company as defined in the service agreements, the Executive Directors shall be entitled to receive a compensation payment of 12 months' basic salary.

Other fixed elements of the Executive Directors' remuneration comprise private medical insurance and Company pension contributions. The service agreements also contain customary post-termination restrictions.

The date of each Executive Director's service agreement is:

Name	Date of service contract
Nigel Robinson	24 September 2010
Gavin Ferrar	4 December 2017

The service agreements of the Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Company's AGM, including the 15 minutes preceding the meeting.

Chairman and Non-Executive Directors

Each Non-Executive Director appointment is subject to periodic renewal, in terms of the Company's Articles of Association, at the AGM. For Non-Executive Directors, other than the Chairman, these engagements can be terminated by either party on one month's notice. For the Chairman, the appointment is subject to termination by the Company or the individual on six months' notice.

The Chairman and Non-Executive Directors are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the notice periods referred to above.

The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Company's AGM, including the 15 minutes preceding the meeting.

TERMINATION POLICY SUMMARY

It is appropriate for the Committee to consider treatment on a termination having regard for all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination (see 'Service Contracts' on page 83) and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan and the LTIP.

The potential treatments on termination under these plans are summarised in the table below.

Incentives	If a leaver is deemed to be a 'good leaver', e.g. leaving through disability or otherwise at the discretion of the Committee	If a leaver is leaving for other reasons	Other exceptional cases, e.g. change in control
Annual Bonus Plan	The Committee has the discretion to determine the annual bonus which will typically be limited to the period actually worked.	No awards made.	The Committee has the discretion to determine the annual bonus.
LTIP	Receive a prorated award subject to the application of the performance conditions at the end of the normal vesting period. The Committee retains standard discretions to vary time prorating, release any holding period, or accelerate vesting to the date of cessation (determining the performance conditions at that time) for a good leaver.	All awards will normally lapse.	Receive a prorated award subject to the application of the performance conditions at the date of the event, subject to standard Committee discretions to vary time prorating.

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may pay a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

EXTERNAL APPOINTMENTS

The Company's policy is to permit an Executive Director to serve as a Non-Executive Director elsewhere when this does not conflict with the individual's duties to the Company and, where an Executive Director takes such a role, they will be entitled to retain any fees which they earn from that appointment.

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

Pay and employment conditions generally in the Group are taken into account when setting Executive Directors' remuneration.

The Committee receives regular updates on overall pay and conditions in the Group.

The same reward principles guide reward decisions for all Group employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors in different areas of the business:

- Annual bonus – the majority of Group employees participate in an Annual Bonus Plan, although the quantum and balance of corporate to individual objectives varies by level.
- LTIP – key Group employees participate in the LTIP currently based on the same performance conditions as those for Executive Directors, although the Committee reserves the discretion to vary the performance conditions for awards made to employees below Board level.

CONSIDERATION OF SHAREHOLDERS' VIEWS

The Remuneration Committee takes into account the approval levels of remuneration-related matters at our AGM in determining that the current Directors' Remuneration Policy remains appropriate for the Company, and considers any specific representations made by our shareholders on pay matters.

The Remuneration Committee also seeks to build an active and productive dialogue with investors on developments on the remuneration aspects of corporate governance generally and any changes to the Company's Executive pay arrangements in particular.

AS A COMPANY, ONE OF OUR CORE VALUES IS OUR RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT AND THIS IS OF GREAT IMPORTANCE IN THE DECISION-MAKING PROCESS AT EVERY LEVEL OF THE BUSINESS

MEMBERS

Chair – Dr Gillian Davidson
Nigel Robinson
Roger Davey
Nurlan Zhakupov

ACHIEVEMENTS IN 2020

- Produced our first separate Sustainability Report for the 2019 financial year to enhance reporting and disclosure in this area of critical importance.
- Introduced sustainability performance measures to our Long-Term Incentive Plan award targets to link Executive compensation to the Company's ESG goals.
- Moved to electronic shareholder communications where possible.
- Successfully navigated the challenges of COVID-19 to ensure where possible the welfare of our employees and contractors.
- Introduced a new role of Group People Manager to streamline our human resources approach across the Group.
- Continue to develop reporting on sustainability matters, building further on the enhancements to disclosures made during 2020.
- Further develop CAML's sustainability strategy and targets.
- Ensure our COVID-19 related approaches and procedures remain relevant and appropriate.
- Maintain ongoing stakeholder engagement.
- Develop a Group climate change strategy.
- Continue to progress our work towards reporting in line with the Global industry standard on tailings management ('GISTM') within the required timeframes.

GILLIAN DAVIDSON,
CHAIR OF THE SUSTAINABILITY COMMITTEE

Dear Shareholder,

2020 was my first full year as Chair of the Committee, having commenced this role on joining the Board at the end of 2019. As a Company, one of our core values is our responsibility for sustainable development and this is of great importance in the decision-making process at every level of the business. With this clear purpose, our aim is to positively affect our employees and local communities, while minimising any adverse impacts on the natural environment. Sustainability covers an extensive range of aspects, specifically responsible stewardship, health safety and wellbeing, our people, the environment and our communities. We endeavour to ensure these areas are fully integrated within our operations. I am pleased to report that there has been good progress this year in sustainability matters throughout the Group, with enhanced reporting, shareholder engagement, new initiatives and increased focus on community development.

Whilst sustainability activity within CAML is first and foremost focussed on its operational sites at Kounrad and Sasa, the management team, with the guidance of the Committee, aims to ensure that the high sustainability standards that we set for ourselves are observed throughout the Group.

The Sustainability Committee, tasked with overseeing ESG matters in the Group, has been in place since 2012. The Committee (which was formerly known as the CSR Committee) was established in recognition of the significance of activities in this area which form a core part of the Company's strategy and values. The Committee also plays an important role in ensuring our business and sustainability priorities are integrated and aligned. CAML's long-standing commitment in this area supports our view that we consider, as an international and expanding Company, these areas to be fundamental in the operation of an ethical and sustainable business.

COVID-19 RESPONSE

During 2020, the COVID-19 pandemic brought a fresh set of challenges to companies globally. CAML's response to this period of uncertainty and increased risk to all aspects of the business was swift and measures were taken to prioritise the welfare of employees and contractors in the UK, Kazakhstan and North Macedonia. The Committee oversaw the Group's detailed action plan to minimise the risk to employees and operations and was given regular updates as matters progressed. The measures included management control, social distancing, hygiene measures, disinfection and testing. Regular team meetings were held to specifically focus on the COVID-19 situation and updates were given regarding its development and status in each country and site. For further details please see page 27.

THE ROLE OF OUR SUSTAINABILITY COMMITTEE

The Committee typically meets on a quarterly basis and during 2020 it held its four main meetings via videoconference. In addition, regular update meetings were held between the formal meetings to oversee various matters as they arose, particularly to monitor the developing COVID-19 situation, and later in the year for management of the incident at TSF4. At every quarterly meeting, the Committee receives and reviews regular reports for both Sasa and Kounrad in relation to health and safety, environmental and social matters. The Committee is responsible for the review of the Group's corporate ESG performance, in particular in relation to governance. This includes overseeing diversity in the Group as a key part of Company sustainability.

The Committee reviews and makes recommendations to the Board in relation to the Group's local community projects where we place a strong focus on health and education in partnership with local organisations. The Committee also receives presentations from members of operational management as appropriate and liaises closely with Nick Shirley, our Sustainability Director, who coordinates all site-based health and safety, environment and social activities and ensures that the Board is updated on matters from every meeting.

ACTIVITIES DURING THE YEAR

- Reviewed and considered regular reports on:
  - Health and safety;
  - Environmental matters;
  - Local community projects.
- Considered specific sustainability aspects of the Group's operation as they arose, determining appropriate action.
- Maintained a strong focus on enhancing health and safety. Involvement/oversight of the Group's COVID-19 response.
- Continued to review and develop risk management and training, including the continued and valuable involvement of local teams.
- Group Policies:
  - Reviewed completion of an audit of all Group policies currently in place.
  - Introduced a Group Human Rights Policy and worked with the legal team on raising awareness, implementation of, and training on this.
- Commenced work on establishing a Sasa charitable foundation whose articles, donations and annual budget would be kept under review by the Committee.
- Confirmed various staff members undertook Global Reporting Initiative 'GRI' training.
- Supported the Board in its management of the response and remediation of the TSF4 leak, including key operational management attendance at the seven specific Board meetings held to address this matter.
- Worked with the Remuneration Committee to develop and agree appropriate sustainability KPIs to ensure CAML's long-term goals and ESG metrics were linked to Executive Director remuneration incentives.
- Explored renewable energy options for the Sasa and Kounrad sites.

ENVIRONMENTAL IMPACT

As part of CAML's commitment to reducing the impact of its activities on the environment, shareholders can help us by choosing to receive future communications in electronic format by visiting our Registrar Computershare's website at www.investorcentre.co.uk/ecomms and providing an email address.

QCA Code Principle:

- Take into account wider stakeholder and social responsibilities and their implications for long-term success
- Promote a corporate culture that is based on ethical values and behaviours

SUSTAINABILITY REPORT

Following the publication of our first standalone Sustainability Report in Q2 2020, the CEO and Director of Corporate Relations held meetings with many larger shareholders to collect their feedback on our inaugural publication. The feedback was overwhelmingly positive and some helpful suggestions were made, which the team have tried to act upon in the forthcoming second Sustainability Report. One area which was internally identified as an area for improvement was that of formal stakeholder engagement to ascertain material topics for reporting. Therefore, an independent stakeholder engagement process was undertaken during 2020 with consultants, ERM, to ascertain stakeholder views and re-visit CAML's material sustainability topics.

We are proud of the Group's accomplishments to date in terms of corporate social responsibility, particularly in relation to our ongoing partnership with the communities in which we work. CAML continues to believe that the health and safety of our employees and contractors, preserving the environment and supporting vibrant and sustainable communities are extremely important matters. A more detailed summary of sustainability matters in the Group is given in on pages 32 to 35 and, as mentioned above, in our separate Sustainability Report.

These core areas will remain the focus of the Sustainability Committee and across the Group as a whole as we continuously strengthen our processes in order to conduct our business in the most ethical and sustainable way possible.

SCOPE AND TERMS OF REFERENCE

We have adopted formal terms of reference defining the scope and responsibilities of the Sustainability Committee. These have been closely aligned with that of the Audit Committee to ensure both Committees are able to operate together as efficiently as possible, each covering their relevant areas of responsibility to minimise overlap in their duties. This enables the Sustainability Committee to focus on the health and safety, environmental, social and corresponding governance aspects of its remit. The Committee's terms of reference can be found on the Group's website together with the Group's Sustainability Policy.

STAKEHOLDER ENGAGEMENT

The Sustainability Committee supports the Board as it seeks to build good relationships through ongoing dialogue with stakeholders including workforce, local communities, investors, supply chain and customers, NGOs and governments and continuously aims to understand their needs, interests and expectations. Where appropriate we implement the findings of this invaluable engagement and take feedback into consideration in our decision-making process. The Directors meet with shareholders and stakeholders, including workforce representatives, community leaders and government officials where appropriate. Details of stakeholder engagement activities during the year can be found on page 69 and further details are also set out in the s172 statement on pages 30 to 31.

SUSTAINABILITY TARGETS

The Sustainability Committee has been working with the Remuneration Committee to implement changes to the Company's Long-Term Incentive Plan. The aim was to develop ESG performance targets that align with the Company's long-term strategy and purpose, tying Executive compensation to ESG goals and help drive business sustainability. Further details are included in the report of the Remuneration Committee on page 77.

THE FUTURE FOR SUSTAINABILITY

I look forward to reporting to you again in next year's Annual Report on developments in our work in this crucial area as we continue to integrate our efforts in this area into our sustainable business model.

DR GILLIAN DAVIDSON
CHAIR OF THE SUSTAINABILITY COMMITTEE
29 March 2021

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

Details of significant events since the balance sheet date are contained in note 39 to the financial statements.

PRINCIPAL ACTIVITIES

Central Asia Metals plc ('CAML' or the 'Company') is the holding Company for a group of companies (the 'Group'). CAML owns 100% of the Kounrad SX-EW copper project in central Kazakhstan and 100% of the Sasa zinc-lead mine in North Macedonia.

CAML is domiciled and incorporated in the UK with the registration number 5559627 and the registered office is: Masters House, 107 Hammersmith Road, London, W14 0QH.

REVIEW OF BUSINESS

A review of the current and future development of the Group's business is given in the Strategic Report on pages 6 to 58 which forms part of, and by reference is incorporated in, this Directors' Report.

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

DIVIDENDS

The Company's dividend policy is to return to shareholders a target range of between 30% and 50% of free cash flow, defined as net cash generated from operating activities less capital expenditure.

Given the uncertainty regarding the potential impact of COVID-19 on the global economy and CAML's operations in H1 2020, the Company decided it would be prudent to focus on preserving cash and did not recommend a 2019 final dividend. A 2020 interim dividend of 6 pence per Share was paid on 11 December 2020.

The Directors recommend a final dividend for the year ended 31 December 2020 of 8 pence per Share payable, subject to the approval of shareholders, on 25 May 2021, to those shareholders on the Company's register on 30 April 2021. This will take the total dividend for 2020 to 14 pence per share.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Nick Clarke (Non-Executive Chairman)
Nigel Robinson (Chief Executive Officer)
Gavin Ferrar (Chief Financial Officer)
Nigel Hurst-Brown (Deputy Chairman)
Robert Cathery
Roger Davey
Dr Gillian Davidson
David Swan
Nurlan Zhakupov

Biographical details of the current Directors are set out on pages 64 to 65. The Directors' interests in the Ordinary Share capital of the Company and any interests known to the Company of their connected persons are set out in the Report of the Remuneration Committee commencing on page page 76.

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, David Swan and Nurlan Zhakupov are required to retire and be reappointed in this manner. In addition, as mentioned in the Chairman's letter on page 61, Mike Prentis has been appointed to the Board effective 31 March. As this appointment has taken place since the last AGM, he will accordingly also retire and seek reappointment at this meeting.

DIRECTORS' INDEMNITY INSURANCE

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

SUBSTANTIAL SHAREHOLDING

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

	No. of Shares	% of voting rights[1]
BlackRock Investment Management (UK) Limited[2]	18,159,619	10.32
FIL Investment International	14,924,172	8.48
JO Hambro Capital Management Limited	14,704,628	8.35
JPMorgan Asset Management (UK) Limited[3]	8,947,707	5.08
Polar Capital LLP	6,783,622	3.85

1 At 29 March 2021, the total voting rights attached to the issued share capital of the Company comprised 176,026,619 Ordinary Shares each of $0.01 nominal value, being the 176,498,266 Ordinary Shares in issue, less 471,647 Ordinary Shares currently held in treasury.
2 As at 31 December 2020: BlackRock Investment Management (UK) Limited held 17,501,720 Shares representing 9.94% of the voting rights in the Company at that time.
3. As at 31 December 2020: JPMorgan Asset Management (UK) Limited held 6,945,073 Shares representing 3.95% of the voting rights in the Company at that time.

The Company received no notifications of interests indicating a different whole percentage holding at 31 December 2020 other than as shown in the footnotes to the substantial shareholder table on page 89.

CHANGES IN SHARE CAPITAL

In January 2020, 40,000 Shares were moved out of treasury to satisfy the exercise of options under the Company's share option schemes.

As at 31 December 2020, 176,498,266 Shares were in issue including the 471,647 Shares held in treasury pending their cancellation or possible use in the Company's share option schemes.

AGM NOTICE

A separate communication will be sent to shareholders and published on the Company's website regarding the Company's 2021 AGM.

STREAMLINED ENERGY AND CARBON REPORTING ('SECR') FOR BUSINESSES

SECR regulations came into effect on 1 April 2019. CAML is classified as a large, unquoted company given it has greater than 250 employees, annual turnover greater than £36 million and a balance sheet larger than £18 million. This classification means that a company must report its UK energy consumption and resultant carbon emissions as well as a suitable intensity ratio if it has UK energy usage above 40 megawatt hours ('MWh').

CAML's UK operations comprise solely a London-based head office and electricity usage is significantly below 20MWh. Therefore, CAML is classified as a 'low energy user' and as such, SECR disclosures have not been included in these financial statements.

However, CAML does disclose in its annual Sustainability Reports the energy consumption, as well as Scope 1 and Scope 2 emissions and an intensity calculated on a per tonne of copper equivalent basis, for its operations in Kazakhstan and North Macedonia. The 2020 Sustainability Report containing the most up to date information will be published in Q2 2021.

SECTION 172 STATEMENT

A statement of how the Board has performed its duties under section 172 of the Companies Act 2006 ('the Act') can be found on pages 30 to 31 of the Strategic Report.

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

The Group's Auditors, BDO LLP, have indicated their willingness to continue in office and, on the recommendation of the Audit Committee and in accordance with section 489 of the Act, a resolution for their reappointment will be put to the 2021 AGM.

POLITICAL DONATIONS

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

CORPORATE GOVERNANCE

The Governance Report can be found on pages 59 to 88. The Governance Report forms part of this Directors' Report and is incorporated by cross reference.

Approved by the Board of Directors and signed on its behalf

GAVIN FERRAR
CHIEF FINANCIAL OFFICER
29 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

GAVIN FERRAR
CHIEF FINANCIAL OFFICER
29 March 2021

FINANCIAL STATEMENTS

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OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Central Asia Metals Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and Company statements of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Going concern was considered to be a Key Audit Matter as the Directors' assessment of the potential impacts of COVID-19 on the Group's operations, and likelihood of stress case scenarios materialising that would threaten liquidity and covenant tests occurring, is subject to significant judgment.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the Key Audit Matter included:

- We discussed the potential impact of COVID-19 with management and the Audit Committee including the impact on operations to date and their assessment of continued risks and uncertainties associated with areas such as the Group's workforce, supply chain, customer offtake and commodity prices that are relevant to the Group's business model and operations. We considered this against our own assessment of risks and uncertainties based on our understanding of the business and mining sector.
- We obtained management's reverse stress testing analysis which was performed to determine the point at which covenants and liquidity breaks and considered whether such scenarios, including significant reductions in commodity prices and production were reasonably possible given the potential impacts of COVID-19 and the level of uncertainty. This included consideration of the Group's trading to date through the pandemic and the extent and likelihood of production or pricing disruption required to break covenants and liquidity.
- We evaluated management's base case cash flow and covenant compliance forecast and critically assessed the assumptions including production, commodity pricing, treatment charges and costs/capex.
- We compared performance against budget in FY 2020 (pre/post COVID-19) and FY 2021 year to date trends to assess the quality of management's budgeting process.
- We compared forecast commodity prices to spot prices together with consideration of broker consensus pricing ranges. We compared forecast refinery treatment charges to third party agreements.
- We evaluated the forecast production and cost levels against 2020 and FY 2021 year to date actuals and confirmed that planned capital expenditure is consistent with the life of mine plan.
- We reviewed the terms of debt facilities and covenants to confirm that they are appropriately modelled within the forecast.
- We reviewed the adequacy of going concern and COVID-19 related disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Coverage	97% (2019: 97%) of Group profit before tax 100% (2019: 100%) of Group revenue 95% (2019: 95%) of Group total assets		
Key audit matter		2020	2019
	Carrying value of Sasa mining assets	✓	✓
	Going Concern	✓	✓
Materiality	*Group financial statements as a whole* $3.0m (2019: $3.5m) based on 5% (2019: 5%) of profit before tax. *Parent company standalone financial statements* $1.5m (2019: $1.7m) capped at 50% of group materiality (2019: capped at 50% of Group materiality).		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined that there were five significant components and all of these were subject to a full scope audit (two in North Macedonia, two in Kazakhstan and the Parent Company).

The audits of the North Macedonian and Kazakh significant components were performed in North Macedonia and Kazakhstan, respectively by local BDO network member firms. The audits of the parent company and the Group consolidation were performed in the United Kingdom by the Group audit team. The Group audit team performed additional procedures in respect of certain of the significant risk areas that represented Key Audit Matters in addition to procedures performed by the component auditor.

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures performed by the Group audit team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

The Group audit team was actively involved in the direction and supervision of the audits performed by the component auditors along with the consideration of findings and determination of conclusions drawn.

As part of our audit strategy, we issued detailed group audit instructions to component auditors detailing the audit procedures to be performed, we held virtual meetings with management and the component auditors during the planning and execution phases of the audit; and we performed a detailed review of the component audit files.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Central Asia Metals plc

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the conclusions related to going concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of Sasa mining assets (as detailed in note 20)	The Sasa cash generating unit ("CGU") includes goodwill of $23.4m and the Group is required by applicable accounting standards to perform an annual impairment test. Management prepared a discounted cash flow valuation model the details of which are disclosed in note 20. The appropriateness of judgments and estimates applied in the determination of the recoverable amount represented a significant focus area for our audit, including forecast commodity prices, refinery treatment costs, production and discount rates, together with forecast operating and capital costs given the planned transition from a sub level caving mining method to cut and fill mining.	We evaluated management's impairment model against the Board approved life of mine plan and our understanding of the operations. We critically challenged the key estimates and assumptions used by management, including commodity pricing, treatment charges, production, operational and capital expenditure and the discount rate. Our specific procedures included the following: → We compared 2020 performance for key metrics against budget to assess the quality and accuracy of management's forecasting. Where significant variances were identified, we obtained an understanding of the causes, evaluated mitigating actions and assessed the extent to which the forecasts incorporate relevant risks of the factors recurring. → We compared the forecast pricing assumptions to 2020 actuals and independently sourced broker consensus data. → We compared the forecasted treatment charges in the short term to agreements with the Group's refineries and evaluated management's longer term forecast reduction in treatment charges considering market commentary and the historical relationship between pricing and treatment charges. → We compared the forecast production to the internal Competent Person's Reserves and Resources Statement, met with the Group's geologists to assess areas such as resource to reserve conversion against empirical data such as updated drilling results and previous conversion trends and reviewed the reconciliation of movements in ore reserves and resources against the previous Reserves and Resources Statement. → We assessed the appropriateness of the forecasted operating costs and capital expenditure associated with the cut and fill mining method. In doing so we met with operational management to evaluate the basis of management's assumptions, reviewed reports by consultants engaged by the Group and considered the consistency of production forecasts and planned operating costs and capital expenditure. → In placing reliance on management's experts we performed procedures to evaluate their competence, objectivity and independence. → We used our internal valuation experts to evaluate the appropriateness of the discount rate used by management. → We reviewed management's sensitivity analysis and performed our own sensitivity analysis over individual key inputs including pricing, treatment charges, expenditure and discount rate together with a combination of sensitivities over such inputs in order to assess the potential impact on headroom. → We evaluated the adequacy of the disclosures given in note 20 regarding assumptions and sensitivities.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2020 $m	2019 $m	2020 $m	2019 $m
Materiality	3.0	3.5	1.5	1.7
Basis for determining materiality	5% of profit before tax		50% of Group materiality	
Rationale for the benchmark applied	Profit before tax was determined an appropriate basis as the Group is profit oriented and as such this is the financial metric of most interest to the users of the financial statements.		Capped at 50% (2019: 50%) of Group materiality given the assessment of the components' aggregation risk.	
Performance materiality	2.1	2.2	1.05	1.1
Basis for determining performance materiality	Performance materiality was set at 70% of the above materiality level. The increase against 2019 reflected our understanding gained from the first year audit and considering the level of adjustments arising in the prior year audit.	Performance materiality was set at 65% of the above materiality level. Whilst some of the indicators pointed towards a higher performance materiality percentage, as it was a first year audit, a more prudent approach was taken.	Performance materiality was set at 70% of the above materiality level. The increase against 2019 reflected our understanding gained from the first year audit and considering the level of adjustments arising in the prior year audit.	Performance materiality was set at 65% of the above materiality level. Whilst some of the indicators pointed towards a higher performance materiality percentage, as it was a first year audit, a more prudent approach was taken.

Component materiality

We set materiality for each component of the Group based on a percentage of between 20% and 80% of Group materiality dependent on our assessment of the risk of material misstatement in the group financial statements. Component materiality ranged from $600,000 to $2,400,000 (2019: $500,000 to $2,000,000, based on either 5% of profit before tax or a percentage of between 50% and 60% of Group materiality). In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated and to sufficiently address aggregation risk.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $60,000 (2019: $70,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Central Asia Metals plc

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: → the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and → the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: → adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or → the Parent Company financial statements are not in agreement with the accounting records and returns; or → certain disclosures of Directors' remuneration specified by law are not made; or → we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to the Group. We considered the associated mining, environmental and taxation laws and regulations of North Macedonia and Kazakhstan to be the most relevant to the audit given the Geographical areas of focus of the Group.

We assessed compliance with these laws and regulations through:

→ Discussion with the management;

→ Testing the financial statement disclosures to supporting documentation;

→ Making enquiries of Management as to whether there was any correspondence from regulators in so far as the correspondence related to the Financial Statements. In particular this included evaluation of the impact of the tailings dam discharge in the year including evaluation of correspondence with regulators, verification of costs incurred in the remedial works and assessment of the extent of remaining costs to complete the works.

→ We involved tax specialists from our local BDO network member firms in Kazakhstan and North Macedonia to evaluate the Group's compliance with relevant tax legislation considered of most significance to the Group's operations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered areas of the financial statements subject to elevated potential fraud risks.

Our procedures included:

→ Performing procedures targeted at these risks eg: revenue, through including cut off procedures and obtaining third party confirmations of revenue from the Group's offtakers.

→ In addressing the risk of management override of controls, performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example unusual journal entries to revenue and cash.

→ Critically assessing areas of the Financial Statements which include judgment and estimates, as set out in note 4 to the financial statements and in the key audit matters noted above.

→ Testing consolidation entries to confirm their validity.

→ Obtaining an understanding of the laws and regulations applicable to the Group

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

RYAN FERGUSON
(SENIOR STATUTORY AUDITOR)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

29 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Continuing operations			
Revenue	6	160,130	171,748
Presented as:			
Gross revenue[1]	6	170,335	180,815
Less:			
Silver stream purchases	6	(6,796)	(5,556)
Offtake buyers' fees	6	(3,409)	(3,511)
Revenue		160,130	171,748
Cost of sales	7	(72,037)	(73,098)
Distribution and selling costs	8	(2,566)	(1,823)
Gross profit		85,527	96,827
Administrative expenses	9	(18,992)	(18,323)
Other expenses	10	(28)	(481)
Other income	11	535	212
Foreign exchange (loss)/gain		(690)	377
Operating profit		66,352	78,612
Finance income	15	116	336
Finance costs	16	(6,673)	(11,153)
Profit before income tax		59,795	67,795
Income tax	17	(16,035)	(15,911)
Profit for the year from continuing operations		43,760	51,884
Discontinued operations			
(Loss)/profit for the year from discontinued operations	22	(70)	53
Profit for the year		43,690	51,937
Profit attributable to:			
– Non-controlling interests		20	60
– Owners of the parent		43,670	51,877
		43,690	51,937
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in cents per share)		$ cents	$ cents
Basic earnings per share			
From continuing operations	18	24.78	29.36
From discontinued operations		(0.04)	0.03
From profit for the year		24.74	29.39
Diluted earnings per share			
From continuing operations	18	24.07	28.54
From discontinued operations		(0.04)	0.03
From profit for the year		24.03	28.57

1 Gross revenue is a non-IFRS financial measure which is used by management, alongside the comparable GAAP measures, in evaluating the business performance. The measures are not intended as a substitute for GAAP measures and may not be comparable to similarly reported measures by other companies.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Profit for the year		43,690	51,937
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	27	26,975	(11,019)
Other comprehensive income/(expense) for the year, net of tax		26,975	(11,019)
Total comprehensive income for the year		70,665	40,918
Attributable to:			
– Non-controlling interests		20	60
– Owners of the parent		70,645	40,858
Total comprehensive income for the year		70,665	40,918
Total comprehensive income/(expense) attributable to equity shareholders arises from:			
– Continuing operations		70,735	40,865
– Discontinued operations		(70)	53
		70,665	40,918

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

Registered no. 5559627

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Assets					
Non-current assets					
Property, plant and equipment	19	418,045	406,387	638	838
Intangible assets	20	56,640	58,676	–	–
Deferred income tax asset	38	236	266	–	–
Investments	21	–	–	5,491	5,491
Other non-current receivables	23	3,842	3,389	–	–
		478,763	468,718	6,129	6,329
Current assets					
Inventories	24	7,830	7,283	–	–
Trade and other receivables	23	8,945	6,276	326,655	342,083
Restricted cash	25	3,641	4,013	3,441	3,824
Cash and cash equivalents	25	44,231	28,566	32,673	17,834
		64,647	46,138	362,769	363,741
Assets of disposal group classified as held for sale	22	58	219	–	–
		64,705	46,357	362,769	363,741
Total assets		543,468	515,075	368,898	370,070
Equity attributable to owners of the parent					
Ordinary shares	26	1,765	1,765	1,765	1,765
Share premium	26	191,537	191,184	191,537	191,184
Treasury shares	26	(3,840)	(6,526)	(3,840)	(6,526)
Currency translation reserve	27	(73,498)	(100,473)	–	–
Retained earnings		278,103	250,480	102,687	70,086
		394,067	336,430	292,149	256,509
Non-controlling interests		(1,315)	(1,324)	–	–
Total equity		392,752	335,106	292,149	256,509

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Liabilities					
Non-current liabilities					
Borrowings	31	32,320	69,473	32,320	69,473
Silver streaming commitment	30	19,246	20,755	–	–
Deferred income tax liability	38	26,199	26,089	–	–
Lease liability		432	496	387	471
Provisions for other liabilities and charges	32	6,999	9,027	–	–
		85,196	125,840	32,707	69,944
Current liabilities					
Borrowings	31	48,092	39,295	38,400	38,400
Silver streaming commitment	30	1,573	2,140	–	–
Trade and other payables	29	12,895	12,305	5,424	4,965
Lease liability		248	252	218	252
Provisions for other liabilities and charges	32	2,687	46	–	–
		65,495	54,038	44,042	43,617
Liabilities of disposal group classified as held for sale	22	25	91	–	–
		65,520	54,129	44,042	43,617
Total liabilities		150,716	179,969	76,749	113,561
Total equity and liabilities		543,468	515,075	368,898	370,070

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

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company Income Statement or Statement of Comprehensive Income. The profit for the parent company for the year was $48,526,000 (2019: $38,637,000).

The Financial Statements on pages 100 to 139 were authorised for issue by the Board of Directors on 29 March 2021 and were signed on its behalf by Gavin Ferrar.

GAVIN FERRAR
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

Attributable to owners of the parent	Note	Ordinary shares $'000	Share premium $'000	Treasury shares $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 January 2019		**1,765**	**191,184**	**(6,526)**	**(89,454)**	**230,281**	**327,250**	**(1,384)**	**325,866**
Profit for the year		–	–	–	–	51,877	51,877	60	51,937
Other comprehensive expense – currency translation differences	27	–	–	–	(11,019)	–	(11,019)	–	(11,019)
Total comprehensive income		**–**	**–**	**–**	**(11,019)**	**51,877**	**40,858**	**60**	**40,918**
Transactions with owners									
Share based payments	28	–	–	–	–	1,085	1,085	–	1,085
Exercise of options	28	–	–	–	–	(599)	(599)	–	(599)
Dividends	36	–	–	–	–	(32,164)	(32,164)	–	(32,164)
Total transactions with owners, recognised directly in equity		–	–	–	–	(31,678)	(31,678)	–	(31,678)
Balance as at 31 December 2019		**1,765**	**191,184**	**(6,526)**	**(100,473)**	**250,480**	**336,430**	**(1,324)**	**335,106**
Profit for the year		–	–	–	–	43,670	43,670	20	43,690
Other comprehensive income – currency translation differences	27	–	–	–	26,975	–	26,975	–	26,975
Total comprehensive income		**–**	**–**	**–**	**26,975**	**43,670**	**70,645**	**20**	**70,665**
Transactions with owners									
Share based payments	28	–	–	–	–	964	964	–	964
Exercise of options	2	–	353	2,686	–	(3,039)	–	–	–
Disposal of subsidiaries	21	–	–	–	–	(122)	(122)	(11)	(133)
Dividends	36	–	–	–	–	(13,850)	(13,850)	–	(13,850)
Total transactions with owners, recognised directly in equity		–	353	2,686	–	(16,047)	(13,008)	(11)	(13,019)
Balance as at 31 December 2020		**1,765**	**191,537**	**(3,840)**	**(73,498)**	**278,103**	**394,067**	**(1,315)**	**392,752**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

Company	Note	Ordinary Shares $'000	Share premium $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 January 2019		**1,765**	**191,184**	**(6,526)**	**63,127**	**249,550**
Profit for the year		–	–	–	38,637	38,637
Total comprehensive income		**–**	**–**	**–**	**38,637**	**38,637**
Transactions with owners						
Share based payments	28	–	–	–	1,085	1,085
Exercise of options	28	–	–	–	(599)	(599)
Dividends	36	–	–	–	(32,164)	(32,164)
Total transactions with owners, recognised directly in equity		–	–	–	(31,678)	(31,678)
Balance as at 31 December 2019		**1,765**	**191,184**	**(6,526)**	**70,086**	**256,509**
Profit for the year		–	–	–	48,526	48,526
Total comprehensive income		**–**	**–**	**–**	**48,526**	**48,526**
Transactions with owners						
Share based payments	28	–	–	–	964	964
Exercise of options	28	–	353	2,686	(3,039)	–
Dividends	36	–	–	–	(13,850)	(13,850)
Total transactions with owners, recognised directly in equity		–	353	2,686	(15,925)	(12,886)
Balance as at 31 December 2020		**1,765**	**191,537**	**(3,840)**	**102,687**	**292,149**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash generated from operations	33	87,020	105,143
Interest paid		(4,837)	(9,445)
Corporate income tax paid (net of refunds)		(14,744)	(14,845)
Cash flow generated from operating activities		67,439	80,853
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,497)	(11,042)
Proceeds from sale of property, plant and equipment		350	233
Deferred consideration paid		–	(6,500)
Purchase of intangible assets		(2)	(21)
Interest received	15	116	336
Decrease in restricted cash	25	372	363
Net cash used in investing activities		(7,661)	(16,631)
Cash flows from financing activities			
Drawdown of overdraft	31	9,105	895
Repayment of overdraft	31	(1,110)	–
Repayment of borrowings	31	(38,400)	(38,400)
Dividends paid to owners of the parent	36	(13,850)	(32,164)
Receipt/(settlement) on exercise of share options	28	10	(589)
Net cash used in financing activities		(44,245)	(70,258)
Effect of foreign exchange gain on cash and cash equivalents		82	1
Net increase/(decrease) in cash and cash equivalents		15,615	(6,035)
Cash and cash equivalents at the beginning of the year	25	28,672	34,707
Cash and cash equivalents at the end of the year	25	44,287	28,672

Cash and cash equivalents at 31 December 2020 includes cash at bank and on hand included in assets held for sale of $56,000 (31 December 2019: $106,000) (note 22). The Consolidated Statement of Cash Flows does not include the restricted cash balance of $3,641,000 (2019: $4,013,000) (note 25).

The brought forward cash and cash equivalents as at 1 January 2020 has been reclassified to exclude the overdrafts drawdown of $895,000. The overdraft arrangements are not repayable on demand and therefore represents a form of financing and not a component of cash and cash equivalents.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. GENERAL INFORMATION

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

The Group's principal business activities are the production of copper cathode at its Kounrad operations in Kazakhstan and the production of lead, zinc and silver at its Sasa operations in North Macedonia. CAML owns 100% of the Kounrad SX-EW copper project in Kazakhstan and 100% of the Sasa zinc-lead mine in North Macedonia. The Company also owns a 75% equity interest in Copper Bay Limited which is currently held for sale. See note 21 for details.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The Group's Consolidated Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the lower of fair value less costs to sell and carrying value. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2020. The Group Financial Statements are presented in US Dollars ($) and rounded to the nearest thousand.

The parent company meets the definition of a qualifying entity under FRS 100 ('Financial Reporting Standard 100') issued by the Financial Reporting Council. The parent company Financial Statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, fair value measurements, capital management, presentation of a cash flow statement, new standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group Financial Statements of Central Asia Metals plc.

The preparation of the Group 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 sells and distributes its copper cathode product primarily through an offtake arrangement with Traxys Europe S.A. ('Traxys') with a minimum of 95% of the SX-EW plant's forecasted output committed as sales for the period up until October 2022. The Group sells Sasa's zinc and lead concentrate product through an offtake arrangement with Traxys which has been fixed through to 31 December 2022. The commitment is for 100% of the Sasa concentrate production.

The Group meets its day to day working capital requirements through its profitable and cash generative operations at Kounrad and Sasa. The Group manages liquidity risk by maintaining adequate committed borrowing facilities and the Group has substantial cash balances as at 31 December 2020.

The prices of copper, zinc and lead were impacted in 2020 by concerns over global demand due to the outbreak of the COVID-19 pandemic. Looking forward, uncertainty remains regarding the global health and economic ramifications of COVID-19, although metal prices have improved significantly from their lows of H1 2020 with various government COVID-19 vaccine programmes now being implemented and fiscal stimulus expected to drive demand for raw materials.

During 2020, both the Kounrad facility in Kazakhstan and the Sasa mine in North Macedonia continued to operate with no disruptions to production or sales volumes due to COVID-19. The Company put in place many measures during 2020 to try to ensure the health of its employees and contractors on both sites.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The CAML Board has considered and debated a substantial range of possible scenarios on the Group's operations, financial position and forecasts covering a period of at least the next 12 months. This analysis has considered potential impacts associated with a) operational disruption that may be caused by restrictions applied by governments, illness amongst the workforce and disruption to supply chain and offtake arrangements; b) market volatility in respect of commodity prices; c) availability of existing credit facilities. Management have performed reverse stress testing sensitivities to determine when profitability, liquidity or covenants break. The financial covenants of our debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant with significant headroom.

The likelihood of the stress test scenarios occurring is considered to be remote and therefore no material uncertainty is considered to exist and the Directors have a reasonable expectation that the Group has existence for the foreseeable future, accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

Please refer to notes 6, 25 and 29 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 and amendments for the first time for their annual reporting period commencing 1 January 2020:

The definition of material has been amended for IAS 1 and IAS 8 to align the definition across standards and is effective 1 January 2020. The new definition clarifies the definition of material whereby if omitting, misstating or obscuring it could reasonably be expected to influence decisions of the primary users of financial statements. The amendments to the definition of material will not have a significant impact on the financial statements.

The definition of a business per IFRS 3 has also been amended to determine when an entity acquires a business or a group of assets. This amendment is effective from 1 January 2020 and will therefore affect all future business combinations however there is no impact on the current reporting period.

Interest Rate Benchmark Reform – IBOR 'phase 1' (Amendments to IFRS 9, IAS 39 and IFRS 7) that is the first part to a two-phase project which considers relief to hedge accounting in the period before the IBOR reform. These amendments are mandatorily effective for periods beginning 1 January 2020 and must be applied retrospectively however there is no impact on the current reporting period.

New standards, interpretations, and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards include:

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) that addresses issues that might affect financial reporting after the reform of an interest rate benchmark including its replacement with an alternative benchmark rate. These amendments are mandatorily effective for periods beginning 1 January 2021.

IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments are mandatorily effective for periods beginning 1 January 2022.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use regarding proceeds from selling items produced while bringing as asset into the location and condition necessary for it to be capable of operating in the manner intended by management. These amendments are mandatorily effective for periods beginning 1 January 2022.

IAS 1 – Presentation of Financial statements – The classification of liabilities as current or non-current basing the classification on contractual arrangements at the reporting date. These amendments are effective for periods beginning 1 January 2023.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of CAML and the entities it controls drawn up to 31 December 2020.

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

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

Business combinations

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

Goodwill

The excess of the consideration transferred of a business combination, the amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

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

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

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

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the Consolidated Statement of Financial Position distinct from parent shareholder's equity. Where losses are incurred by a partially owned subsidiary, they are consolidated such that the non-controlling interests' share in the losses is apportioned in the same way as profits.

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is considered to be the Board. The Group's segmental reporting reflects the operational focus of the Group. The Group has been organised into geographical and business units based on its principal business activities of mining production, having two reportable segments as follows:

→ Kounrad (production of copper cathode) in Kazakhstan
→ Sasa (production of lead, zinc and silver) in North Macedonia

Included within the unallocated segment are corporate costs for CAML PLC which includes the Group debt held with Traxys and other holding companies within the Group which are not separately reported to the Board

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 and Company's presentation currency. The functional currency of the Company is US Dollars.

Transactions in currencies other than the currency of the primary economic environment in which they operate are initially recorded at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into USD at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rates are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

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

Property, plant and equipment

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

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

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

Depreciation is provided on all property, plant and equipment on a straight-line basis over its total expected useful life. As at 31 December 2020 the remaining useful lives were as follows:

- → Construction in progress – not depreciated
- → Land – not depreciated
- → Plant and equipment – over 5 to 21 years
- → Mining assets – over 2 to 21 years
- → Motor vehicles – over 2 to 10 years
- → Office equipment – over 2 to 10 years
- → Right of use assets – term of lease agreement

Mineral rights are depreciated on a Unit of Production basis ('UoP'), in proportion to the volume of ore mined in the year compared with total proven and probable reserves as well as measured, indicated and certain inferred resources which are considered to have a sufficiently high certainty of commercial extraction at the beginning of the year. Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight-line basis.

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

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

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

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- → fixed payments (including in-substance fixed payments), less any lease incentives receivable and variable payments based on index or rate
- → amounts expected to be payable by the Group under residual value guarantees
- → payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group leases offices and equipment. Rental contracts are typically made for fixed periods of six months to five years and have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Intangible assets

a) Exploration and evaluation expenditure

Capitalised costs include costs directly related to any Group exploration and evaluation activities in areas of interest for which there is a high degree of confidence in the feasibility of the project. Exploration and evaluation expenditure capitalised includes acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and activities in relation to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

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

b) Mining licences, permits and computer software

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

- → Computer software – over two to five 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 on a post-tax basis.

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

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

Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. These steps are as follows: identification of the customer contract; identification of the contract performance obligations; determination of the contract price; allocation of the contract price to the contract performance obligations; and revenue recognition as performance obligations are satisfied.

Under IFRS 15, revenue is recognised when the performance obligations are satisfied and the customer obtains control of the goods or services, usually when title has passed to the buyer and the goods have been delivered in accordance with the contractual delivery terms.

Those sales of zinc and lead made abroad to China and Korea are sold under CIF where legal title transfers when the goods are loaded onto the ship and leave the port. However, part of the transaction price is allocated to a distinct 'shipping and insurance' as we are responsible for arranging the freight and insurance on behalf of customer. This amount is not material to the Group so no adjustment has been made to the financial statements.

Revenue is measured at the fair value of consideration received or receivable from sales of metal to an end user, net of any buyers' discount, treatment charges and value added tax. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

The value of consideration is fair value which equates to the contractually agreed price. The offtake agreements provide for provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer. Such a provisional sale contains an embedded derivative which is not required to be separated from the underlying host contract, being the sale of the commodity. At each reporting date, if any sales are provisionally priced, the provisionally priced copper cathode, zinc and lead sales are marked-to-market using forward prices, with any significant adjustments (both gains and losses) being recorded in revenue in the Income Statement and in trade receivables in the Statement of Financial Position.

The Company may mitigate commodity price risk by fixing the price in advance for its copper cathode with the offtake partner and also its zinc and lead sales with the banks where a facility has been set up and agreed. The price fixing arrangements are outside the scope of IFRS 9 Financial Instruments: Recognition and Measurement and do not meet the criteria for hedge accounting.

The Group reports both a gross revenue and revenue line. Gross revenue is reported after deductions of treatment charges but before deductions of offtakers fees and silver purchases under the Silver Stream.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises raw materials, direct labour and all other direct costs associated with mining the ore and processing it to a saleable product.

Net realisable value is the estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion. Provision is made, if necessary, for slow-moving, obsolete and defective inventory.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

Current and deferred income tax

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

Deferred income tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- → The initial recognition of goodwill,
- → The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- → Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- → Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- → Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- → If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- → The same taxable group company, or
- → Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Cash and cash equivalents

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

Restricted cash

Restricted cash is cash with banks that is not available for immediate use by the Group. Restricted cash is shown separately from cash and cash equivalents on the Statement of Financial Position.

Investments

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

Share capital

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

Treasury shares

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

Share based compensation

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. An option pricing model is used to measure the fair value of the options.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Trade and other receivables

Trade and other receivables are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

Impairment of financial assets

Impairment provisions for current and non-current trade receivables are recognised based on the 'simplified approach' within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from subsidiaries and loans to subsidiaries are recognised based on the 'general approach' within IFRS 9. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset with the assessment also taking into account the ability of the subsidiary to repay the receivable or loan in the event that it was called due. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the loan whereas twelve month expected credit losses are a portion of lifetime expected credit losses that represent the expected credit losses that result from default events that are possible within twelve months of the reporting date.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Silver stream commitment

The silver stream arrangement has been accounted for as a commitment as the Group has obligations to deliver silver to a third party at a price below market value. On acquisition, following completion of the business combination, the silver stream commitment was identified as an unfavourable contract and recorded at fair value. Payments received under the arrangement prior to the acquisition by the Group were not considered to be a transaction with a customer. Management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. silver commodity from the Company's production), rather than cash or financial assets. Subsequent to initial recognition the silver stream commitment is not revalued and is amortised on a units of production basis to cost of sales.

The fair value of consideration received for delivered silver under the agreement is recorded as revenue. In addition, silver produced in conjunction with the Group's lead and zinc production and sold under the offtake agreement is recorded in gross revenue with a corresponding deduction for silver purchased to deliver under the silver stream recorded in arriving at net revenue.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Provisions

a) Asset retirement obligation

Provisions for environmental restoration of mining operations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the cash flows incorporate assessments of risk. The increase in the provision due to passage of time is recognised as interest expense.

b) Employee benefits – pension

The Group, in the normal course of business, makes payments on behalf of its employees for pensions, health-care, employment and personnel tax, which are calculated based on gross salaries and wages according to legislation. The cost of these payments is charged to the Consolidated Statement of Comprehensive Income in the same period as the related salary cost.

c) Employee benefits – retirement benefits and jubilee awards

Pursuant to the labour law prevailing in the North Macedonian subsidiaries, the Group is obliged to pay retirement benefits for an amount equal to two average monthly salaries, at their retirement date. According to the collective labour agreement, the Group is also obliged to pay jubilee anniversary awards for each 10 years of continuous service of the employee. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. In addition, the Group is not obligated to provide further benefits to current and former employees.

Retirement benefit obligations arising on severance pay are stated at the present value of expected future cash payments towards the qualifying employees. These benefits have been calculated by an independent actuary in accordance with the prevailing rules of actuarial mathematics. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss over the employees' expected average remaining working lives. There are no pension plan assets.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market price risk (including foreign currency exchange risk, commodity price risk and interest rate risk), liquidity risk, capital risk and credit risk. These risks are mitigated wherever possible by the Group's financial management policies and practices described below. The Group's risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The primary Group currency requirements are US Dollar, British Pound, Kazakhstan Tenge, Euro and North Macedonian Denar.

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

	Average rate			Reporting date spot rate		
	2020	2019	Movement	**2020**	2019	Movement
Kazakhstan Tenge	**412.95**	382.75	8%	**420.71**	381.18	10%
Macedonian Denar	**54.02**	54.96	(2%)	**50.24**	54.95	(9%)
Euro	**1.13**	1.12	1%	**1.23**	1.12	10%
British Pound	**0.78**	0.79	(1%)	**0.74**	0.76	(3%)

Foreign exchange risk does not arise from financial instruments that are non-monetary items or financial instruments denominated in the functional currency. Kazakhstan Tenge and North Macedonian Denar denominated monetary items are therefore not reported in the tables below, as the functional currency of the Group's Kazakhstan-based and North Macedonian-based subsidiaries is the Tenge and Denar respectively.

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

	Group 2020		
In $'000 equivalent	**USD**	**EUR**	**GBP**
Cash and cash equivalents	**2,637**	**208**	**2,397**
Trade and other receivables	**285**	**–**	**–**
Trade and other payables	**(15)**	**(398)**	**(2,542)**
Net exposure	**2,907**	**(190)**	**(145)**

	Group 2019		
In $'000 equivalent	USD	EUR	GBP
Cash and cash equivalents	2,419	94	2,220
Trade and other receivables	1	–	–
Trade and other payables	–	(609)	(429)
Net exposure	2,420	(515)	1,791

Trade and other receivables excludes prepayments and VAT receivable and trade and other payables excludes corporation tax, social security and other taxes as they are not considered financial instruments.

At 31 December 2020, if the foreign currencies had weakened/strengthened by 10% against the US Dollar, post-tax Group profit for the year would have been $205,000 lower/higher (2019: $194,000 lower/higher).

Commodity price risk

The Group has a hedging policy in place to allow us to manage commodity price risk however the Directors elected not to hedge during 2020. Post year end, the Group has put in place hedging arrangements with ING, a relationship bank for a portion of its 2021 metal production. Kounrad's Zero Cost Collar contract for 30% of copper production includes a put option of $6,900 per tonne and a call option of $8,380 per tonne. Sasa's zinc and lead arrangements are Swap contracts, with 30% of Sasa's zinc production to be sold at $2,804 per tonne and 30% of its lead to be sold at $2,022 per tonne.

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

	Estimated effect on earnings and equity	
In $'000 equivalent	**2020 $'000**	2019 $'000
10% increase in copper, zinc and lead price	**18,230**	18,853
10% decrease in copper, zinc and lead price	**(18,230)**	(18,853)

Liquidity risk

Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities as and when they fall due. The Group currently has sufficient cash resources to facilitate the debt and a material income stream from the Kounrad and Sasa projects. The Group has no undrawn borrowings as at 31 December 2020 (2019: nil).

	Group	
Future expected payments:	**31 Dec 20 $'000**	31 Dec 19 $'000
Trade and other payables within one year	**9,221**	8,981
Borrowings payable within one year (note 31)	**50,443**	44,684
Borrowings payable later than one year but not later than five years (note 31)	**34,514**	76,304
Lease liability payable within one year	**432**	252
Lease liability payable later than one year but not later than five years	**248**	496
	94,858	130,717

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

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

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

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

Net debt

Future expected payments:	Note	**2020 $'000**	2019 $'000
Cash and cash equivalents excluding restricted cash	25	**44,231**	28,566
Bank overdraft	31	**(9,692)**	(895)
Borrowings, variable interest rates – repayable within one year	31	**(38,400)**	(38,400)
Borrowings, variable interest rates – repayable after one year	31	**(32,320)**	(69,473)
Net debt		**(36,181)**	(80,202)
Total equity		**392,752**	335,106
Net debt to equity ratio		**9%**	24%

3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT CONTINUED

Changes in liabilities arising from financing activities

The total borrowings as at 1 January 2020 were $108,768,000 (1 January 2019: $144,949,000). During the year, total repayments were $38,400,000 (2019: $38,400,000). During the year, there were drawdowns on our unsecured overdrafts of $9,105,000 (2019: $895,000) and repayments of $1,110,000 (2019: $nil). Other changes amounted to $2,049,000 (2019: $1,324,000) leading to a closing debt balance of $80,412,000 (2019: $108,768,000). See note 31 for more details.

The cash and cash equivalents including cash at bank and on hand in assets held for sale brought forward were $28,672,000 (2019: $34,707,000) with a net $15,615,000 inflow (2019: $6,035,000 outflow) during the year and therefore a closing balance of $44,287,000 (2019: $28,672,000).

Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party. The Group is exposed to credit risk primarily on its cash and cash equivalents as set out in note 25 and on its trade and other receivables as set out in note 23. The Group sells a minimum of 95% of Kounrad's copper cathode production to the offtake partner which pays on the day of dispatch and during the year 100% of Sasa's zinc and lead concentrate was sold to Traxys which assumes the credit risk.

For banks and financial institutions, only parties with a minimum rating of BBB- are accepted. 98% of the Group's cash and cash equivalents including restricted cash at the year-end were held by banks with a minimum credit rating of A- (2019: 98%). The rest of the Group's cash was held with a mix of institutions with credit ratings between A to BB- (2019: A to BB).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 expected credit loss for intercompany loans receivable is considered immaterial (note 23).

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020, the Group's borrowings at variable rates were denominated in US Dollars. The Group's borrowings are carried at amortised cost. The Group has borrowings at variable interest rates and a 1% point rise in market interest rate would have caused the interest paid to increase by $843,000 (2019: $1,343,000) while a similar decrease would have caused the same decrease in interest paid. The Group does not hedge its exposure to interest rate risk.

The Group had $28,896,000 of cash balances on short-term deposit as at 31 December 2020 (2019: $14,494,000). The average fixed interest rate on short-term deposits during the year was 0.3% (2019: 0.6%).

Categories of financial instruments

Financial assets

	Group	
Cash and receivables:	31 Dec 20 $'000	31 Dec 19 $'000
Cash and cash equivalents including restricted cash (note 25)	47,872	32,579
Trade and other receivables	5,058	2,980
	52,930	35,559

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

Financial liabilities

	Group	
Measured at amortised cost:	31 Dec 20 $'000	31 Dec 19 $'000
Trade and other payables within one year	9,221	8,981
Borrowings payable within one year (note 31)	48,092	39,295
Borrowings payable later than one year but not later than five years (note 31)	32,320	69,473
Lease liability within one year	432	252
Lease liability payable later than one year but not later than five years	248	496
	90,313	118,497

Trade and other payables excludes the silver streaming commitment, corporation tax, social security and other taxes as they are not considered financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The following are key areas where critical accounting estimates and judgements are required that could have a material impact on the Financial Statements:

Impairment of non-current assets

Significant accounting judgements

The carrying value of the goodwill generated by accounting for the business combination of the Group acquiring an additional 40% in the Kounrad project in May 2014 (the "Kounrad Transaction") and the CMK Resources Limited acquisition in November 2017 requires an annual impairment review. This review determines 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 respective CGUs. The key assumptions used in the Group's impairment assessments are disclosed in note 20.

Key sources of estimation uncertainty

Estimates are required periodically to assess assets for impairment. The critical accounting estimates are future commodity prices, treatment charges, future ore production, discount rates and projected future costs of development and production. Ore reserves and resources included in the forecasts include certain resources considered to be sufficiently certain and economically viable. The Group's resources statements include additional resources which are not included in the life of mine plan or impairment test.

Decommissioning and site rehabilitation estimates

Significant accounting judgements

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Judgement and experience is used in determining the expected timing, closure and decommissioning methods, which can vary in response to changes in the relevant legal requirements or decommissioning technologies.

Key sources of estimation uncertainty

The discounted provision recognised represents management's best estimate of the costs that will be incurred, and 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 and in the interim management make assessments for appropriate changes based on the environmental management strategy; however significant changes in the estimates of contamination, restoration standards, timing of expenditure and techniques will result in changes to provisions from period to period.

A 1% change in the discount rate on the Group's rehabilitation estimates would result in an impact of $948,000 (2019: $781,000) on the provision for environmental rehabilitation, and an impact of $948,000 (2019: $781,000) on the statement of comprehensive income. A 5% change in cost on the Group's rehabilitation estimates would result in an impact of $460,000 (2019: $420,000) on the provision for environmental rehabilitation.

Mineral reserves and resources

Key sources of estimation uncertainty

The major value associated with the Group is the value of its mineral reserves and resources. The value of the reserves and resources have an impact on the Group's accounting estimates 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.

Ore resource estimates may vary from period to period. This judgement has a significant impact on impairment consideration and the period over which capitalised assets are depreciated within the Financial Statements.

The Kounrad resources were classified as JORC Compliant in 2013 and mineral resources were estimated in June 2017 and the Sasa JORC ore reserves and mineral resources were estimated in June 2020.

Tax

Significant accounting judgements

Management make judgements in relation to the recognition of various taxes payable and receivable by the Group and VAT recoverability for which the recoverability and timing of recovery is assessed. This includes judgement on the contingent asset disclosed of $5.9m withholding tax receivable following a judgement from the Higher Administrative Court of North Macedonia accepting its appeal. Management believes that a favourable outcome is probable, however, the contingent asset has not been recognised as a receivable at 31 December 2020 as receipt of the amount is dependent on the outcome of the re-inspection. The Group operates in jurisdictions which necessarily require judgment to be applied when assessing the applicable tax treatment for transactions and the Group obtains professional advice where appropriate to ensure compliance with applicable legislation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

TSF4 Leakage

Significant accounting judgements

In September 2020 there was a short-term leakage of tailings from TSF4 which required structural dam repairs, engineering improvements to the facility as well as environmental work for riverbed remediation. Management made judgements for the accounting treatment for the repair and remediation work. IAS 16 indicates that repairs and maintenance expenses after construction are generally not capitalised when used to restore an asset to a previous operating condition or to keep an asset in its current operating condition. Repair work should be capitalised when it increases the usefulness and efficiency of the equipment or enhances its useful life or some economic benefit to the Company. It has been determined by management that most of the repair and remediation work of $0.7m will not bring any additional economic benefits to the Group and has therefore been expensed during the year. However, there were some costs identified during the work that led to engineering improvements and therefore $0.2m has been capitalised according to IAS 16. As at 31 December 2020 no material future costs are anticipated to be incurred attributable to the leakage.

5. SEGMENTAL INFORMATION

The segmental results for the year ended 31 December 2020 are as follows:

	Kounrad $'000	Sasa $'000	Unallocated $'000	Total $'000
Gross revenue	87,667	82,668	–	170,335
Silver stream purchases	–	(6,796)	–	(6,796)
Offtake buyers' fees	(2,546)	(863)	–	(3,409)
Revenue	85,121	75,009	–	160,130
EBITDA	65,473	42,347	(12,137)	95,683
Depreciation and amortisation	(4,007)	(24,890)	(251)	(29,148)
Foreign exchange gain/(loss)	221	(889)	(22)	(690)
Other income (note 11)	166	359	10	535
Other expenses (note 10)	(3)	(5)	(20)	(28)
Finance income (note 15)	9	–	107	116
Finance costs (note 16)	(162)	(586)	(5,925)	(6,673)
Profit/(loss) before income tax	61,697	16,336	(18,238)	59,795
Income tax				(16,035)
Profit for the year after tax from continuing operations				43,760
Loss from discontinued operations				(70)
Profit for the year				43,690

Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of $17.7m.

The segmental results for the year ended 31 December 2019 are as follows:

	Kounrad $'000	Sasa $'000	Unallocated $'000	Total $'000
Gross revenue	81,708	99,107	–	180,815
Silver stream purchases	–	(5,556)	–	(5,556)
Offtake buyers' fees	(2,424)	(1,087)	–	(3,511)
Revenue	79,284	92,464	–	171,748
EBITDA	61,720	59,564	(12,700)	108,584
Depreciation and amortisation	(4,533)	(25,308)	(239)	(30,080)
Foreign exchange (loss)/gain	(169)	698	(152)	377
Other income (note 11)	182	30	–	212
Other expenses (note 10)	(40)	(441)	–	(481)
Finance income (note 15)	9	1	326	336
Finance costs (note 16)	(106)	(263)	(10,784)	(11,153)
Profit/(loss) before income tax	57,063	34,281	(23,549)	67,795
Income tax				(15,911)
Profit for the year after tax from continuing operations				51,884
Profit from discontinued operations				53
Profit for the year				51,937

Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of $19.4m.

A reconciliation between profit for the year and EBITDA is presented in the Financial Review section.

Group segmental assets and liabilities for the year ended 31 December 2020 are as follows:

	Segmental assets		Additions to non-current assets		Segmental liabilities	
	31 Dec 20 $'000	31 Dec 19 $'000	31 Dec 20 $'000	31 Dec 19 $'000	31 Dec 20 $'000	31 Dec 19 $'000
Kounrad	66,562	76,118	1,255	1,850	(11,142)	(11,017)
Sasa	435,141	411,899	7,265	9,432	(62,792)	(55,269)
Assets held for sale (note 22)	58	219	–	–	(25)	(91)
Unallocated including corporate	41,707	26,839	4	870	(76,757)	(113,592)
	543,468	515,075	8,524	12,152	(150,716)	(179,969)

6. REVENUE

Group	2020 $'000	2019 $'000
International customers (Europe) – copper cathode	87,110	78,848
International customers (Europe) – zinc and lead concentrate	80,652	97,199
Domestic customers (Kazakhstan) – copper cathode	557	2,860
International customers (Europe) – silver	2,016	1,908
Total gross revenue	170,335	180,815
Less:		
Silver stream purchases	(6,796)	(5,556)
Offtake buyers' fees	(3,409)	(3,511)
Revenue	160,130	171,748

Kounrad

The Group sells and distributes its copper cathode product primarily through an offtake arrangement with Traxys, which has been retained as CAML's offtake partner through to September 2022. The offtake arrangements are for a minimum of 95% of the SX-EW plant's output. Revenue is recognised at the Kounrad mine gate when the goods have been delivered in accordance with the contractual delivery terms.

The offtake agreement provides for the option of provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer. The Company may mitigate commodity price risk by fixing the price in advance for its copper cathode sales with the offtake partner (see note 3).

The costs of delivery to the end customers have been effectively borne by the Group through means of an annually agreed buyer's fee which is deducted from the selling price.

During 2020, the Group sold 13,763 tonnes (2019: 13,100 tonnes) of copper through the offtake arrangements. Some of the copper cathodes are also sold locally and during 2020, 97 tonnes (2019: 500 tonnes) were sold to local customers.

Sasa

The Group sells Sasa's zinc and lead concentrate product to smelters through an offtake arrangement with Traxys which has been fixed through to 31 December 2022. The commitment is for 100% of the Sasa concentrate production. The agreements with the smelters provide for provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month, two months or three months following delivery to the buyer and subject to final adjustment for assaying results.

The Group sold 19,930 tonnes (2019: 19,697 tonnes) of payable zinc in concentrate and 28,218 tonnes (2019: 27,875 tonnes) of payable lead in concentrate.

The revenue arising from silver relates to a contract with Osisko Gold Royalties where the Group has agreed to sell all of its silver at a fixed price of $5.69/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 30).

7. COST OF SALES

Group	2020 $'000	2019 $'000
Reagents, electricity and materials	18,321	19,931
Depreciation and amortisation	28,587	29,499
Silver stream commitment (note 30)	(2,017)	(2,285)
Royalties	7,488	7,271
Employee benefit expense	14,931	12,862
Consulting and other services	4,352	5,398
Taxes and duties	375	422
	72,037	73,098

8. DISTRIBUTION AND SELLING COSTS

Group	2020 $'000	2019 $'000
Freight costs	2,224	1,550
Transportation costs	30	108
Employee benefit expense	3	61
Depreciation and amortisation	13	20
Materials and other expenses	296	84
	2,566	1,823

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

9. ADMINISTRATIVE EXPENSES

Group	2020 $'000	2019 $'000
Employee benefit expense	9,352	8,867
Share based payments	964	1,085
Consulting and other services	6,166	6,084
Auditors remuneration (note 12)	381	378
Office-related costs	923	1,271
Taxes and duties	658	77
Depreciation and amortisation	548	561
Total from continuing operations	18,992	18,323
Total from discontinued operations (note 22)	83	170
	19,075	18,493

10. OTHER EXPENSES

Group	2020 $'000	2019 $'000
Other expenses	28	–
Loss on disposal of property, plant and equipment	–	481
	28	481

11. OTHER INCOME

Group	2020 $'000	2019 $'000
Gain on disposal of property, plant and equipment	306	–
Other income	229	212
	535	212

12. AUDITORS' REMUNERATION

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

	2020 $'000	2019 $'000
Fees payable to BDO LLP the Company's auditors for the audit of the parent company and Consolidated Financial Statements	190	160
Fees payable to BDO LLP the Company's auditors and its associates for other services: – The audit of Company's subsidiaries	139	144
Fees payable to BDO LLP the Company's auditors and its associates for other services: – Other assurance services	52	–
Fees payable to PWC LLP the previous Company's auditors for the audit of the parent company and Consolidated Financial Statements	–	36
Fees payable to PWC LLP the previous Company's auditors and its associates for other services: – Other assurance services	–	38
	381	378

13. EMPLOYEE BENEFIT EXPENSE

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

Group	2020 $'000	2019 $'000
Wages and salaries	18,019	16,242
Social security costs and similar taxes	2,569	2,426
Staff healthcare and other benefits	2,168	2,123
Other pension costs	2,990	2,315
Share based payment expense (note 28)	964	1,085
Total for continuing operations	26,710	24,191
Total for discontinuing operations (note 22)	74	75
	26,784	24,266

The total employee benefit expense includes an amount of $1,346,000 (2019: $1,316,000) which has been capitalised within property, plant and equipment.

Company	2020 $'000	2019 $'000
Wages and salaries	5,464	5,391
Social security costs	1,137	934
Staff healthcare and other benefits	413	533
Other pension costs	161	165
Share based payments (note 28)	964	1,085
	8,139	8,108

Key management remuneration is disclosed in the Remuneration Committee report.

14. MONTHLY AVERAGE NUMBER OF PEOPLE EMPLOYED

Group	2020 Number	2019 Number
Operational	905	901
Construction	5	8
Management and administrative	133	130
	1,043	1,039

The monthly average number of staff employed by the Company during the year was 16 (2019: 15).

15. FINANCE INCOME

Group	2020 $'000	2019 $'000
Bank interest received	116	336
	116	336

16. FINANCE COSTS

Group	2020 $'000	2019 $'000
Provisions: unwinding of discount (note 32)	528	329
Interest on borrowings (note 31)	6,060	10,779
Lease interest expense and bank charges	85	45
Total for continuing operations	6,673	11,153
Total for discontinuing operations (note 22)	–	57
	6,673	11,210

17. INCOME TAX

Group	2020 $'000	2019 $'000
Current tax on profits for the year	16,998	17,234
Deferred tax credit (note 38)	(963)	(1,323)
Income tax expense	16,035	15,911

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

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Group	2020 $'000	2019 $'000
Profit before income tax	59,795	67,795
Tax calculated at domestic tax rates applicable to profits in the respective countries	9,473	21,964
Tax effects of:		
Expenses not deductible for tax purposes	26,180	19,854
Non-taxable income	(22,469)	(27,194)
Movement on unrecognised deferred tax - tax losses	2,851	1,287
Income tax expense	16,035	15,911

Corporate income tax is calculated at 19% (2019: 19%) of the assessable profit for the year for the UK parent company, 20% for the operating subsidiaries in Kazakhstan (2019: 20%) and 10% (2019: 10%) for the operating subsidiaries in North Macedonia.

Expenses not deductible for tax purposes includes share-based payment charges, transfer pricing adjustments in accordance with local tax legislation and depreciation and amortisation charges. Non-taxable income includes intercompany dividend income.

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

18. EARNINGS/(LOSS) PER SHARE

a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the year excluding Ordinary Shares purchased by the Company and held as treasury shares (note 26).

	2020 $'000	2019 $'000
Profit from continuing operations attributable to owners of the parent	43,740	51,824
(Loss)/profit from discontinued operations attributable to owners of the parent	(70)	53
Profitable attributable to owners of the parent	43,670	51,877

	2020 No.	2019 No.
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266

	2020 $ cents	2019 $ 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	24.78	29.36
From discontinued operations	(0.04)	0.03
From profit for the year	24.74	29.39

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.

	2020 $'000	2019 $'000
Profit from continuing operations attributable to owners of the parent	43,740	51,824
Profit/(loss) from discontinued operations attributable to owners of the parent	(70)	53
Profitable attributable to owners of the parent	43,670	51,877

	2020 No.	2019 No.
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266
Adjusted for:		
Share options	5,215,770	5,076,397
Weighted average number of Ordinary Shares for diluted earnings per share	181,714,036	181,574,663

Diluted earnings/(loss) per share	2020 $ cents	2019 $ cents
From continuing operations	24.07	28.54
From discontinued operations	(0.04)	0.03
From profit for the year	24.03	28.57

19. PROPERTY, PLANT AND EQUIPMENT

Group	Construction in progress $'000	Plant and equipment $'000	Mining assets $'000	Motor vehicles and ROU assets $'000	Land $'000	Mineral rights $'000	Total $'000
Cost							
At 1 January 2019	**17,317**	**113,232**	**1,415**	**1,947**	**634**	**350,333**	**484,878**
Additions	10,566	481	–	1,084	–	–	12,131
Disposals	(214)	(732)	–	(32)	–	–	(978)
Change in estimate – asset retirement obligation (note 32)	–	3,664	–	–	–	–	3,664
Transfers	(12,951)	12,951	–	–	–	–	–
Exchange differences	(345)	(941)	11	(14)	(15)	(8,532)	(9,836)
At 31 December 2019	**14,373**	**128,655**	**1,426**	**2,985**	**619**	**341,801**	**489,859**
Additions	8,399	49	–	74	–	–	8,522
Disposals	(41)	(1,623)	–	(39)			(1,703)
Change in estimate – asset retirement obligation (note 32)	–	448	–	–	–	–	448
Transfers	(18,441)	18,441	–	–	–	–	–
Exchange differences	447	829	(134)	(146)	58	27,228	28,282
At 31 December 2020	**4,737**	**146,799**	**1,292**	**2,874**	**677**	**369,029**	**525,408**
Accumulated depreciation							
At 1 January 2019	**–**	**32,996**	**225**	**852**	**–**	**21,204**	**55,277**
Provided during the year	–	9,964	89	471	–	17,801	28,325
Disposals	–	(237)	–	(27)	–	–	(264)
Exchange differences	–	127	2	5	–	–	134
At 31 December 2019	**–**	**42,850**	**316**	**1,301**	**–**	**39,005**	**83,472**
Provided during the year	–	10,702	115	343	–	16,159	27,319
Disposals	–	(1,620)	–	(39)	–	–	(1,659)
Exchange differences	–	(1,666)	(30)	(73)	–	–	(1,769)
At 31 December 2020	**–**	**50,266**	**401**	**1,532**	**–**	**55,164**	**107,363**
Net book value at 31 December 2019	14,373	85,805	1,110	1,684	619	302,796	406,387
Net book value at 31 December 2020	**4,737**	**96,533**	**891**	**1,342**	**677**	**313,865**	**418,045**

The Company had $638,000 of office equipment at net book value as at 31 December 2020 (2019: $838,000).

The decrease in estimate in relation to the Kounrad asset retirement obligation of $160,000 (2019: increase of $783,000) is due to a adjusting the provision recognised at the net present value of future expected costs using latest assumptions on inflation rates and discount rates (note 32).

The increase in estimate in relation to the Sasa asset retirement obligation of $608,000 (2019: increase of $2,881,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using latest assumptions on inflation rates and discount rates as well as updating the provision for management's best estimate of the costs that will be incurred based on current contractual and regulatory requirements (note 32).

During the year there were total disposals of plant, property and equipment at cost of $1,703,000 (2019: $978,000) with accumulated depreciation of $1,659,000 (2019: $264,000). The Group received $350,000 (2019: $233,000) consideration for these assets and therefore a gain of $306,000 was recognised in other income (note 11) (2019: loss of $481,000 recognised in other expenses).

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2020 $'000	2019 $'000
Depreciation charge of right-of-use assets		
Office	**171**	323
Other	**24**	19
	195	342
Interest expense included in finance costs	**45**	45

As at 31 December 2020 there are no indications of impairment with the fair value of the assets exceeding the net book value.

20. INTANGIBLE ASSETS

Group	Goodwill $'000	Mining licences and permits $'000	Computer software and website $'000	Total $'000
Cost				
At 1 January 2019	**31,179**	**37,634**	**519**	**69,332**
Additions	–	–	21	21
Disposals	–	–	(12)	(12)
Exchange differences	(507)	(140)	1	(646)
At 31 December 2019	**30,672**	**37,494**	**529**	**68,695**
Additions	–	–	2	2
Disposals	–	–	(253)	(253)
Exchange differences	881	(1,334)	(7)	(460)
At 31 December 2020	**31,553**	**36,160**	**271**	**67,984**
Accumulated amortisation				
At 1 January 2019	**–**	**7,537**	**484**	**8,021**
Provided during the year	–	1,940	55	1,995
Disposals	–	–	(12)	(12)
Exchange differences	–	15	–	15
At 31 December 2019	**–**	**9,492**	**527**	**10,019**
Provided during the year	–	1,864	10	1,874
Disposals	–	–	(253)	(253)
Exchange differences		(274)	(22)	(296)
At 31 December 2020	**–**	**11,082**	**262**	**11,344**
Net book value at 31 December 2019	30,672	28,002	2	58,676
Net book value at 31 December 2020	**31,553**	**25,078**	**9**	**56,640**

The Company had nil computer software and website costs at net book value as at 31 December 2020 (2019: nil).

Impairment assessment

Kounrad project

The Kounrad project located in Kazakhstan has an associated goodwill balance of $8,154,000 (2019: $8,999,000). 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 nominal 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 recoverable amount of the CGU is assessed by reference to the higher of value in use ('VIU'), being the net present value ('NPV') of future cash flows expected to be generated by the asset, and fair value less costs to dispose ('FVLCD'). The FVLCD is considered to be higher than VIU and has been derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions.

19. PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

The key economic assumptions used in the review were a five-year forecast average nominal copper price of $6,851 per tonne (2019: $6,372 per tonne) and a long-term price of $6,724 per tonne (2019: $6,595 per tonne) and a discount rate of 8% (2019: 8%). Assumptions in relation to operational and capital expenditure are based on the latest budget approved by the Board. The carrying value of the net assets is not currently sensitive to any reasonable changes in key assumptions. Management concluded and the net present value of the asset is significantly in excess of the net book value of assets, and therefore no impairment has been identified.

Sasa project

The Sasa project located in North Macedonia has an associated goodwill balance of $23,399,000 (2019: $21,673,000). The business combination in 2017 was accounted for at fair value under IFRS 3 and therefore recoverable value is sensitive to changes in commodity prices, operational performance, treatment charges, future cash costs of production and capital expenditures. In accordance with IAS 36 'Impairment of assets' and IAS 38 'Intangible Assets', a review for impairment of goodwill is undertaken annually or at any time an indicator of impairment is considered to exist and in accordance with IAS 16 'Property, plant and equipment', a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist.

The assessment compared the recoverable amount of the Sasa Cash CGU with its carrying value for the year ended 31 December 2020. The recoverable amount of the CGU is assessed by reference to the higher of VIU, being the NPV of future cash flows expected to be generated by the asset, and FVLCD. The FVLCD is considered to be higher than VIU and has been derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions. Cost to dispose is based on management's best estimates of future selling costs at the time of calculating FVLCD. Costs attributable to the disposal of the CGU are not considered significant. The methodology used for the fair value is a level 3 valuation.

The expected future cash flows utilised in the FVLCD model are derived from estimates of projected future revenues based on broker consensus commodity prices, treatment charges, future cash costs of production and capital expenditures contained in the life of mine ('LOM') plan, and as a result FVLCD is considered to be higher than VIU. The Group's discounted cash flow analysis reflects probable reserves as well as indicated resources and certain inferred resources which are considered sufficiently certain and economically viable, and is based on detailed research, analysis and modelling. The forecast operational and capital expenditure reflects the transition of mining method from sub-level caving to cut and fill stoping.

At 31 December 2020, the Group has reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources' estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9.13% (2019: 8.07%) was applied to calculate the present value of the CGU. The discount rate was supported by a detailed WACC calculation considering both the country and company risk premiums The key economic assumptions used in the review were a five-year forecast average nominal zinc and lead price of $2,391 (2019: $2,220) and $2,093 (2019: $1,986) per tonne respectively and a long-term price of $2,291 (2019: $2,358) and $2,095 (2019: $1,900) per tonne respectively. Management forecasts factor in a decrease in Zinc and lead treatment charges which are currently high but are forecast to return to historic averages by 2022.

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

Long-term zinc price reduced by 12%
Long-term lead price reduced by 7%
Discount rate increased to 11%
Production decreased by 5%
Treatment charges increased by 30%
Operational expenditure increased by 9%
Capital expenditure increased by 45%

In isolation, none of the changes set out above would result in an impairment. This sensitivity analysis also does not take into account any of management's mitigation factors should these changes occur or the planned production optimisation in future years. The Board considers the base case forecasts to be appropriate and balanced best estimates.

21. INVESTMENTS

Shares in Group undertakings:

	Company 31 Dec 20 $'000	Company 31 Dec 19 $'000
At 1 January	**5,491**	5,491
Investment in Shuak BV	**23**	2,800
Impairment of investment in Shuak BV	**(23)**	(2,800)
At 31 December	**5,491**	5,491

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

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

Subsidiary	Registered office address	Activity	CAML % 2020	Non-controlling interest % 2020	CAML % 2019	Date of incorporation
CAML Kazakhstan BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	**100**	–	100	23 Jun 08
Sary Kazna LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SUC operations)	**100**	–	100	6 Feb 06
Kounrad Copper Company LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SX-EW plant)	**100**	–	100	29 Apr 08
Copper Bay Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	**75***	25	75*	29 Oct 10
Copper Bay (UK) Ltd	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	**75***	25	75*	9 Nov 11
Copper Bay Chile Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Holding Company	**75***	25	75*	12 Oct 11
Minera Playa Verde Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Exploration – Copper	**75***	25	75*	20 Oct 11
CAML MK Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Seller of zinc and lead concentrate	**100**	–	100	5 Sep 17
CMK Resources Limited	Cannon's Court, 22 Victoria St, Hamilton HM12, Bermuda	Holding Company	**100**	–	100	19 June 15
CMK Mining B.V.	Prins Bernhardplein 200 1097 JB Amsterham, The Netherlands	Holding Company	**100**	–	100	30 June 15
CMK Europe SPLLC Skopje	Ivo Lola Ribar no. 57-1/6, 1000 Skopje, North Macedonia	Holding Company	**100**	–	100	10 July 15
Rudnik SASA DOOEL Makedonska Kamenica	28 Rudarska Str, Makedonska Kamenica, 2304, North Macedonia	Sasa project	**100**	–	100	22 June 05
Ken Shuak LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Shuak project (exploration)	**10**	90	80	5 Oct 16
Shuak BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	**–**	–	80	20 Sep 16

* Fully diluted basis

CAML MK

For the year ended 31 December 2020, CAML MK Limited (registered number: 10946728) has opted to take advantage of a statutory exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of CAML MK Limited have not required it to obtain an audit of their Financial Statements for the year ended 31 December 2020. In order to facilitate the adoption of this exemption, Central Asia Metals plc, the parent company of the subsidiaries concerned, undertakes to provide a guarantee under Section 479C of the Companies Act 2006 in respect of CAML MK Limited.

21. INVESTMENTS CONTINUED

Shuak

In February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10% and in April 2020 liquidated Shuak BV. The Group will not be required to contribute towards future costs of the project.

CMK Resources Limited

During 2019, CMK Mining B.V. (formally CMK Mining Limited (Bermuda) was reincorporated from Bermuda into the Netherlands. Prior to this reincorporation, CMK Resources Limited transferred its shareholding in CMK Mining B.V. to CAML MK Limited. CMK Resources Limited was liquidated in February 2020.

Non-controlling interests

	31 Dec 2020 $'000	31 Dec 2019 $'000
Balance at 1 January	1,324	1,384
Profit attributable to non-controlling interest	(20)	(60)
Disposal of subsidaries	11	–
Balance at 31 December	1,315	1,324

Non-controlling interests were held at year end by third parties in relation to Copper Bay Limited, Copper Bay (UK) Limited, Copper Bay Chile Limitada and Minera Playa Verde Limitada. During the year the Group reduced its effective interest in Ken Shuak LLP from 80% to 10% and in April 2020 liquidated Shuak BV and therefore these are treated as a disposal of non-controlling interest.

22. ASSETS HELD FOR SALE

The assets and liabilities of the Copper Bay entities continue to be presented as held for sale in the Statement of Financial Position as the Company progresses it's sale process with a party currently holding exclusive due diligence rights. The exploration assets and property, plant and equipment held in Copper Bay were fully written off in prior periods. The results of the Copper Bay entities for the year ended 31 December 2020 and the comparative year ended 31 December 2019 are shown within discontinued operations in the Consolidated Income Statement.

Assets of disposal group classified as held for sale:	31 Dec 20 $'000	31 Dec 19 $'000
Cash and cash equivalents	56	106
Trade and other receivables	2	113
	58	219

Liabilities of disposal group classified as held for sale:	31 Dec 20 $'000	31 Dec 19 $'000
Trade and other payables	25	73
Provisions	–	18
	25	91

During the year the following have been recognised in discontinued operations:

(Loss)/profit from discontinued operations:	2020 $'000	2019 $'000
General and administrative expenses	(97)	(170)
Foreign exchange gain	27	280
Finance costs	–	(57)
(Loss)/profit from discontinued operations	(70)	53

Cash flows of disposal group classified as held for sale:	2020 $'000	2019 $'000
Operating cash flows	(50)	48
Total cash flows	(50)	48

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 Dec 20 $'000	31 Dec 19 $'000	31 Dec 20 $'000	31 Dec 19 $'000
Current receivables				
Receivable from subsidiary	–	–	444	381
Loans due from subsidiaries	–	–	325,496	341,005
Trade receivables	1,928	1,493	–	–
Prepayments and accrued income	2,627	2,195	353	387
VAT receivable	1,260	1,101	92	90
Other receivables	3,130	1,487	270	220
	8,945	6,276	326,655	342,083
Non-current receivables				
Prepayments	760	441	–	–
VAT receivable	3,082	2,948	–	–
	3,842	3,389	–	–

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. Trade and other receivables and loans due from subsidiaries are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

The loan due from subsidiaries is owed by CAML MK Limited, a directly owned subsidiary for $325,496,000 (2019: $301,179,000), which accrues interest at a rate of 5% per annum and is repayable on demand. There was another loan as at 31 December 2019 of $39,826,000 which was owed by CMK Mining B.V, a subsidiary, however this was repaid in full during the year. The loan has been assessed for expected credit loss under IFRS 9, however as the Group's strategies are aligned there is no realistic expectation that repayment would be demanded early ahead of the current repayment plans. The expected future cash flows arising from the asset exceed the intercompany loan value under various scenarios considered which are outlined in the intangible assets impairment assessment so it is believed this loan can be repaid and the expected credit loss is immaterial.

As at 31 December 2020, the total Group VAT receivable was $4,342,000 (2019: $4,049,000) which includes an amount of $3,396,000 (2019: $3,086,000) of VAT owed to the Group by the Kazakhstan authorities. In 2020, the Kazakhstan authorities refunded $235,000 and a further $247,000 was received in February 2021 and this has been classified as current trade and other receivables as at 31 December 2020. The Group is working closely with its advisers to recover the remaining portion. The planned means of recovery will be through a combination of the local sales of cathode copper to offset VAT recoverable and by a continued dialogue with the authorities for cash recovery and further offsets.

24. INVENTORIES

Group	31 Dec 20 $'000	31 Dec 19 $'000
Raw materials	6,986	6,431
Finished goods	844	852
	7,830	7,283

The Group did not have any slow-moving, obsolete or defective inventory as at 31 December 2020 and therefore there were no write-offs to the Income Statement during the year (2019: nil). The total inventory recognised through the Income Statement was $4,808,000 (2019: $4,955,000).

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group		Company	
	31 Dec 20 $'000	31 Dec 19 $'000	31 Dec 20 $'000	31 Dec 19 $'000
Cash at bank and on hand	**15,335**	14,072	**3,777**	3,340
Short-term deposits	**28,896**	14,494	**28,896**	14,494
Cash and cash equivalents	**44,231**	28,566	**32,673**	17,834
Restricted cash	**3,641**	4,013	**3,441**	3,824
Total cash and cash equivalent including restricted cash	**47,872**	32,579	**36,114**	21,658

The restricted cash amount of $3,641,000 (2019: $4,013,000) is held at bank to cover corporate debt service compliance and Kounrad subsoil user licence requirements. Short-term deposits are held at call with banks.

The Group holds an overdraft facility in Sasa and these amounts are disclosed in note 31 Borrowings.

Reconciliation to cash flow statements

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Group	
	31 Dec 20 $'000	31 Dec 19 $'000
Cash and cash equivalents as above (excluding restricted cash)	**44,231**	28,566
Cash at bank and on hand in assets held for sale (note 22)	**56**	106
Balance per statement of cash flows	**44,287**	28,672

26. SHARE CAPITAL AND PREMIUM

	Number of shares	Ordinary Shares $'000	Share premium $'000	Treasury shares $'000
At 1 January 2019 and 31 December 2019	176,498,266	1,765	191,184	(6,526)
Exercise of options	–	–	353	2,686
At 31 December 2020	**176,498,266**	**1,765**	**191,537**	**(3,840)**

The par value of Ordinary Shares is $0.01 per share and all shares are fully paid. During the year there was an exerciae of share options by employees and directors which were settled using both trust and treasury shares. The proceeds of disposal of trust and treasury shares exceeded the purchase price by $353,000 and has been recognised in share premium.

	Treasury shares No.	Trust shares No.	Employee benefit trust shares No.
At 1 January 2019 and 31 December 2019	511,647	1,621,783	2,436,317
Disposal of treasury shares	(40,000)	(1,005,467)	–
At 31 December 2020	**471,647**	**616,316**	**2,436,317**

27. CURRENCY TRANSLATION RESERVE

Currency translation differences arose primarily on the translation on consolidation of the Group's Kazakhstan-based and North Macedonian-based subsidiaries whose functional currency is the Tenge and North Macedonian Denar respectively. In addition, currency translation differences arose on the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction and CMK Resources acquisition which are denominated in Tenge and Denar respectively. During 2020, a non-cash currency translation gain of $26,975,000 (2019: loss of $11,019,000) was recognised within equity.

28. SHARE BASED PAYMENTS

The Company provides rewards to staff in addition to their salaries and annual discretionary bonuses, through the granting of share options in the Company. The Company share option scheme has an exercise price of effectively nil for the participants.

The share options granted during 2012 until 2018 were based on the achievement by the Group and the participant of the performance targets as determined by the CAML Remuneration Committee that are required to be met in year one and then options could be exercised one third annually from the end of year one. Options granted during 2012 to 2018 had straight forward conditions attached and were valued using a Black-Scholes model.

Share options granted in 2019 vest after three years depending on achievement of the Group of performance target relating to the level of absolute total shareholder return compound annual growth rate of the value of the Company's shares over the performance period of three financial years ending 31 December 2021.

Share options granted in 2020 vest after three years depending on a combination of the achievement of the Group of performance target relating to the level of absolute total shareholder return compound annual growth rate of the value of the Company's shares over the performance period of three financial years ending 31 December 2022 relative to the mining index of companies as well as sustainability performance targets.

The fair value at grant date of the 2019 and 2020 grants are independently determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the share price.

The assessed fair value at grant date of options granted during the year ended 31 December 2020 was $2,136,000 in total which is recognised over the vesting period commencing 16 December 2020 until 31 March 2023. As the share options were granted on, and vesting commenced on the 16 December 2020, the charge for the current year is immaterial. For the 2019 share options $483,000 (2019: $362,000) was expensed for the year ended 31 December 2020. An additional dividend related share option charge of $308,000 (2019: $723,000) was recognised and also additional costs associated when share options were exercised of $173,000 (2019: $nil). The number of shares covered by such awards is increased by up to the value of dividends declared as if these were reinvested in Company shares at the dates of payment. The outstanding share options included in the calculation of diluted earnings/(loss) per share (note 18) includes these additional awards but they are excluded from the disclosures in this note. In total, an amount of $964,000 (2019: $1,085,000) has been expensed within employee benefits expense from continuing operations for share based payment charges for the year ended 31 December 2020.

The model inputs for options granted during the year included:

	31 Dec 2020	31 Dec 2019
Vesting period	**2 years 3 months**	3 years
Exercise price	**$0.01**	$0.01
Grant date:	**16 December 2020**	30 May 2019
Expiry date:	**15 December 2030**	29 May 2029
Share price at grant date	**$3.02**	$2.71
Expected price volatility of the Company's shares	**16%**	15%
Risk-free interest rate	**0.55%**	1.84%

As at 31 December 2020, 4,420,348 (2019: 4,182,729) options 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. 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:

	2020		2019	
	Average exercise price in $ per share option	Options (number)	Average exercise price in $ per share option	Options (number)
At 1 January	**0.01**	**4,182,729**	0.01	3,311,600
Granted	**0.01**	**1,039,126**	0.01	1,124,877
Exercised	**0.01**	**(801,507)**	0.08	(156,627)
Non-vesting	**–**	**–**	0.01	(97,121)
At 31 December	**0.01**	**4,420,348**	0.01	4,182,729

28. SHARE BASED PAYMENTS CONTINUED

Non-vesting shares relates to options granted for which the performance targets were not met. Out of the outstanding options of 4,420,348 (2019: 4,182,729), 1,932,717 options (2019: 2,149,192) were exercisable as at 31 December 2020 excluding the value of additional share options for dividends declared on those outstanding. The related weighted average share price at the time of exercise was $3.26 (2019: $2.73) per share.

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

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 $	2020	2019
8 May 12	7 May 22	0.01	**76,032**	100,000
24 Jul 13	23 Jul 23	0.01	**36,801**	60,155
3 Jun 14	2 Jun 24	0.01	**143,064**	196,355
8 Oct 14	7 Oct 24	0.01	**160,000**	214,354
22 Apr 15	21 Apr 25	0.01	**212,121**	358,948
18 Apr 16	18 Apr 26	0.01	**338,940**	533,157
21 Apr 17	21 Apr 27	0.01	**482,872**	642,376
2 May 18	2 May 28	0.01	**806,515**	952,507
30 May 19	2 May 29	0.01	**1,124,877**	1,124,877
16 Dec 20	16 Dec 30	0.01	**1,039,126**	–
			4,420,348	4,182,729

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.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	31 Dec 20 $'000	31 Dec 19 $'000	**31 Dec 20 $'000**	31 Dec 19 $'000
Trade and other payables	**4,652**	3,917	**131**	179
Accruals	**4,569**	5,064	**4,142**	4,581
Corporation tax, social security and other taxes	**3,674**	3,324	**1,151**	205
	12,895	12,305	**5,424**	4,965

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

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

30. SILVER STREAMING COMMITMENT

The carrying amounts of the silver streaming commitment for silver delivery are as follows:

	Group		Company	
	31 Dec 20 $'000	31 Dec 19 $'000	**31 Dec 20 $'000**	31 Dec 19 $'000
Current	**1,573**	2,140	**–**	–
Non-current	**19,246**	20,755	**–**	–
	20,819	22,895	**–**	–

On 1 September 2016, the CMK Group entered into a Silver Purchase Agreement. The Group acquired this agreement as part of the acquisition of the CMK Group and inherited a silver streaming commitment related to the production of silver during the life of the mine. The reduction in the silver streaming commitment is recognised in the Income Statement within cost of sales as the silver is delivered based on the units of production.

31. BORROWINGS

	Group		Company	
	31 Dec 20 $'000	31 Dec 19 $'000	**31 Dec 20 $'000**	31 Dec 19 $'000
Secured: Non-current				
Bank loans	**32,320**	69,473	**32,320**	69,473
Secured: Current				
Bank loans	**38,400**	38,400	**38,400**	38,400
Unsecured: Current				
Bank overdraft	**9,692**	895	**–**	–
Total Current	**48,092**	39,295	**38,400**	38,400
Total borrowings	**80,412**	108,768	**70,720**	107,873

The carrying value of loans approximates fair value:

	Carrying amount		Fair value	
	31 Dec 20 $'000	31 Dec 19 $'000	**31 Dec 20 $'000**	31 Dec 19 $'000
Traxys Europe S.A.	**70,720**	107,873	**70,720**	107,873
Bank overdrafts	**9,692**	895	**9,692**	895
	80,412	108,768	**80,412**	108,768

The movement on borrowings can be summarised as follows:

	Group		Company	
	31 Dec 20 $'000	31 Dec 19 $'000	**31 Dec 20 $'000**	31 Dec 19 $'000
Balance at 1 January	**108,768**	144,949	**107,873**	144,949
Repayment of borrowings	**(38,400)**	(38,400)	**(38,400)**	(38,400)
Finance charge interest	**4,813**	9,455	**4,627**	9,455
Finance charge unwinding of directly attributable fees	**1,247**	1,324	**1,247**	1,324
Interest paid	**(4,794)**	(9,455)	**(4,627)**	(9,455)
Drawdown of overdraft	**9,105**	895	**–**	–
Repayment of overdraft	**(1,110)**	–	**–**	–
Foreign exchange	**783**	–	**–**	–
Balance at 31 December	**80,412**	108,768	**70,720**	107,873

During the year, $38,400,000 (2019: $38,400,000) of the principal amount of Group debt was repaid as well as a further $4,794,000 (2019: $9,455,000) interest.

The Group holds one corporate debt package with Traxys repayable on 4 November 2022. Interest was payable at LIBOR plus 4.75% and reduced to LIBOR plus 4.00% with effect from 27 March 2020. Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts and the Kounrad offtake agreement as well as over the Sasa offtake agreement.

The financial covenants of the debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant with significant headroom.

The $5,000,000 overdraft facility previously agreed with Komercijalna Banka AD Skopje with a fixed interest rate of 3.8% denominated in Macedonian Denar previously repayable in July 2020 was extended for a further year to 30 July 2021 with the fixed interest rate reduced from 3.8% down to a range of 2.4% to 2.5% dependent on conditions. This overdraft as at 31 December 2020 was $4,809,000 (31 December 2019: $895,000).

In June 2020 a new one year $5,000,000 overdraft facility was agreed with Ohridska Banka A.D. Skopje with a fixed interest rate of 2.5% denominated in Macedonian Denar repayable on 26 June 2021. This overdraft as at 31 December 2020 was $4,883,000 (31 December 2019: nil).

As at 31 December 2020, the Group measured the fair value using techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

31. BORROWINGS CONTINUED

The different levels have been defined as follows:

→ Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

→ Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

→ Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

32. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Group	Asset retirement obligation $'000	Employee retirement benefits $'000	Other employee benefits $'000	Legal claims $'000	Total $'000
At 1 January 2019	**4,428**	**196**	**165**	**327**	**5,116**
Change in estimate	3,664	39	36	–	3,739
Settlements of provision	–	(32)	(11)	(30)	(73)
Unwinding of discount (note 16)	329	–	–	–	329
Exchange rate difference	(23)	(4)	(4)	(7)	(38)
At 31 December 2019	**8,398**	**199**	**186**	**290**	**9,073**
Change in estimate	448	43	47	351	889
Settlements of provision	–	(23)	(19)	(631)	(673)
Unwinding of discount (note 16)	528	–	–	–	528
Exchange rate difference	(178)	20	21	6	(131)
At 31 December 2020	**9,196**	**239**	**235**	**16**	**9,686**
Non-current	6,572	203	224	–	6,999
Current	2,624	36	11	16	2,687
At 31 December 2020	**9,196**	**239**	**235**	**16**	**9,686**

a) Asset retirement obligation

The Group provides for the asset retirement obligation associated with the mining activities at Kounrad, estimated internally to be required in 2034. The provision is recognised at the net present value of future expected costs using a discount rate of 8.07% (2019: 8.07%). The decrease in estimate in relation to the asset retirement obligation of $160,000 (2019: increase of $783,000) is due to adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 3.86% (2019: 4.13%).

Under current legislation entities operating mining and related activities in North Macedonia are required to take remedial action for the land where such activities have occurred based on a plan approved by the Ministry of the Environment as well as in accordance with international best practices. In 2017, the Group engaged an independent expert to conduct an independent assessment on the environment of the mining activities of the Group and to prepare an assessment of the restoration and the relevant costs connected with the mine, and the mining properties and in 2019, the Group engaged the University of Shtip to assess future costs in relation to TSF3.2 and TSF4. The final asset retirement obligation used these external assessment as well as the Group's own internal calculations to estimate the future potential obligations. The expected current cash flows were projected over the useful life of the mining sites and discounted to 2020 terms using a discount rate of 4.94% (2019: 7.25%). The cost of the related assets are depreciated over the useful life of the assets and are included in property, plant and equipment. The increase in estimate in relation to the asset retirement obligation of $608,000 (2019: increase of $2,914,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using updated assumptions on inflation rates and discount rates as well as updating the provision for management's best estimate of the costs that will be incurred based on current contractual and regulatory requirements. See note 39 for subsequent events related to the asset retirement obligation.

b) Employee retirement benefit

All employers in North Macedonia are obliged to pay employees minimum severance pay on retirement equal to two months of the average monthly salary applicable in the country at the time of retirement. The retirement benefit obligation is stated at the present value of expected future payments to employees with respect to employment retirement pay. The present value of expected future payments to employees is determined by an independent authorised actuary in accordance with the prevailing rules of actuarial mathematics.

c) Other employee benefit

The Group is also obliged to pay jubilee anniversary awards in North Macedonia for each ten years of continuous service of the employee. Provisions for termination and retirement obligations are recognised in accordance with actuary calculations. Basic 2020 actuary assumptions are used as follows:

Discount rate: 3.0%
Expected rate of salary increase: 2.4%

d) Legal claims

The Group is party to certain legal claims and the recognised provision reflects management's best estimate of the most likely outcome. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

33. CASH GENERATED FROM OPERATIONS

Group	Note	2020 $'000	2019 $'000
Profit before income tax including discontinued operations		**59,725**	67,847
Adjustments for:			
Depreciation and amortisation		**29,148**	30,080
Silver stream commitment		**(2,017)**	(2,285)
(Gain)/loss on disposal of property, plant and equipment	11	**(306)**	481
Foreign exchange gain/(loss)		**690**	(377)
Share based payments	28	**964**	1,085
Finance income	15	**(116)**	(336)
Finance costs	16	**6,673**	11,153
Changes in working capital:			
Inventories	24	**(546)**	246
Trade and other receivables	23	**(7,009)**	(1,738)
Trade and other payables	29	**46**	(940)
Provisions for other liabilities and charges	32	**(232)**	(73)
Cash generated from operations		**87,020**	105,143

The increase in trade and other receivables of $7,009,000 includes movement in Sasa VAT receivable balance which during the year is offset against the corporate income tax payments during the year.

34. COMMITMENTS

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

Group	31 Dec 20 $'000	31 Dec 19 $'000
Property, plant and equipment	**3,046**	851
Other	**194**	340
	3,240	1,191

35. CONTINGENT ASSET

During 2018, CMK Europe SPLLC Skopje ('CMK Europe'), paid $5.9 million of withholding tax liability to the Public Revenue Office ('PRO') in North Macedonia. The liability related to the activities of CMK Europe prior to CAML's ownership. In June 2020, CMK Europe, received a judgement from the Higher Administrative Court of North Macedonia accepting its appeal. The Court judgement instructed the PRO to repeat the withholding tax inspection for the period 2015 to 2017 taking into consideration the findings of the Court judgement. Management believes that a favourable outcome is probable, however, the contingent asset has not b een recognised as a receivable at 31 December 2020 as receipt of the amount is dependent on the outcome of the reinspection.

36. DIVIDEND PER SHARE

In line with the Company dividend policy, the Company paid $13,850,000 in 2020 (2019: $32,164,000) which consisted of a 2020 interim dividend of 6.0 pence per share (2019: interim dividend of 6.5 pence per share and a final dividend for 2018 of 8.0 pence per share).

37. RELATED PARTY TRANSACTIONS

Key management remuneration

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

	2020 Basic salary/ fees $'000	2020 Annual bonus $'000	2020 Pension $'000	2020 Benefits in kind $'000	2020 Employers NI $'000	2020 Total $'000	2019 Total $'000
Executive Directors:							
Nigel Robinson	468	378	29	12	258	**1,145**	1,009
Gavin Ferrar	385	312	23	–	214	**934**	811
Non-Executive Directors:							
Nick Clarke	227	–	–	13	30	**270**	735
Nigel Hurst-Brown	129	–	–	–	16	**145**	143
Robert Cathery	104	–	–	–	13	**117**	115
Nurlan Zhakupov	72	–	–	–	–	**72**	95
David Swan	104	–	–	–	13	**117**	115
Roger Davey	97	–	–	–	12	**109**	113
Dr Gillian Davidson	104	–	–	–	14	**118**	9
Directors' aggregate emoluments	1,690	690	52	25	570	**3,027**	3,145

During the year, Directors exercised a total of 690,000 options for a total share option gain of $2,019,000, see Directors' option awards table in the implementation report.

Kounrad foundation

The Kounrad foundation, a vehicle through which Kounrad donates to the community, was advanced $198,000 (2019: $195,000). This is a related party by virtue of common Directors.

38. DEFERRED INCOME TAX ASSET AND LIABILITY

Group

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

	At 1 January 2020 $'000	Currency translation differences $'000	(Debit)/credit to income statement $'000	At 31 Dec 2020 $'000
Other temporary differences	(190)	27	(390)	**(553)**
Deferred tax liability on fair value adjustment on Kounrad Transaction	(6,428)	599	328	**(5,501)**
Deferred tax liability on fair value adjustment on CMK acquisition	(19,205)	(1,729)	1,025	**(19,909)**
Deferred tax liability, net	(25,823)	(1,103)	963	**(25,963)**

Reflected in the statement of financial position as:	31 Dec 20 $'000	31 Dec 19 $'000
Deferred tax asset	**236**	266
Deferred tax liability	**(26,199)**	(26,089)

A taxable temporary difference arose as a result of the Kounrad Transaction and CMK Resources Limited acquisition, where the carrying amount of the assets acquired were increased to fair value at the date of acquisition but the tax base remained at cost. The deferred tax liability arising from these taxable temporary differences has been reduced by $1,353,000 during the year (2019: $1,436,000) to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets during the year.

	At 1 January 2019 $'000	Currency translation differences $'000	(Debit)/credit to income statement $'000	At 31 December 2019 $'000
Other temporary differences	(77)	–	(113)	(190)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(6,681)	(51)	304	(6,428)
Deferred tax liability on fair value adjustment on CMK acquisition	(20,912)	575	1,132	(19,205)
Deferred tax liability, net	(27,670)	524	1,323	(25,823)

	31 Dec 2020 $'000	31 Dec 2019 $'000
Deferred tax liability due within 12 months	**(963)**	(1,345)
Deferred tax liability due after 12 months	**(25,236)**	(24,744)
Deferred tax liability	**(26,199)**	(26,089)

All deferred tax assets are due after 12 months.

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

The Group did not recognise other potential deferred tax assets arising from losses of $12,016,000 (2019: $7,417,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2020, the Group had other deferred tax assets of $1,071,000 (2019: $2,810,000) 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 2020 and 2019, respectively.

Company

At 31 December 2020 and 2019 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2020, the Company had not recognised potential deferred tax assets arising from losses of $12,016,000 (2019: $7,417,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2020, the Company had other deferred tax assets of $1,071,000 (2019: $2,810,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, additional information was received in March 2021 which is likely to lead to a reduction of the future costs in relation to the Sasa asset retirement obligation. This is owing to notification regarding a potential amendment to the environmental requirements in relation to the remedial work for TSF 3-2. Based upon this update, management are reviewing the impact to the provision and will perform a full assessment in 2021 of the restoration and relevant costs connected with the mine, TSF 3-2 and TSF4 under the anticiapted revision to the requirements of the current legislating entities overseeing mining and related activities in North Macedonia, based on a plan to be approved by the Ministry of the Environment as well as in accordance with international best practices.

In January CAML put in place hedging arrangements for a portion of its 2021 metal production. Kounrad's Zero Cost Collar contract for 30% of copper production includes a put option of $6,900 per tonne and a call option of $8,380 per tonne. Sasa's zinc and lead arrangements are swap contracts, with 30% of Sasa's payable zinc production to be sold at $2,804 per tonne and 30% of its payable lead production to be sold at $2,022 per tonne. These arrangements ensure that CAML retains its leverage to strong copper, zinc and lead prices, while protecting a meaningful proportion of revenues during the higher capital expenditure period and continuing to rapidly deleverage. The impact of this hedge in 2021 is currently expected to be immaterial given the current commodity prices.

GLOSSARY OF TECHNICAL TERMS

Ag	Chemical symbol for silver
Assay	Laboratory test conducted to determine the proportion of a mineral within a rock or other material
Grade	The proportion of a mineral within a rock or other material. For zinc and lead mineralisation this is usually reported as a percentage of zinc and lead per tonne of rock
g/t	Grammes per tonne
Indicated Mineral Resource	An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve
Inferred Mineral Resource	An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
Mineral Resource	A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling
NSR cut off	The lowest net smelter return ('NSR') value of mineralised material that qualifies as potentially economically mineable
Ore Reserve	An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported
Pb	Chemical symbol for lead
Probable Ore Reserve	A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve
Zn	Chemical symbol for zinc

DIRECTORS, SECRETARY AND ADVISORS

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Nick Clarke, Non-Executive Chairman
Nigel Robinson, Chief Executive Officer
Gavin Ferrar, Chief Financial Officer
Nigel Hurst-Brown, Deputy Chairman
Robert Cathery, Non-Executive Director
Roger Davey, Non-Executive Director
Dr Gillian Davidson, Non-Executive Director
David Swan, Non-Executive Director
Nurlan Zhakupov, Non-Executive Director

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