A RECORD YEAR

2021
ANNUAL REPORT
& ACCOUNTS

CENTRAL
ASIA
METALS
PLC

CENTRAL ASIA METALS PLC

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.

OUR VALUES ARE EMBEDDED WITHIN OUR PURPOSE

HEALTH & SAFETY
For more information see page 29

SUSTAINABILITY
For more information see pages 30-31

EFFICIENCY & INNOVATION
For more information see page 32

RESPECT & TRUST
For more information see page 33

FINANCIAL HIGHLIGHTS

GROUP

Gross Revenue
$235.2m
2020: $170.3m

EBITDA
$141.5m
2020: $95.7m

EBITDA Margin
60%
2020: 56%

Dividend
20p
2020: 14p

* See pages 62-63 for definition of non-IFRS alternative financial performance measures.

SAFETY AND OPERATIONAL HIGHLIGHTS

GROUP

- **Lost-time injuries ('LTIs') 4**
  2020: 0
- **Lost-time injury frequency rate ('LTIFR') of 1.69**
  2020: 0.00

SASA, NORTH MACEDONIA

- **Zinc in concentrate production of 22,167 tonnes**
  2020: 23,815 tonnes
- **Lead in concentrate production of 27,202 tonnes**
  2020: 29,742 tonnes

KOUNRAD, KAZAKHSTAN

- **Copper cathode production of 14,041 tonnes**
  2020: 13,855 tonnes
- **Copper sales of 14,051 tonnes**
  2020: 13,860 tonnes

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INTRODUCTION TO CORPORATE GOVERNANCE

2021 brought a very different metal price environment to the previous year and I am delighted that we have reported for the year record revenue, profits, free cash flow and of course returns to our shareholders. We have also advanced many other aspects of our business which are equally as important to our other stakeholders, and I am pleased that our team has wholeheartedly embraced the sustainability aspects on which we place such importance.

Free cash flow
$103.8m
2020: $58.9m

Dividend per share
20p
2020: 14p

QCA 5
Maintain the Board as a well-functioning, balanced team led by the Chair

FULFILLING OUR PURPOSE

NICK CLARKE
NON-EXECUTIVE CHAIRMAN

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 and we have fulfilled this purpose during 2021.

Coupled with strong commodity prices, our Sasa and Kounrad base metal production generated EBITDA of $141.5 million and free cash flow of $103.8 million. This has enabled us to continue deleveraging, and we ended the year in our first period-end net cash position since we acquired Sasa in 2017. The remainder of our corporate debt facility will be repaid in 2022.

SUSTAINABILITY

We have continued to devote much of our time and energy to advancing our sustainability efforts during 2021. In Q2 2021 we published our second standalone Sustainability Report. This was the Company's first report drafted in accordance with the Global Reporting Initiative ('GRI') Standards 'Core option'. Forming the foundation for the 2020 Sustainability Report, CAML engaged external consultants, ERM, to conduct an independent stakeholder engagement exercise to verify and assess the relative importance of material sustainability topics for the Company and its stakeholders. The report also identified four of the UN Sustainable Development Goals ('SDGs') to which the Company has the capacity to best contribute. CAML's third Sustainability Report will be published shortly and will detail our activities during 2021 corporately and at the Sasa and Kounrad operations.

While we have advanced many areas of sustainability during 2021, we have in particular focused on climate change and have developed a climate change strategy which sees us commit to a 50% reduction in our greenhouse gas ('GHG') emissions versus 2020 by 2030. We were pleased to have secured effectively 100% renewable power for our Sasa operation in July 2021, which will result in a reduction in our Group emissions on an annualised basis of approximately 35%. Our 2021 Annual Report contains our first commentary towards the Taskforce for Climate-Related Financial Disclosures ('TCFD') reporting and demonstrates our efforts in this regard to date and our plans going forward.

During H1 2021, we completed the River Remediation Project, which was undertaken as a result of the September 2020 tailings storage facility 4 ('TSF4') incident. We have removed as much as possible of the tailings from the riverbed, and have planted trees, shrubs and grasses along the banks of the river. While monitoring of water quality and biodiversity will of course be ongoing, I am pleased that we have now drawn a line under the incident to the satisfaction of our stakeholders.

GOVERNANCE

On 31 July 2021, Nigel Hurst-Brown retired from the CAML Board. Nigel was our first Chairman, guiding CAML through its listing on the AIM Market of the London Stock Exchange in 2010, until my transition to Chairman in 2016. He was a diligent member of the Board for 15 years and I thank him for his commitment to our business and his wise counsel during his tenure with us.

On 31 March 2021, Mike Prentis joined the CAML Board, as well as the Audit, Sustainability, Remuneration and Nomination Committees. His input has already been invaluable as he brings important capital markets experience and investor insights, as well as a rigorous approach to his non-executive role.

Robert Cathery has informed me of his plans to retire from the CAML Board at the conclusion of our 2022 Annual General Meeting ('AGM'). Our Nomination Committee has been busy appraising candidates for roles that will help to ensure the company continues to embrace its forward-looking aspirations in line with our stated purpose, as well as ensuring the highest standards of corporate and business governance.

To that end, in January 2022, CAML announced the appointment of Dr Mike Armitage to the Board as an Independent Non-Executive Director. Mike brings a wealth of international technical experience and will support management and be invaluable to the Board, both in terms of our current operations and with our business development activities. Mike's long career with SRK in particular has seen him review, assist with due diligence, and help to develop numerous mineral properties globally, therefore he has the technical calibre that the CAML Nomination Committee believes is crucial in overseeing a successful mining business for the long term.

I am pleased to advise that Louise Wrathall, our Director of Corporate Relations, has agreed to join the Board as an additional Executive Director, responsible for corporate development, at the conclusion of the forthcoming AGM on 26 May 2022. Louise has been a key member of the senior management team since she joined CAML in 2015 and further enhances the skills of the Board, emphasising the importance we place on investor relations, business development and environmental, social and governance ('ESG').

Our Sustainability Committee has put much focus on advancing our sustainability and climate change strategies this year and I am grateful to Dr Gillian Davidson, who chairs that committee, advising the senior management team ahead of presenting these crucial aspects to the wider Board.

During the year, we hired a dedicated Group Internal Controls and Risk Manager, who has brought a logical, practical and rigorous approach to risk. Without effective risk management, we would be unable to meet our strategic objectives and create value for our stakeholders, and I am grateful to the Audit Committee for taking overall responsibility for this crucial aspect of our business, which affects each and every one of us on a daily basis.

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 2021. Your efforts do not go unnoticed and we very much appreciate your hard work. I would like to extend my thanks to our stakeholders for their support as well.

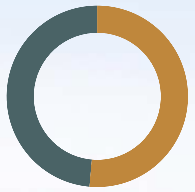
NICK CLARKE
NON-EXECUTIVE CHAIRMAN
28 March 2022

AT A GLANCE

Central Asia Metals ('CAML') is a diversified mining company with two low-cost operations producing three base metals essential for modern living.

UNLOCKING VALUE FOR ALL STAKEHOLDERS IN BASE METALS

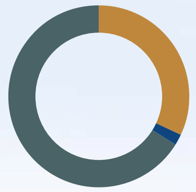
GROSS REVENUE BY GEOGRAPHY



Kazakhstan
$132.0m

North Macedonia
$103.1m

EMPLOYEES BY GEOGRAPHY

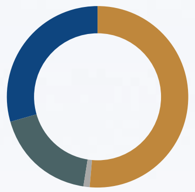


Kazakhstan
31%

North Macedonia
67%

UK
2%

GROSS REVENUE BY METAL



Copper
$132.0m

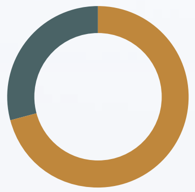
Zinc
$44.8m

Lead
$56.4m

Silver
$1.9m*

* The silver revenue of $1.9m is recognised in relation to the silver stream arrangement. Lead revenue of $56.4m includes additional silver by-product.

GHG EMISSIONS BY GEOGRAPHY



Kazakhstan
70%

North Macedonia
30%

NORTH MACEDONIA

SASA MINE
+ ZINC
+ LEAD
+ SILVER

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 2021, the mine produced 22,167 tonnes of zinc in concentrate and 27,202 tonnes of lead in concentrate.

+ For operations in North Macedonia see page 46

Life of mine
16 years

Zinc grade
2.8%

Ore Reserve*
9.5 Mt

Lead grade
4.1%

* Ore Reserves have an effective date of 31 December 2021

KAZAKHSTAN

KOUNRAD OPERATION
+ COPPER

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 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, 124,141 tonnes of copper have been produced at Kounrad, at costs that are amongst the lowest in the world.

+ For operations in Kazakhstan see page 50

Life of operation to
2034

2021 copper sales
14,051t

2021 copper production
14,041t

Estimated remaining recoverable copper metal
126,000t

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 identify and deliver our immediate and long-term strategic objectives and generate sustainable, long-term returns for all our stakeholders.

QCA 1
Establish a strategy and business model which promotes long-term value for shareholders

QCA 4
Embed effective risk management, considering both opportunities and threats, throughout the organisation

QCA 3
Take into account wider stakeholder and social responsibilities and their implications for long-term success

QCA 8
Promote a corporate culture that is based on ethical values and behaviours

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 & INNOVATION

RESPECT & TRUST

For more information see pages 28-33

OUR IMMEDIATE STRATEGIC OBJECTIVES

FOCUS ON SUSTAINABILITY

This objective ensures that 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.

For more information see pages 22-23

SUSTAINABILITY PILLARS:

DELIVERING VALUE THROUGH STEWARDSHIP

MAINTAINING HEALTH AND SAFETY

FOCUSING ON OUR PEOPLE

CARING FOR THE ENVIRONMENT

UNLOCKING VALUE FOR OUR COMMUNITIES

For more information see pages 36-39 and see our 2021 Sustainability Report

OUR LONG-TERM STRATEGIC OBJECTIVE

DELIVERING GROWTH

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

For more information see pages 22-23

HOW WE MEASURE SUCCESS

MEASURING SUCCESS THROUGH KPIS AND ENSURING THESE ARE LINKED TO REMUNERATION WHERE APPROPRIATE

For more information see pages 24-27

OUR ASSOCIATED RISKS

DELIVERING VALUE THROUGH ROBUST RISK MANAGEMENT

For more information see pages 64-71

OUR STAKEHOLDERS

Generating long-term sustainable value for:

EMPLOYEES

COMMUNITIES

INVESTORS

GOVERNMENTS

SUPPLIERS

For more information see pages 42-43

STRATEGIC REPORT

STRATEGIC REPORT

OUR STRATEGIC REPORT DEMONSTRATES OUR BUSINESS MODEL, VALUES AND OUR STRATEGIC OBJECTIVES AS WELL AS HOW WE MEASURE OUR PERFORMANCE IN THESE AREAS. WE PROVIDE AN UPDATE ON OUR OVERALL OPERATIONAL AND SUSTAINABILITY PERFORMANCE AND DEMONSTRATE HOW WE MANAGE OUR RISKS TO ENSURE WE DELIVER ON OUR GOALS.

OPERATING WITH EXCELLENCE

Producing base metals, which are essential for modern living, profitably in a safe and sustainable environment for all.

QCA 1

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

INPUTS

PEOPLE & SKILLS

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.

RESOURCES

Sasa currently has reserves and resources to support a 16-year mine life.

Kounrad has the recoverable copper resources to support a life of operation to the end of the licence in 2034.

RELATIONSHIPS

Maintaining strong employee, community and national relationships in our countries of operation are key to us retaining the strong licence to operate that we currently enjoy.

INVESTMENT

In order to ensure efficient and optimal operations, we must ensure that Sasa and Kounrad are well funded, and that we also invest in developing our employees so that they can operate to the highest standards.

WHAT WE DO

MINING ORE AND MINERAL PROCESSING

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's plans to transition its Sasa mining method to cut and fill stoping are currently underway.

IN SITU-DUMP LEACHING AND SX-EW

CAML has now had 10 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.

OUTPUTS

2021 COPPER

+ Production - 14,041t
+ Costs - $0.57/lb

2021 ZINC

+ Production - 22,167t
+ Costs - $0.63/lb Zn Eq

2021 LEAD

+ Production - 27,202t
+ Costs - $0.63/lb Zn Eq

2021 CO_2 EMISSIONS

+ 81,698t CO_2e

2021 TAILINGS

+ 748,432t

OUTCOMES

INVESTORS	Financial returns and long-term growth opportunities	**EPS: 47.69 cents** 2020: 24.78 cents **Dividend full year: 20p** 2020: 14p
EMPLOYEES	Wide-ranging training programmes	**Sasa: 712** 2020: 693 **Kounrad: 323** 2020: 330
GOVERNMENTS	Economic contribution to countries we operate in	**Tax paid in North Macedonia since acquisition (2017): $59.6m** **Tax paid in Kazakhstan since 2012: $192.9m**
COMMUNITIES	Investment and jobs for our local communities	**Sasa social contributions: $0.4m** 2020: $0.3m **Kounrad social contributions: $0.1m** 2020: $0.2m
SUPPLIERS	Supporting local suppliers	**Sasa % in-country procurement: 57%** **Kounrad % in-country procurement: 95%**

SUSTAINABILITY

In order to operate effectively and responsibly, we ensure that sustainability underpins our business model.

- DELIVERING VALUE THROUGH STEWARDSHIP
- MAINTAINING HEALTH AND SAFETY
- FOCUSING ON OUR PEOPLE
- CARING FOR THE ENVIRONMENT
- UNLOCKING VALUE FOR OUR COMMUNITIES

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 that it produces.

THE LONG-TERM FUTURE OF OUR PRODUCTS

COPPER

Copper is among those base metals facing an unprecedented growth in demand due to the ongoing transition to a low-carbon global economy.

Copper itself is an essential component of the mass electrification at the heart of this transition, as it is used in wiring, electric motors, wind turbines and many other technologies. It is also a major beneficiary of the infrastructure investment plans that have been rolled out worldwide in the economic recovery phase of the COVID-19 pandemic.

The surge in copper demand is driven by the greater copper-intensity of many core elements of the green economy. For example, electric vehicles ('EVs') need around four times more copper than those with internal combustion engines ('ICEs'), while solar panels and wind farms need as much as five times the amount of copper needed for fossil fuel power generation. In addition, copper is heavily used across construction projects and major appliances. Thus, the projected slowing of construction in China is expected to be partially offset the energy transition-driven growth in the metal's demand.

OPPORTUNITIES:

- Global push towards renewable forms of energy generation
- EVs and renewable energy plants more copper-intensive than incumbents
- Anticipated large-scale infrastructure investment packages
- Drive for building efficiencies will result in greater demand for copper
- Latin American politics could dissuade large scale new copper project development

THREATS:

- Slow-down in Chinese construction
- Losing market share in low voltage and communications cables
- Ex-China demand remains below mid-2000s levels

CAML PERSPECTIVE

CAML produces copper at its Kounrad operation in Kazakhstan and focuses much of its business development efforts on the metal as the team believes its association with clean energy / the energy transition should ensure a strong demand for the long term.

OPPORTUNITIES:

- Long life to 2034 at Kounrad
- Strong CAML balance sheet provides opportunity for inorganic growth in copper exposure

THREATS:

- Limited organic growth at Kounrad
- Significant competition for good quality copper assets
- Recent Kazakhstan unrest may deter investors from increased copper exposure in that jurisdiction

+ For more about our copper operation see pages 50-53

ZINC

The sustainability initiatives of increasing product life span and reducing the need for replacement parts have provided strong support to zinc demand.

Indeed, the prime use of zinc is galvanising steel and iron to protect against corrosion. Rising wealth in emerging markets is driving increased investment into galvanisation.

Increasing battery storage for the green economy has resulted in research into alternatives to lithium-ion batteries. Recent developments in zinc batteries are encouraging for a potentially cheaper solution. 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 emerging market wealth driving increased galvanisation to extend product life cycle
- Limited scrap recovery
- New end-uses such as fertilisers and zinc-based batteries

THREATS:

- Risk of substitution from aluminium, die-cast alloys in particular
- Efficiency improvements in galvanisation techniques

CAML PERSPECTIVE

Zinc and lead typically occur together geologically and CAML produces both at its Sasa mine in North Macedonia.

OPPORTUNITIES:

- Long life to 2037 at Sasa
- Transition to cut and fill mining method to ensure maximum extraction of available mineral resources

THREATS:

- Limited exploration potential at Sasa
- Threat of longer-term reduction in demand for associated lead which may have an economic impact on the profitability of mines that produce lead.

+ For more about our zinc operation see pages 46-49

LEAD

The most important application for lead is in lead-acid batteries, which account for nearly 80% of total demand.

Such batteries play an essential role in the function of our society, enabling all forms of commercial and leisure road mobility, as well as supporting trucking's pivotal role in connecting global supply chains, among other uses.

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, despite increasing competition from alternative battery chemistries, in particular from lithium-ion batteries.

Much regulation has been passed in recent decades to control lead exposure and protect both the workforce and the environment from its toxicity. Over the years this has also led to the creation of a wide-reaching lead recycling infrastructure and secondary market, which has eaten into the metal's demand.

OPPORTUNITIES:

- Increasing need for uninterrupted power supply and rising energy storage application
- Key role in electric vehicles as lead-acid batteries run electrical systems including lights, windows, navigation, air-conditioning and airbag sensors
- Potential substitute for other metals (i.e. cobalt, nickel and lithium) when their supply is limited
- Short to medium term, start-stop technology in internal combustion engine vehicles is more lead-intensive

THREATS:

- Push for substitution due to environmental concerns
- Well established recycling network and secondary market
- Long term risk of lead-acid battery substitution in electric vehicles by nickel and lithium-ion batteries

+ For more about our lead operation see pages 46-49

CAML PERSPECTIVE

Lead and zinc typically occur together geologically and CAML produces both at its Sasa mine in North Macedonia.

OPPORTUNITIES:

- Long life to 2037 at Sasa
- Transition to cut and fill mining method to ensure maximum extraction of available mineral resources

THREATS:

- Limited exploration potential at Sasa
- Threat of longer-term reduction in demand for lead which may have an economic impact on profitability

2021 was a great year for CAML, where strong commodity prices led to us reporting record revenue and earnings. The resulting free cash flow of $103.8 million has enabled us to make early repayments on our corporate debt facility, further invest in Sasa to transition to cut and fill mining for the long term, as well as propose a record full year dividend of 20 pence.

LTIFR

1.69

2020: 0.00

Gross revenue

$235.2m

2020: $170.3m

A YEAR OF RECORD FINANCIAL PERFORMANCE FOR CAML

NIGEL ROBINSON
CHIEF EXECUTIVE OFFICER

2021 FINANCIAL OVERVIEW

Sasa produced 22,167 tonnes of zinc in concentrate and 27,202 tonnes of lead in concentrate at a C1 zinc equivalent cash cost of production of $0.63 per pound.

Our Kounrad operations continued to perform well, delivering copper cathode output above production guidance at 14,041 tonnes. Kounrad's 2021 C1 copper cash cost of production remained low by global standards at $0.57 per pound.

Despite the persistent global challenges of COVID-19, commodity prices performed well during 2021 and demand for copper, zinc and lead improved materially versus 2020. This, combined with CAML's base metal production, has led to us reporting record gross revenue of $235.2 million and record EBITDA of $141.5 million at an EBITDA margin of 60% for 2021.

We have continued to deleverage during 2021, with a $10 million early debt repayment in addition to our regular monthly payments. CAML ended 2021 in a net cash position of $22.7 million with cash in the bank of $59.2 million (including restricted cash).

The Group generated 2021 free cash flow of $103.8 million, enabling us to recommend a 12 pence per share final dividend. This equates to a full-year dividend of 20 pence per share, which represents 45% of 2021 free cash flow.

MARKET PERFORMANCE

During 2021, the CAML share price traded within a range of £2.19 to £2.93, ending the year at £2.59, which represents an 8% increase on the 31 December 2020 price of £2.40. CAML outperformed the FTSE AIM All Share/Basic Resources Index, which lost approximately 17% during 2021. The share price was supported by improved base metal prices. 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.

SUSTAINABILITY

We remain focused on safety and were therefore disappointed to report four LTIs at Sasa during the year. We recorded zero LTIs at Kounrad though, and therefore our 2021 total as a Group was four, with a LTIFR of 1.69, a worsening of our performance since 2020 and one which is reflected in Executive Director and senior management compensation. Lessons have been learnt from the Sasa incidents and, as ever, effective safety training and supervision for our employees is a priority and is crucial to achieving an improving safety record.

The strong financial performance we have reported 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 third Sustainability Report, our second to GRI standards ('core option').

During 2021, we have developed a CAML Climate Change Strategy, which focuses on five key objectives:

- → Produce the metals which contribute positively to the energy transition
- → Work towards decarbonisation
- → Ensure we are operationally resilient
- → Focus on our strategic and business resilience
- → Deliver clear and transparent climate-related disclosures

Also during the year, we undertook risk analysis work focusing on our physical risks at both of our operations, as well as any likely transition risks which could affect our business, and we have adjusted our internal financial modelling so that we can now apply a shadow carbon price. We were pleased to be able to report at the time of our interim results in September 2021 our agreement with EVN to purchase solely renewable power for our Sasa operations, thereby enabling us to commit to a Group GHG emission reduction from this activity alone of approximately 35%. In December 2021, our Board agreed to the construction of a solar power plant at Kounrad. These two key developments, in combination with some additional smaller initiatives, have led us to commit to a Group Scope 1 and Scope 2 GHG emission reduction target of 50% versus 2020 by 2030. We will also aim to be net-zero by 2050. Having also firmed up our governance of climate change, we are pleased to be able to begin reporting towards TCFD within our 2021 Annual Report and Sustainability Report.

In terms of our longstanding focus on the communities around our operations, we have completed during H1 2021 to the satisfaction of our local and national stakeholders the River Remediation Project and we were delighted to be able to develop for the local community the Youth Park along the banks of the affected river in our local town, Makedonska Kamenica, at a cost of approximately $150,000.

This outdoor area comprises trails and walkways along the river with trees, flower beds and a gazebo, as well as children's play areas, and we have been pleased to see this area being enjoyed by so many in the community close to Sasa.

During 2021, we spent a total of $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 as well as other sustainable development projects that have been identified.

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, in 2021, we established a similar foundation for Sasa.

SASA

We encountered some difficult ground conditions at Sasa during 2021 and this, coupled with our enhanced approach to underground safety risks, resulted in our zinc and lead production being marginally below production guidance for 2021. However, we are confident that our transition to the cut and fill mining method is the optimal choice that will largely alleviate these issues for the long term. We have made solid progress in this regard during 2021 as we began to construct the new Central Decline and have developed over 500 metres from both surface and underground during the year.

We have also procured various key pieces of equipment for the paste backfill plant and we have advanced our design work for the dry stack tailings plant and landform.

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. While capital expenditure remained low at $2.8 million, it was $1.0 million higher than that spent in 2020 because the team invested in the intermediate leach solution ('ILS') infrastructure that should ensure maximum copper recoveries for the medium term.

OUTLOOK

The CAML Board and management team are closely monitoring the political situation in Kazakhstan, following the unrest in January 2022, as well as the situation in Ukraine. Our operations have remained unaffected and, most importantly, our employees are safe and well.

Notwithstanding this uncertainty, the outlook for 2022 is positive, with a strong base metal price environment, improving zinc treatment charges and solid demand for the metals we produce. Our production guidance for Sasa is 790,000 to 810,000 tonnes of ore, which should lead to between 20,000 and 22,000 tonnes of zinc in concentrate and between 27,000 and 29,000 tonnes of lead in concentrate. At Kounrad, we expect to produce between 12,500 and 13,500 tonnes of copper.

THE OUTLOOK FOR 2022 IS POSITIVE, AND WE LOOK FORWARD TO THE YEAR AHEAD PRODUCING THE BASE METALS ESSENTIAL FOR MODERN LIVING.

Our focus at Sasa during 2022 will be progressing the Cut and Fill Project, which will see us extract the maximum resources in a safer, more sustainable and efficient manner. The project comprises the development of the new Central Decline, as well as construction of a paste backfill plant and associated reticulation pipework, and a dry stack tailings plant and associated landform. From a permitting perspective, the paste backfill and dry stack tailings aspects of the Cut and Fill Project are effectively viewed in North Macedonia as an overarching yet much improved tailings storage solution for the long term.

While the overall approach is welcome in-country, CAML is the first company in North Macedonia to propose the use of paste backfill and dry stack tailings technology. Consequently, there is no precedent in the country regarding best practice, which has resulted in the Ministry of the Environment and Physical Planning ('MoEPP') requesting additional information to support our future tailings disposal plans. This has led to a short-term delay in the permitting process and we now expect the paste backfill plant to be constructed and commissioned during H1 2023, and the dry stack tailings component to be completed during H2 2023. CAML expects that this timing adjustment will have minimal impact on 2023 production levels.

We expect 2022 capital expenditure of between $28 million and $30 million, of which between $11 million and $13 million is expected to be committed to sustaining capex. CAML expects additional Cut and Fill Project capital expenditure in the order of $10 million in 2023. This will be largely related to construction of the dry stack tailings landform as well as capitalised decline development, plus costs associated with increasing the processing plant throughput capacity to 900,000 tonnes per year.

By September 2022, we expect to have repaid our corporate debt facility, and therefore all of the debt associated with our $402.5 million Sasa acquisition in late 2017.

Sasa has already generated EBITDA of $245.1 million under our ownership and we look forward to a long mine life continuing to generate significant value from this asset until at least 2037. We are in a strong position from which to grow through acquisition and our business development activities continue in this regard.

While COVID-19 continues to be a feature of our lives, we have gained confidence over the last two years in the measures we have put in place to try to manage, as best we can, infection rates on our sites and we continue to hope for an improving global situation as vaccination rates continue to grow. CAML has not accessed any financial support throughout the pandemic from any government and has not furloughed any employees.

NIGEL ROBINSON
CHIEF EXECUTIVE OFFICER
28 March 2022

CAML'S UN SUSTAINABLE DEVELOPMENT GOALS ('SDGS')

1	3	4	7	8	13
END POVERTY IN ALL ITS FORMS EVERYWHERE	ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL	ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL	PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

CEO, Nigel Robinson, and CFO, Gavin Ferrar, discuss their vision for CAML in the near and longer term future.

EBITDA
$141.5m
2020: $95.7m

EBITDA margin
60%
2020: 56%

CAML IN DISCUSSION

WHAT IS YOUR VISION FOR CAML?

NR I would like to see CAML play an important role in producing base metals which are essential for modern living, so that we can help to move towards a more sustainable future for the long term. We will continue to focus on producing these metals, safely, sustainability and cost effectively so that all our stakeholders can share in our successes. I'd like us to leave a lasting positive legacy at both of our sites, with well supported communities that are not solely dependent on our operations, well trained and educated employees and as small an environmental footprint as possible.

GF I would like to see CAML continue its low cost, base metal production, profitably, whilst maintaining our commitment to the environment, our people, the communities in which we work, our shareholders, and all our other stakeholders. Using our existing, successful operations as a platform, I would like to see CAML grow through a merger or acquisition, whilst continuing to provide good dividend returns for shareholders. By successfully managing and growing the business we have the ability to help foster sustainable economic growth and development therefore having a lasting positive impact, locally, nationally and internationally.

HOW IS CAML WORKING TOWARDS A ZERO-CARBON FUTURE?

NR We have made good progress during 2021 and have developed a Climate Change Strategy, which has five objectives; i) to produce metals that contribute positively to the energy transition ii) to work towards decarbonisation iii) to ensure we are operationally resilient iv) focus on our strategic and business resilience v) deliver clear and transparent climate-related disclosures.

We have set ourselves the near-term goal of reducing our greenhouse gas emissions by 50% by 2030 and we have identified, analysed and, where possible, mitigated our physical risks associated with climate change. We also aim to reach net-zero by 2050.

GF To enhance our efforts towards a zero-carbon future, we now have the option to apply shadow carbon pricing to our financial models in order to analyse the effects of climate change.

We are also enhancing our reporting with regards to climate related risks and opportunities, and I am pleased that we have provided our first TCFD disclosures in this annual report.

At Sasa, we have an agreement to purchase solely renewable power from the North Macedonian power provider, EVN. We expect this to enable us to reduce Group GHG emissions by approximately 35% on an annualised basis. We have also received Board approval to build a solar power plant at Kounrad and are now progressing to detailed engineering studies.

LOOKING AHEAD TO NEXT DECEMBER, WHAT WOULD YOU LIKE TO HAVE ACHIEVED DURING 2022?

NR 2022 will be a busy year for us as we look to progress the Cut and Fill Project at Sasa which will see us transition our mining method to a more efficient and selective approach, while offering a more environmentally friendly approach to the storage of our tailings for the life of the operation.

We are also committed to the growth of the business and will continue to evaluate M&A opportunities that we believe will be value accretive to CAML and its stakeholders.

GF A major workstream for 2022 will be progressing the Cut and Fill Project at Sasa. We have therefore allocated capital expenditure of between $28 million to $30 million for the year, of which between $11 million and $13 million is committed to sustaining capex.

Additionally, during the year, we expect to repay in its entirety the debt facility taken out to purchase the Sasa mine. This puts the Company in a strong position from which to grow, whilst continuing to provide good returns to shareholders.

WHAT ARE YOUR CAPITAL ALLOCATION PRIORITIES?

NR We have four capital allocation priorities. First and foremost is investment in our business in terms of capital expenditure to ensure a long and efficient life of our operations. We are focused on deleveraging and, in August 2022 we expect to have fully repaid the corporate debt facility that we took on to acquire Sasa in late 2017. We will always prioritise shareholder returns for our supportive investors and will soon have distributed over $256.9 million in dividends in the last ten years. Importantly, we also spend time on business development and would like to grow our business.

GF Capital allocation is an important aspect of my role as CFO and we have good procedures and guidelines in place to ensure we meet our four capital allocation priorities.

For CAML, it is important to return value to our shareholders through dividends but also to ensure that we are successfully allocating capital to strengthen the business, its operations and to grow the Company.

WHAT ARE YOUR OPTIONS FOR THE GROWTH OF THE BUSINESS?

NR While we have some organic opportunities at Sasa, there is limited growth at Kounrad, therefore we are looking to grow by merger or acquisition. While we do consider a variety of projects and opportunities, we would favour a transformational deal that would migrate us into a larger and more liquid business, while still producing base metals that are essential for modern living.

GF The acquisition of Sasa and its integration into the business highlights our ability to successfully carry out M&A activity and provides a good example of the growth opportunities that CAML can execute.

Having almost repaid the corporate debt facility required to acquire the project, CAML is in a strong position to evaluate potential growth opportunities. Throughout 2021 we assessed an increasing number of opportunities and are continuing this effort into 2022.

NIGEL ROBINSON
CHIEF EXECUTIVE OFFICER

GAVIN FERRAR
CHIEF FINANCIAL OFFICER

28 March 2022

In 2020, we evolved our strategic objectives and aligned them more closely with our purpose and, in our 2021 Annual Report, we are advancing our reporting to highlight how our strategic objectives are related to remuneration.

QCA 1

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

OUR STRATEGIC OBJECTIVES

Our immediate strategic objectives of 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.

+ See pages 24 and 27, Our KPIs, for more information on our performance.

OUR IMMEDIATE STRATEGIC OBJECTIVES			PROGRESS IN 2021	OUR LONG-TERM OBJECTIVES	
FOCUS ON SUSTAINABILITY	This objective ensures that 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	→ Strong health and safety performance at Kounrad → Four LTIs at Sasa was a disappointment → River remediation after 2020 TSF4 incident completed → Youth Park recreation area constructed along banks of the river → CAML Climate Change Strategy developed	**Reduction in five-year average LTIFR** **15%** **Severe or major environmental incidents** **0**	**Fatalities** **0** **Severe or major community incidents** **0**
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	→ Copper production exceeded market guidance → Zinc production 4% below market guidance → Lead production 9% below market guidance → Maintained low Sasa and Kounrad site costs despite global inflationary pressures	+ **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	→ 2021 debt repayments of $48.4 million → 2021 capital expenditure $5.9 million related to Sasa Cut and Fill Project → Dividend payments during 2021 of $38.8 million	+ **Continue to reduce debt in the absence of an acquisition opportunity** **Ensure dividends are within policy range of between** **30-50%**	+ **Deliver on Sasa Cut and Fill Project to change the mining method**
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	→ Size and liquidity becoming more important investment considerations → Attractive commodity exposure (ideally copper) → Looking to acquire with manageable balance sheet implications	+ **NAV/share increase** + **EPS increase**	+ **EBITDA/share increase**

KEY PERFORMANCE INDICATORS

We have identified a range of financial and non-financial KPIs aligned to our strategic objectives to measure our performance, many of which are directly related to Executive Director and senior management remuneration.

FOCUS ON SUSTAINABILITY

LTIFR

1.69

2021	1.69
2020	0.00
2019	0.42

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.

2021 performance

CAML's 2021 safety performance was excellent at Kounrad, with zero lost time injuries. At Sasa, four lost time injuries were recorded.

Related to remuneration

✓

FATALITIES

0

2021	0
2020	0
2019	0

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.

2021 performance

There were no fatalities due to a workplace safety incident at either operation in 2021. Indeed, there has never been a fatality at a CAML operated site.

Related to remuneration

✓

ENVIRONMENTAL INCIDENTS

0

2021	0
2020	1
2019	0

Definition/rationale

CAML strives for zero severe environmental incidents as a result of its operations in Kazakhstan and North Macedonia.

2021 performance

CAML's performance in this regard was significantly improved following the TSF4 incident at Sasa in 2020. 2021 focus was to complete the river remediation activities to the satisfaction of our stakeholders and this has been undertaken.

Related to remuneration

✓

COMMUNITY INCIDENTS

0

2021	0
2020	0
2019	0

Definition/rationale

CAML strives for zero severe community related incidents and recognises that strong community support is crucial to the Company's effective licence to operate.

2021 performance

There were zero community incidents related to CAML's operations during 2021. Since the Company began constructing the Kounrad operation in 2010 and, since it acquired Sasa in 2017, there have been no severe community related incidents.

Related to remuneration

✓

HUMAN RIGHTS ABUSES

0

2021	0
2020	0
2019	0

Definition/rationale

Good governance is firmly embedded in CAML's approach to sustainability and the Company monitors human rights abuses in Kazakhstan and North Macedonia as one barometer of governance.

2021 performance

There were zero human rights abuses related to CAML's operations during 2021. Since the Company began constructing the Kounrad operation in 2010 and, since it acquired Sasa in 2017, there have been no human rights abuses recorded.

Related to remuneration

✓

TARGETING LOW COST, HIGH MARGINS

PRODUCTION

	Copper	Zinc	Lead
2021	14,041t	22,167t	27,202t
2020	13,855t	23,815t	29,742t
2019	13,771t	23,369t	29,201t

Definition/rationale

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

2021 performance

2021 copper production at Kounrad exceeded market guidance. 2021 zinc production was 4% below market guidance and lead production 9% below market guidance due to challenging ground conditions and an enhanced approach to underground safety risks.

Related to remuneration

✓

CASH COST, COPPER EQUIVALENT

$1.32/lb

2021	$1.32/lb
2020	$1.15/lb
2019	$0.94/lb

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.

2021 performance

While the Group's C1 cash cost on a copper equivalent basis has increased during 2021, CAML was pleased with overall cost control given global inflationary pressures which have adversely affected the mining sector.

Related to remuneration

✓

EBITDA

$141.5m

2021	$141.5m
2020	$95.7m
2019	$108.6m

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 62.

2021 performance

The Group generated record 2021 EBITDA of $141.5 million, as a result of strong copper production at Kounrad, a credible production performance at Sasa, elevated base metal prices achieved during the year, as well as lower treatment charges.

Related to remuneration

✗

ENSURING PRUDENT CAPITAL ALLOCATION

CAPITAL EXPENDITURE

$14.8m

2021	$14.8m
2020	$8.5m
2019	$11m

Definition/rationale

Capital expenditure reflects the investment in the operations and includes sustaining capital expenditure at both operations as well as expenditure for Sasa's Cut and Fill project that is in the construction phase during 2021 and 2022.

2021 performance

During the year, Group capital expenditure totalled $14.8 million, a combination of $2.7 million Kounrad sustaining capital expenditure and $12.1 million at Sasa, of which $5.9 million was related to progress of the Cut and Fill Project.

Related to remuneration

✔

CORPORATE DEBT REPAYMENTS

$48.4m

2021	$48.4m
2020	$38.4m
2019	$38.4m

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.

2021 performance

All contractual principal debt repayments were made under the borrowings held with Traxys Europe S.A., and the Group also elected to make an additional $10 million advance repayment in H2 2021, totalling $48.4million.

Related to remuneration

✘

NET DEBT/ (NET CASH)

($22.7m)

2021	($22.7m)
2020	$36.2m
2019	$80.2m

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.

2021 performance

CAML ended 2021 in its first period end net cash position since acquiring Sasa in 2017, and expects to completely repay its corporate debt facility by August 2022.

Related to remuneration

✘

DEPENDABLE DIVIDENDS

20.0p

2021	20.0p
2020	14.0p
2019	6.5p

Definition/rationale

CAML has a dividend policy of returning to its shareholders between 30% and 50% of its free cash flow, defined as net cash generated from operating activities less sustaining capital expenditure.

2021 performance

Total dividends related to 2021 (interim and final) amounted to 20 pence per share, which amounted to 45% of FCF.

Related to remuneration

✘

DELIVERING GROWTH

BUSINESS DEVELOPMENT OPPORTUNITIES REVIEWED

32

2021	32
2020	20
2019	28

Definition/rationale

Reviews of potential opportunities for mergers and acquisitions are undertaken as a routine part of our business and CAML has a stated long term strategic objective to grow the business by acquisition.

2021 performance

CAML bolstered the business development team in 2021, and materially increased the number of opportunities reviewed during the course of the year. This was also aided by increasing commodity prices which typically result in businesses more focused on merger and acquisition activity.

Related to remuneration

✘

NON-DISCLOSURE AGREEMENTS SIGNED

16

2021	16
2020	5
2019	10

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.

2021 performance

With rising base metals prices, the overall business development landscape was active. However, with rising metal prices came increased vendor expectations and, despite a much larger number of NDAs signed versus the previous year, there were no resulting transactions.

Related to remuneration

✘

SITE VISITS UNDERTAKEN

1

2021	1
2020	1
2019	2

Definition/rationale

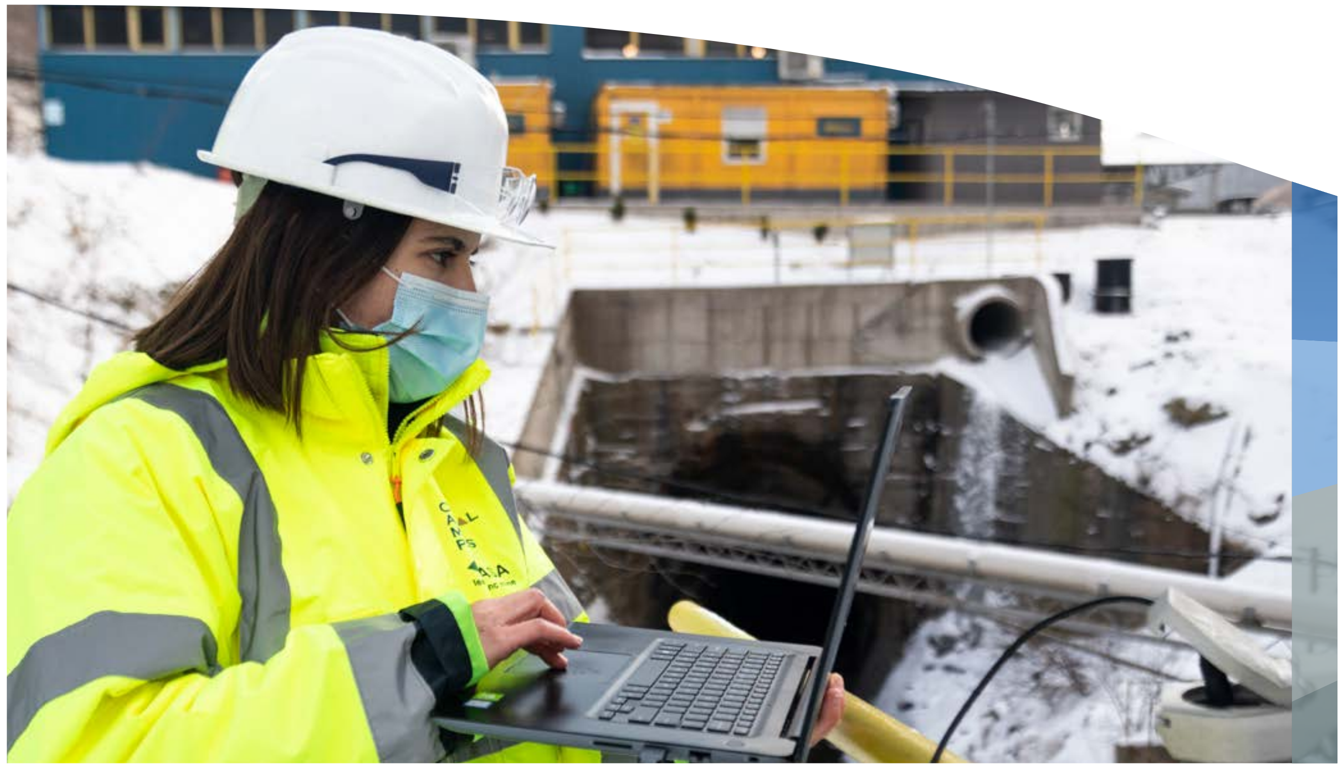
Senior management undertaking a site visit denotes an advanced level of interest in a business development opportunity.

2021 performance

With COVID-19 related travel disruptions remaining a factor during 2021, only one site visit was undertaken during the year.

Related to remuneration

✘



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.

QCA 8

Promote a corporate culture that is based on ethical values and behaviours

AN OPEN AND TRANSPARENT BUSINESS

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, transport as well as for energy storage and the transformation of people, all of which foster 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

We are focused on sustainable business development and the creation of long-term, mutually beneficial relationships between employees, shareholders, partners and communities. Innovation and improvement of technological processes allow us to produce base metals that are essential for modern living, safely and sustainably.

Guided by the principles of sustainable production, we pay particular attention to the safety of people and ensuring a minimal environmental footprint in the areas of our operations.

We contribute to the well-being of employees and the social development of the region in which we operate by actively participating in social programmes, providing jobs, and creating opportunities for the training and development of our employees, as well as prioritising procurement of goods and services from local suppliers where possible.

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.

+ See following section for how we have lived our values during 2021.

WE PAY PARTICULAR ATTENTION TO THE SAFETY OF PEOPLE AND ENSURING A MINIMAL ENVIRONMENTAL FOOTPRINT IN THE AREAS OF OUR OPERATIONS.

HEALTH & SAFETY

OUR VALUES

HEALTH & SAFETY

SUSTAINABILITY

EFFICIENCY & INNOVATION

RESPECT & TRUST

While Health and Safety forms one of our five core sustainability pillars, our employees were keen to highlight health and safety as a separate value to sustainability, given the sometimes hazardous operating environments in which our employees work.

The safety of our employees remains our highest priority. We endeavour to be best in class at providing our employees with the essential safety training and providing them with a safe working environment. Employees strictly follow all safety requirements and regulations, and we work hard to avoid any violations of the rules. If such an event occurs, it is immediately corrected.

During the year, our employees have worked collaboratively by creating ideas and initiatives on ways to improve our safety rules and procedures, considering risks in the workplace that were not previously considered.

At Kounrad, we were delighted to have zero LTIs during the year and having recorded 809,286 worked hours and 1,324 days since the last LTI, which was recorded in 2018.

At Sasa, physical enhancements to employee safety were made during the year, including improving conveyor belt guarding within the crushing area and revisiting the locking and tagging procedure. New members joined the rescue team to replace retiring employees and they were trained accordingly.

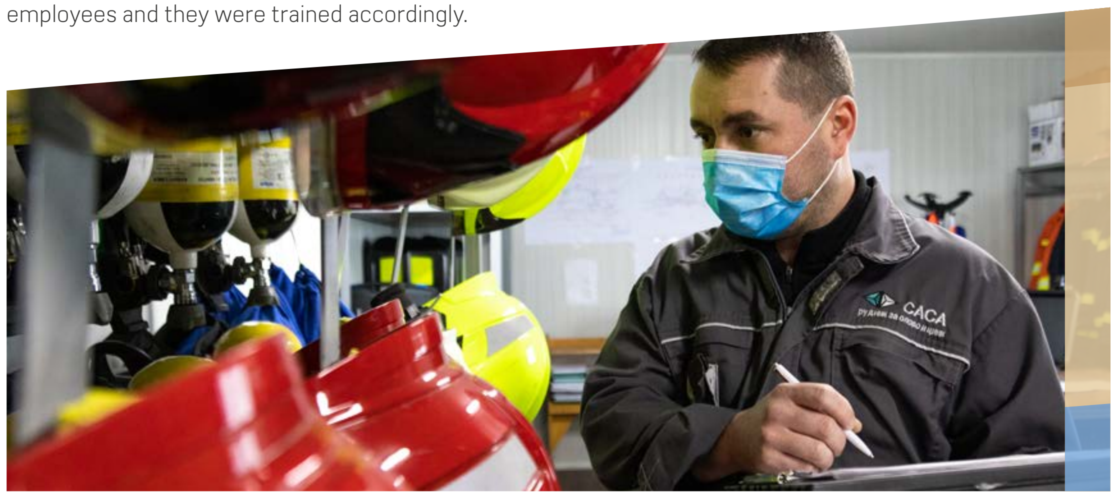
AT KOUNRAD, WE WERE DELIGHTED TO HAVE RECORDED ZERO LTIs DURING THE YEAR.

We have 14 safety representatives from across the operations who aim to increase awareness of the importance of safety at work and improve communication on this subject. New members were also elected during the year.

At Kounrad, the Tungus powder fire extinguishing system was upgraded and replaced after 10 years, and the supply and exhaust ventilation system in EW-1 modernised.

Our people across the Group continue to be proactive and make an exemplary effort to prevent and protect our people against COVID-19. The essential PPE is provided, body temperature is measured before access to site and testing is provided, amongst many other safety measures.

In January 2022, we hired a new Group Health and Safety Manager on a two-year fixed contract, who will reside in Makedonska Kamenica, North Macedonia and will be a tremendous support for the Group.



PURPOSE, CULTURE AND VALUES CONTINUED

SUSTAINABILITY

OUR VALUES

HEALTH & SAFETY

SUSTAINABILITY

EFFICIENCY & INNOVATION

RESPECT & TRUST

Sustainability continues to be at the core of everything we do. During the year, we undertook many initiatives to help in this area.

From a Group perspective, we raised awareness amongst employees on environmental issues, by providing specific training in this area and improving waste management, including large clear up initiatives.

We are very conscious of our CAML legacy and rehabilitation. To that end, we have been partnering with WSP UK, who undertook a visit to both of our operations and have since produced an updated plan for Sasa, and will complete the Kounrad work in 2022.

At Kounrad, we undertook a biodiversity report on site. This work has assisted the team in identifying data gaps and will aid in the development of further field studies. We also obtained approval from the Board to install a solar farm at Kounrad to reduce GHG emissions.

At Sasa, we completed the river remediation activities following the September 2020 tailings spillage incident, including tree/shrub planting and hydroseeding of tailings disposal sites.

An external TSF Audit was undertaken by international consultants Knight Piesold, who provided input and feedback with regards to Sasa's Global Industry Standards for Tailings Management ('GISTM') progress.

From a training perspective, we believe there is more that we can do to ensure that we provide our employees with the best opportunities to progress their careers and help the company achieve our goals, by closing skills gaps and ensuring that we are ready for any future requirements.

At Sasa, we have decided to build a dedicated training team within the HR department to focus on up-skilling our people across the operations. Training will include improvements in health and safety, role specific training, creating a Leadership Academy and providing management and our supervisors with training.

Developing the next generation and teaching them the CAML way is important to us. During 2021, we partnered with the high school close to the Sasa mine, Mile Janevski – Dzingar, to build a dual-education programme that will ensure that interested pupils can cover both the theory and practical aspects of certain mining-related disciplines for four years of their senior school education. In the academic year of 2021/2022, 23 students enrolled in the programme for a mechanical profile. In the first year of their studies, they have only theoretical lectures. In the second year, they will spend a full day per week in the Sasa Training School's dummy workshop, called Gamatronix. In the third and fourth year of their studies, they will spend two full days at either Gamatronix or in the Sasa maintenance department.

Separately, we will also continue to invest in the Training School, providing a practical education on subjects such as mechanical and electrical engineering to those above high school age. We intend to extend the current three-month timetable to six months to provide a more comprehensive programme.

Governance and stewardship play an important role in our sustainability framework. Our values are underpinned by robust company policies and procedures which we communicate to our employees and more widely to our members of staff. To ensure that we are properly engaging with our employees, this past year we developed an online training programme and assessment with modules on our Code of Conduct, Human Rights, and Anti-bribery Policies to better communicate our expectations, given our high standards and to ensure alignment with our company values.

Part of our focus on good corporate governance includes ensuring that all our employees feel comfortable speaking out if they see something which goes against our values. This past year we opened up our whistleblowing hotline to third parties and engaged in an internal communication campaign to raise awareness amongst our workforce in order to improve understanding of its importance and demonstrate transparency in how we operate. Hard copies of the policy were distributed to each employee for signature, documents were sent to employees by e-mail, and a presentation was displayed on television screens in the canteen to raise public awareness.

EFFICIENCY & INNOVATION

OUR VALUES

HEALTH & SAFETY

SUSTAINABILITY

EFFICIENCY & INNOVATION

RESPECT & TRUST

As demonstrated more fully in a case study on pages 34-35, we have spent much of 2021 installing a 14 kilometre fibre optic system at Sasa, and are currently deploying our high-speed Wi-Fi network that we can utilise to incorporate onto site various leading monitoring and safety pieces of software.

We also created a new Maintenance Planning Department to improve efficiencies and innovation of our fleet at Sasa. We promoted one of our Rising Stars to head up this new department and the team, when fully formed and functional, is expected to have a positive impact on our maintenance standards and contribute to higher plant availability, utilisation and ultimately reduce maintenance costs.

At Sasa, we are now using systems in HR to streamline administration and recruitment activities. During 2022, we are planning improvements in managing time and attendance via the use of fobbing stations that automatically generate reports and allow managers to approve attendance in real time.

In Kounrad, as part of their change management programme, a communication channel was created and introduced to the management team, where they can use a message feature, share ideas and watch educational videos.

WE CREATED A NEW MAINTENANCE PLANNING DEPARTMENT TO IMPROVE EFFICIENCIES AND INNOVATION OF OUR FLEET AT SASA.

RESPECT & TRUST

OUR VALUES

HEALTH & SAFETY

SUSTAINABILITY

EFFICIENCY & INNOVATION

RESPECT & TRUST

We value collaborative working and encourage open and constructive communications with our employees.

At CAML we have the desire to achieve a more diverse and inclusive workforce. It is a challenge, because of the nature of the industry. However, we have strong support at Board level, from our CEO and our site General Directors.

This year, we embarked on a project to understand what we currently do regarding Diversity and Inclusion in the workplace. We formulated working groups at both sites that included employees, employee representatives and management to educate them more on the subject and work together to find ways in which we can improve in this area.

One of the biggest challenges we faced in promoting a more inclusive and diverse workforce at sites is the lack of awareness, in terms of understanding what these words actually mean and their value to the business.

During 2022, in addition to the ideas highlighted by our site teams, we aim to create and deliver focused educational training to employees across the Group on Diversity topics such as how to eliminate unconscious bias in recruitment/daily operations, generational diversity, racism, cultural diversity, stereotypes, etc. We believe that providing the education around this topic will help everyone understand each other better and help us live up to this employee value.

Both sites take great efforts to facilitate internal communications and we believe that clear and effective employee engagement is in place across the Group. Each operation has a local website which provides information both for employees and members of the local communities.

During the year, we made a conscious effort to meet with our employee representatives and unions monthly, to build on our relationships with them and continue the open and honest feedback.

At Kounrad, our management team, comprising of thirty-three managers, met on several occasions to discuss subjects such as conflict management and our code of ethics in sessions that were facilitated by a Kazakhstan based HR specialist consultancy. The managers worked together to develop a methodological guide for employees on the 'Basics of Business Communication and Conflict Management'. This is a helpful tool to help employees minimise conflicts in the workplace and work to continuously improve communication in the business.

The management team also expanded on CAML's Code of Conduct, by developing an extension of this which is designed to help employees understand the Company's values and the importance of their actions.

A mentoring programme is currently being developed, whereby several people from across the operations will receive training on how to become a mentor and they will then support new hires in their onboarding and fit into the company.

DRIVING POSITIVE CHANGES WITH INNOVATION

OUR VALUES

HEALTH & SAFETY

SUSTAINABILITY

EFFICIENCY & INNOVATION

RESPECT & TRUST

Despite general global supply chains issues, 2021 was an exciting year of innovation at CAML, as we made significant progress in modernising the information technology systems at our Sasa operation, thereby empowering our operations teams to communicate and share data.

Underground Communications: Our 14 kilometre fibre-optic network has been fully installed into the Sasa Mine in North Macedonia, and we are currently completing deployment of our high-speed Wi-Fi network, both underground and at surface. This information backbone is already underpinning the communications infrastructure network, building a safer mine, and enhancing the management of our workforce and the real-time collection of telemetry data from equipment.

We are in the process of introducing the following four new applications to our systems:

- Voice communications, comprising 80 radios, with 50% being hand-held and 50% fixed in-vehicle radios.

- NEWTRAX software, which will monitor our mobile plant fleet utilisation and availability. Our maintenance team will be better informed to make preventative maintenance decisions.

- Vehicle and device tracking, using Bluetooth technology, will enable us to track machines around the mine, improving safety and enabling real-time decisions to be made on fleet movements.

- CCTV systems will be expanded with the deployment of additional cameras for safety monitoring.

PUTTING THE RIGHT DATA, IN THE RIGHT PLACE, AT THE RIGHT TIME.

FUTURE PLANS

Environmental Monitoring: Our IT team is set to deliver a new data monitoring project in H1 2022. Designed in-house, this bespoke real-time monitoring of an impressive environmental-sensor network (including piezometers, water flow and turbidity meters) will further enhance our stewardship of the local environment and our mining operations at Sasa. Live data will be shown on graphical displays and historical data reported visually to inform and alert both internal and external stakeholders.

Power Consumption Monitoring: As global businesses strive to reduce their carbon footprints, we are currently installing a network of power-consumption monitoring sensors throughout our Sasa mine. These real-time systems, powered by Honeywell, will give a granular insight into our power demands, and enable us to analyse our power usage.

Fibre optic cable network

14km

"Today's modern mines must leverage all of the tools at their disposal to ensure a sustainable operation", commented Group IT Manager, Triston Russell. "Efficiency and Innovation' is one of our four core values and I am pleased that CAML is committed to investing in the future of our operations, and innovating by enabling the use of best available technologies from world-leading suppliers as well as developing our own bespoke solutions."

Our sustainability framework is built upon five key pillars. See our 2021 Sustainability Report for more detail on our efforts, achievements, challenges and data in these key topic areas.

→ See our 2021 Sustainability Report online for more information

QCA 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

DRIVING VALUE FOR OUR STAKEHOLDERS

SUSTAINABILITY OVERVIEW

OUR MATERIAL TOPICS

We consider a sustainability topic as material if it has the potential to impact the long-term viability of the Company and/or is of concern to external stakeholders, as a result of its possible effect on the economy, environment or people.

A full materiality assessment was conducted in 2020 and, in 2021, we consulted the same internal stakeholders and asked them to review our material topics and confirm their belief that these remained the areas of top priority for the Group. There were no changes to our material topics as a result of this process, and a comprehensive assessment will be conducted in 2022.

Our sustainability strategy is built upon five pillars: delivering value through stewardship, maintaining health and safety, focusing on our people, caring for the environment and unlocking value for our communities.

PILLAR		MATERIAL TOPICS
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.	→ **Responsible supply chain** → **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.	→ **Health and wellbeing** → **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.	→ **Workforce culture and development** → **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 non-mineral, 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.	→ **Biodiversity, rehabilitation and closure planning** → **Energy usage and climate change** → **Water management** → **Waste management**
UNLOCKING VALUE FOR OUR 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.	→ **Socio-economic contribution** → **Community engagement and development**

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.

QCA 2
Seek to understand and meet shareholder needs and expectations

QCA 3
Take into account wider stakeholder and social responsibilities and their implications for long-term success

2021 safety (LTIFR)
1.69
2020: 0.00

2021 local community support
$0.5m
2020: $0.5m

Gender diversity (135 women)
13%
2020: 13%

THE BUSINESS OF SUSTAINABILITY

NICK SHIRLEY
SUSTAINABILITY DIRECTOR

OVERVIEW
At CAML, sustainability means protecting the longevity of our operations and working towards an enduring net positive outcome after the end of life of our assets by upholding strong ethical practices throughout the Company and our supply chain, prioritising the safety, health and development of our people, conducting business in an environmentally responsible manner and positively contributing to our communities and countries of operation.

To achieve this, a focus on safety and sustainability is one of our three strategic pillars, incorporated into our day-to-day operations, led from the top by CAML's Board and a priority in everything that we do. We have specific, robust and effective risk management systems, with sustainability-related risks and opportunities fully integrated, to enable the Company to meet its strategic objectives.

In our second year of reporting in line with GRI, we have worked to improve disclosure and provide a comprehensive overview of our sustainability approach in our Sustainability Report. By aligning our business activities to the Sustainable Development Goals (SDGs), we aim to make a meaningful contribution to global challenges. We have included SDG 7 and 13 in our target goals in 2021, as a result of our new Climate Change Strategy.

DELIVERING VALUE THROUGH STEWARDSHIP
CAML has a strong framework to promote ethical behaviour and good corporate governance within our business and supply chain and sets high standards that are crucial for the effective running and sustainability of our operations.

We believe that a robust approach to human rights is vital to fulfilling our corporate responsibilities, not only in respect of our employees but for the workers along our supply chains and within our communities. This is underpinned by our formal Human Rights Policy, which covers internationally recognised rights.

Our procurement strategies at both sites aim to provide a level playing field for suppliers, insisting on good governance, compliance with local laws, respect for human rights, safety and due care for the environment. We aim to work closely with our suppliers to ensure we are part of a responsible value chain and developed a social assessment process in 2021.

MAINTAINING HEALTH AND SAFETY
Safety is our most material issue and is at the heart of everything we do. Our goal of achieving zero harm in the workplace is laid out in the Company's Sustainability Policy and we have a clear safety improvement target of achieving a 15% decrease in the LTIFR over a five-year period. We recently hired a Group Health and Safety Manager to further develop and implement a fully integrated sustainable safety culture and train our local health and safety teams to the highest standards.

Wherever possible, we look to eliminate occupational health risks brought about by our operations. The challenges encountered as a result of COVID-19 have served to highlight the importance of maintaining a robust strategy to protect the health and contribute towards the wellbeing of all our employees. We acted quickly at the start of the pandemic to implement health protection measures and 48% of our workforce at Sasa and 99% at Kounrad have received one or more COVID-19 vaccinations. Whilst vaccine hesitancy is an issue in North Macedonia, we have initiatives aimed at addressing this.

FOCUSING ON OUR PEOPLE
A motivated, dedicated and skilled workforce, underpinned by our strong workplace culture and values, is a key enabler of our success, and we are committed to attracting and retaining the best people. We aim to ensure we have the succession plans and training programmes in place to develop our leaders of tomorrow. In 2021, our 1,052 employees received an average 36 hours of training.

CAML recognises the importance of diversity, specifically when considering the breadth of thought, approach and opinion fostered by a diverse group. We also have several initiatives to ensure that CAML's workplaces are attractive and suitable for all.

We prioritise local hiring as one of the primary ways of contributing to the economic security of our communities and want to ensure that our workers are well remunerated. All Kounrad employees are covered by a collective bargaining agreement. Negotiations regarding a three-year agreement at Sasa commenced in Q4 2021, with the intention to implement during 2022. 100% of our Kounrad employees are Kazakh, and only 1% of our employees at Sasa are expatriates.

CARING FOR THE ENVIRONMENT
We take our environmental responsibilities seriously and ensure that we comply with the laws and regulations of the countries of operation.

We recognise the growing importance of understanding the impact of climate change on the environment in which we operate and its potential impact on the business. In 2021, we developed a Climate Change Strategy, with a goal of achieving a 50% reduction in Group GHG emissions by 2030 and net zero by 2050 and we are beginning to report towards TCFD, with more information detailed in the 2021 Sustainability Report. We have implemented or are planning several decarbonisation initiatives, which include a renewable power purchase agreement at Sasa and the construction of a solar power plant at Kounrad.

We are mindful of our duty to ensure responsible waste management and minimisation. We believe that our activities in Kazakhstan have generally had a positive impact on the environment by eliminating historical pollution from copper-rich solutions leaching prior to the Company's ownership of Kounrad. We are firmly committed to the environmental and socially responsible disposal of tailings at Sasa. Our Cut and Fill Project that is currently in the implementation phase will involve the more environmentally friendly management of our tailings, incorporating storage as paste in our underground voids as well as dry stack tailings.

The water we are able to remove from the dry stack tailings process should ensure a 75% reduction in Sasa's surface water abstraction from 2026 onwards.

UNLOCKING VALUE FOR OUR COMMUNITIES
We aim to provide real benefits to our local communities and host countries by delivering philanthropic support, fostering sustainable development, facilitating socio-economic progress and helping the youth and most vulnerable members of the community in line with our human rights commitments.

Both operations have community development programmes in place, with foundation charities used as vehicles for targeted social donations. At least 0.25% of the respective site's revenue has been committed for social development projects.

Given the specialised nature of our work, we are focused on providing the next generation of experts in our local communities with the required skills, aided by our Sasa training centre in North Macedonia.

CAML is proud of the value that it brings to our host countries; as a relatively small business in Kazakhstan, CAML has paid total taxes in-country of $192.9 million since operating the Kounrad project. Sasa is a large and important business in North Macedonia, where CAML has paid taxes totalling $59.6 million since acquisition of the mine.

CAML'S UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

1	3	4	7	8	13
END POVERTY IN ALL ITS FORMS EVERYWHERE	ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES	ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL	ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL	PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL	TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

+ Read more in CAML's 2021 Sustainability Report

MOVING TOWARDS TCFD REPORTING

CAML's purpose is to produce base metals, which are essential for modern living, profitably in a safe and sustainable environment for all our stakeholders. It is this purpose that shapes our business model and our strategic decisions. As an organisation, we recognise the growing importance of understanding the impact of climate change on the environment in which we operate and its potential impact on the business.

TCFD was established in 2015 to improve and increase reporting of climate-related financial information and provides information to investors about the actions companies are taking to mitigate the risks of climate change, as well as providing increased clarity on the way in which they are governed.

We have adopted the TCFD framework and recommendations as a guide for our efforts to understand how climate change could impact a broad range of our business drivers. This provides a structured approach for us, to work towards embedding climate into our decision-making, and also enables us to learn from and apply best practice on reporting and disclosures. We see this as an opportunity to build on the work we have already done in this area, increase the quality of, and provide meaningful transparency in, our disclosures whilst taking the first steps on the roadmap of TCFD reporting. In doing so, we hope to ensure our stakeholders have a better understanding of CAML's operational and business resilience to climate change as well as how we are currently, and are planning to, incorporate the consideration of climate-related risks and opportunities into our business model.

The table below provides a brief statement on our current activities to understand and begin aligning with the TCFD recommendations.

For greater TCFD and climate-related information, please refer to our 2021 Sustainability Report.

PROGRESS REPORT & NEXT STEPS

In our 2020 Sustainability Report, we shared that we had engaged specialist consultants in Q1 2021 to help us assess physical and transition risks and opportunities related to climate change for our operations.

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance
The organisation's governance around climate-related risks and opportunities.

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk Management
The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics & Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

2021 CAML Group CO_2e emissions
81,698t

2021 Group reduction in GHG emissions
17%

Our goal was to be in a stronger position to set emission reduction targets for the Group. A summary of the results and outcome of this risk identification and assessment work is provided below in Risk Management. We also took this work further and applied the information and knowledge gained to start developing a Climate Change Strategy to guide our efforts in 2022 and beyond.

In Q1 2022, we began working towards a climate-related scenario planning exercise to be undertaken during 2022, to validate our initial strategy and develop it into a robust mitigation and adaptation plan for a resilient company and resilient operations, despite the uncertainties associated with climate transition. We will also continue to use and further develop the risk identification and assessment, and begin to act on mitigating key risks and towards key points of our strategy, outlined below. In 2023, we plan to collect data to enable us to report our Scope 3 Emissions estimates in 2024.

Recommendation	Disclosure Topic	Alignment Status
Governance	Board Oversight	Our Board receives regular climate-related updates from Committees and Management in most meetings, and these findings shape our strategies and decision-making processes.
	Management's Role	We have several committees and management-level positions with climate-related responsibilities, including assessing and managing climate-related risks.
Strategy	Risks & Opportunities	Our climate risk assessment resulted in a climate risk register, identifying risks and opportunities over the short, medium, and long-term. As we work to deepen this analysis, we will further disclose key risks and opportunities.
	Impact on Organisation	Applying the results of the climate risk assessment, we have developed a Climate Change Strategy to manage risks and act on opportunities and this is presented in more detail in our 2021 Sustainability Report. In 2022, scenario planning will deepen our understanding of the direct and indirect climate-related impacts to our business, financial planning, and strategy.
	Resilience of Strategy	Following completion of our planned scenario analysis, we will be able to test our strategic resilience in a range of climate futures and develop new strategic responses as appropriate.
Risk Management	Risk Identification & Assessment	We have identified existing and emerging physical and transition climate risks and incorporated these into our Group risk register.
	Risk Management	Risk owners are identified and we establish measures to mitigate, transfer, accept or control the impacts of identified climate-related risks. Risks, and our response, are monitored on a quarterly basis.
	Integration of Risk Management	Our identified climate-related risks are included in our Group-level risk register and are integrated into our established risk management practises.
Metrics & Targets	Climate-Related Metrics	We have established a shadow carbon price, which can be applied to our financial models to aid decision-making. We will continue to evaluate other relevant metrics as we further analyse the results of the risk assessment and begin to act on our Climate Strategy.
	Scope 1, 2, 3	We report Scope 1 and 2 emissions, and are working towards reporting Scope 3 emissions for the 2023 operating year in 2024.
	Climate-Related Targets	We are targeting a 50% reduction in Scope 1 and 2 combined CO_2 emissions by 2030 from a 2020 base. We will continue to evaluate other potential targets, such as for Scope 3 or for risk and opportunity management.

STAKEHOLDER ENGAGEMENT

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

QCA 2	QCA 3	QCA 10
Seek to understand and meet shareholder needs and expectations	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

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. This purpose is underpinned by our values which inform the behaviour and standards expected throughout the Group. This purpose driven approach determines how we identify and deliver our immediate and long-term strategic objectives and generate sustainable, long-term returns for all our stakeholders.

Throughout the year we continually engage, both formally and informally with our key stakeholders. This enables us to assess and clearly understand their needs, consider their perspectives, expectations and monitor their impact on our strategic ambition. This invaluable engagement helps us to identify factors that should be taken into consideration and as part of the Board's decision-making process. When considered appropriate, we also undertake independent stakeholder engagement processes with external consultants in order to ascertain shareholder views with regard to specific matters. In 2020 we used this process to re-visit CAML's material sustainability topics and plan to do so again in the coming year.

The Board and its Committees are mindful of the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the need to foster the Company's business relationships with suppliers, customers and others. Particular consideration is given to the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of principal Board 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 continues to take account of the interests and views of our stakeholder groups.

Remuneration is another area in which the Group takes account of the views of its stakeholders, through employees and their representatives and, at a senior level, through the views of investors. A specific example of this is the ongoing work of the Remuneration Committee of the Board in consultation with the Sustainability Committee who, during 2021, continued to focus on the inclusion of sustainability performance targets in both its short-term and long-term incentive plans. The Board decided to review this area of great significance to ensure these measures were still appropriate, fair and robust. Progress against these targets was also monitored to ensure that, through our incentive plan performance targets, Executive Director (and senior management) remuneration is intrinsically linked to sustainability performance. Following engagement with key stakeholders on these matters specifically, we also decided to focus on enhanced disclosures for increased transparency of reporting. Our bonus out-turn disclosure for 2021, together with details of our long and short-term incentive plan targets are shown in the Report of the Remuneration Committee on pages 94 to 103.

Further examples of how the Company has had regard to the matters set out in section 172(1)(a)-(f) when discharging its duties 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	Outcomes of engagement
SHAREHOLDERS 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 sustainability performance.	→ Regular one-on-one meetings with Executive Directors and Director of Corporate Relations → Investor presentations (Executive Directors) → AGM → In-person and virtual industry conferences (including Executive Directors) → Social media → Chairman and Chair of Sustainability Committee met with investors to discuss annual and sustainability reporting → Chairman of Remuneration Committee met with investors to discuss Executive Director compensation	→ Climate change / TCFD reporting → Board diversity → Greater understanding of Executive remuneration versus targets → Pleased with TSF4 clean-up	→ Advanced climate change strategy and included in 2021 Annual Report our reporting towards TCFD → Chairman has discussed Board composition with investors, succession planning/efforts underway → Increased disclosure on Executive remuneration versus strategic objectives in 2021 Annual Report. Executive remuneration contains several sustainability related targets. → River biodiversity and monitoring will be ongoing
EMPLOYEES AND CONTRACTORS 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 → Emails → Briefings → Announcements/Memos → Health and Safety toolbox talks → Notice boards and suggestion boxes → Local website at both operations → Employee Focus Groups → Union representatives at Sasa and Employee representative group at Kounrad → Video presentations (including Executive Directors)	→ Career progression opportunities → Sharing new hire information → Effective communication of Company updates and changes to policies → Share any information on employee services such as transport, canteen and security → Keeping safe at work due to COVID-19 → Diversity and inclusion	→ To engage our employees and ensure transparent communication across our operations on any employee changes and Company updates → Ensuring a clear understanding of health and safety procedures at both operations → Formation of site based diversity committees, which have identified areas for improvement that will be actioned in 2022 and onwards
GOVERNMENTS 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	→ COVID-19 pandemic → Social development in the Karaganda region of Kazakhstan → Understanding environmental and social impacts associated with the Cut and Fill Project in North Macedonia → Ensuring a generally positive impact of the mining industry in North Macedonia → Remediation of River Kamenica as a result of tailings spillage	→ ESIA submitted to North Macedonian authorities, awaiting feedback → Sasa Deputy General Director, Ivica Talevski, appointed President of the Macedonian Mining Association, representing the wider mining industry → Continued local community support in and around Kounrad → Completion of River Remediation project to the satisfaction of local and national stakeholders → Continued support to local health facilities with regard to 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 (rarely used in 2021 due to COVID-19) → Announcements → Ad-hoc meetings with members of the local community → Regular communication with local mayors and local administration → Public meetings → Local websites at both operations → Supporting and attending local community events → Supporting local sports related activities	→ Employment opportunities → Community development → Donation request submissions → Development of local development plans → Potential for collaboration and sponsorship from the Foundations → Remediation of River Kamenica as a result of tailings spillage	→ CVs received and lodged with HR → Programmes of community development → Drafting of strategic economic and environmental development documents for Makedonska Kamenica Municipality → Completion of River Remediation project to the satisfaction of local and national stakeholders → Scholarship for students studying undergraduate and masters degrees in mining and civil engineering → Re-opening of Sasa training school to provide an enhanced course in both electrical and mechanical engineering to local population
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 → Communications relating to sustainability topics	→ Ethical supply chains → Enhanced due diligence → Corporate governance	→ Developing social assessment questionnaire → Formalising due diligence guide and engaging specialist sustainability software on a trial-basis → Expanding our training to on-site contractor

PRODUCING THREE IMPORTANT BASE METALS SUSTAINABLY

2021 was a successful year as we exceeded our production guidance at Kounrad and recorded no LTIs. We delivered a credible production result despite some challenging ground conditions at Sasa, as well as an enhanced approach to underground safety risks. There were four LTIs at Sasa and lessons have been learnt from each of these incidents.

Sasa 2021 zinc production

22,167t

See pages 46-49 for more information on Sasa.

Sasa 2021 lead production

27,202t

See pages 46-49 for more information on Sasa.

Kounrad 2021 copper production

14,041t

See pages 50-53 for more information on Kounrad.

I AM PLEASED WITH OUR TEAM'S EFFORTS TO DELIVER OUR 2021 BASE METAL PRODUCTION, WHICH WAS ACHIEVED DESPITE THE ONGOING CHALLENGES BROUGHT BY THE COVID-19 PANDEMIC. SINCE I TOOK OVER THE ROLE OF SASA'S GENERAL DIRECTOR IN Q4 2020, WE HAVE ENHANCED OUR APPROACH TO UNDERGROUND SAFETY RISK, AND HAVE BOLSTERED OUR UNDERGROUND TRAINING TEAM AND HEALTH AND SAFETY TEAM. I CONTINUE TO SPEND MUCH OF MY TIME IN NORTH MACEDONIA, WHILST ALSO FULFILLING MY COO DUTIES.

SCOTT YELLAND
CAML CHIEF OPERATING OFFICER (COO)/ SASA GENERAL DIRECTOR

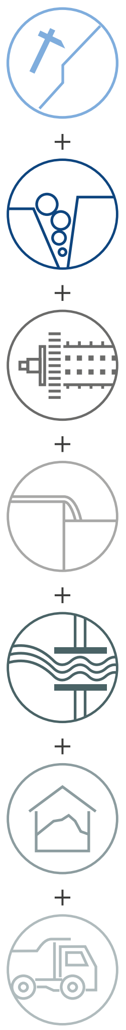
WE HAVE HAD A VERY SUCCESSFUL YEAR AT KOUNRAD, HAVING EXCEEDED OUR PRODUCTION GUIDANCE AND ONCE AGAIN PRODUCING OVER 14,000 TONNES OF COPPER CATHODE, MOST IMPORTANTLY, WE DELIVERED THIS RESULT SAFELY AND IT HAS NOW BEEN OVER THREE YEARS SINCE OUR LAST LTI. WHILE WE HAVE HAD CASES OF COVID-19 DURING THE YEAR, I AM DELIGHTED THAT ALMOST 100% OF OUR EMPLOYEES HAVE ELECTED TO BE VACCINATED. THE UNREST IN KAZAKHSTAN AT THE START OF 2022 WAS WORRYING FOR US ALL BUT I AM PLEASED THAT OUR OPERATION HAS BEEN UNAFFECTED AND, MOST IMPORTANTLY, OUR EMPLOYEES REMAIN SAFE AND WELL.

PAVEL SEMENCHENKO
KOUNRAD GENERAL DIRECTOR

SASA NORTH MACEDONIA

The Sasa team worked hard during the year to overcome some production challenges and deliver a good result.

HOW WE PRODUCE ZINC AND LEAD



SASA PRODUCTION AND SALES

In 2021, Sasa mined 818,609 tonnes of ore and processed 830,709 tonnes of ore. The average head grades for the year were 3.14% zinc and 3.52% lead and the average 2021 metallurgical recoveries were 84.9% for zinc and 93.1% for lead.

Sasa produces a zinc concentrate and a separate lead concentrate. Total production for 2021 was 44,383 tonnes of zinc concentrate at an average grade of 49.9% and 37,893 tonnes of lead concentrate at an average grade of 71.8%.

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, total 2021 payable production was 18,616 tonnes of zinc and 25,842 tonnes of lead.

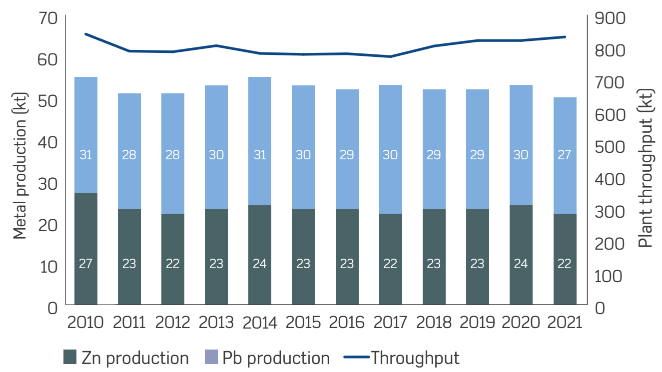
Payable base metal in concentrate sales from Sasa in 2021 were 18,586 tonnes of zinc and 25,245 tonnes of lead. CAML's 2021 Operations Update, released on 11 January 2022, stated 2021 lead sales of 25,877 tonnes.

The restated figure reflects the final lead concentrate shipment of the year that was delayed until January 2022, and therefore revenue from those metal sales will instead be reflected in the 2022 financial year. During 2021, Sasa sold 323,849 ounces of payable silver to Osisko Gold Royalties, in accordance with its streaming agreement.

Local employment at Sasa

99%

Sasa annual production chart



Sasa production statistics

	Units	2021	2020	2019
Ore mined	t	**818,609**	826,421	817,714
Plant feed	t	**830,709**	820,215	820,491
Zinc grade	%	**3.14**	3.37	3.29
Zinc recovery	%	**84.9**	86.1	86.5
Lead grade	%	**3.52**	3.85	3.77
Lead recovery	%	**93.1**	94.3	94.5
Zinc concentrate	t (dry)	**44,383**	47,583	47,104
– Grade	%	**49.9**	50.0	49.6
– Contained zinc	t	**22,167**	23,815	23,369
Lead concentrate	t (dry)	**37,893**	41,289	40,366
– Grade	%	**71.8**	72.0	72.3
– Contained lead	t	**27,202**	29,742	29,201

HEALTH AND SAFETY

During 2021, there were four LTIs at Sasa and no MTIs, therefore a total of four TRIs for the operation.

COVID-19 remains a risk to the welfare of CAML employees and contractors and there have been cases of the virus at Sasa during the year. Despite this, and despite a relatively low vaccination take-up rate, the Company is confident that its COVID-19 procedures at both operations will be sufficient to protect the welfare of its employees, meet respective government guidance and maintain production going forwards.

MINING

A total of 818,609 tonnes of ore were mined using the sub-level caving method during the year from the 990m and 910m working areas. This was 1% lower than 2020 predominantly due to 385 metres of unplanned rehabilitation works and localised poor ground conditions. The ore from the underground operations is hoisted via the Golema Reka shaft to surface (c.70%) and the remainder is trucked to surface via the existing XIVb decline using a fleet of 20 tonne Epiroc trucks.

The average combined grade of the ore mined was 6.66% zinc and lead, approximately 5% below the planned grade due to challenging ground conditions coupled with an enhanced approach to underground safety risk. This resulted in short term reductions in flexibility of working areas and increased dilution, which led to reduced zinc and lead head grades versus expected metal content.

Total ore development in the two working areas totalled 2,683 metres, which was 8% above budget and involved accessing additional sub levels below the 910m level during Q4 2021. Waste development for the year totalled 2,165 metres for approximately 74,000 tonnes of waste, generated from internal ramp access and crosscuts to the ore body, raise development and the development of the Central Decline.

During the year five new Epiroc units were purchased (one twin boom jumbo drilling machine for the Central Decline development, one 20 tonne truck, two seven tonne loaders and a new Daimec diamond drilling machine) reducing the average age of the Epiroc underground fleet of equipment from seven years to just over five years. In addition to the Epiroc equipment, a Putzmiester shotcrete unit and mixer were purchased to enable fully mechanised placement of shotcrete, replacing the handheld units previously used underground.

Preparation underground for the transition to cut and fill mining began during the year with the relocation of existing services in the existing XIVb decline (c.1.2 kilometres) to accommodate the new paste fill services.

PROCESSING

Sasa processed 830,709 tonnes of ore during the year, an increase of 1.2% versus 2020, and the plant had an overall availability of 93%. Major maintenance works were completed during the year, including replacement and rebuilding of the primary crusher and improvements made to both ball and rod mills as well as the SMD zinc regrind mill. Works were also undertaken on one of the spiral classifiers and the filter presses. In addition, the Sasa analytical laboratory was totally refurbished during the year, both externally and internally.

OPERATIONAL REVIEW CONTINUED

TSF4 ran smoothly during the year, and the team was reinforced with an additional two engineers and a dedicated TSF Manager. 24 hour per day surveillance of the facility was maintained throughout the year and an independent audit of the facilities was completed by Knight Piesold. An additional one kilometre tailings pulp line from TSF3.1 to TSF4 was installed during the year.

DRILLING

A total of 4,818 metres of exploitation drilling was completed during the year on the two working areas, 910m and 990m, to provide additional information on the grade/thickness of the three orebodies on the sub levels.

A total of 4,883 metres of exploration drilling was completed below the 830m level to improve the confidence levels of the mineralisation at depth with the objective of converting inferred mineral resources to indicated resources. There was no exploration drilling completed at Koza Reka or Golema Reka during the year.

The exploration programme during the year was adversely affected by COVID-19 due to restrictions on external contractors on site. The drill rig was instead used to provide data for hydrogeological studies that were completed by consultants, SRK Consulting (UK) Ltd, as part of Sasa's Environmental and Social Impact Assessment ('ESIA') work that was undertaken during 2021.

A comprehensive dewatering programme was also completed during the year with over 500 metres of drainage holes drilled.

2022 PRODUCTION GUIDANCE

Prior to the transition to cut and fill mining at Sasa, which will create a safer and sustainable underground mining operation for the long term, CAML cautiously allows for continued ground support challenges in its 2022 guidance and will maintain its enhanced approach to underground safety risks.

The Company therefore targets ore mined of between 790,000 and 810,000 tonnes. This should result in zinc in concentrate production of between 20,000 and 22,000 tonnes and lead in concentrate production of between 27,000 and 29,000 tonnes. The Sasa team is also working on the development of an increased number of sub-levels to enhance flexibility. This will enable a greater number of potential working faces in the event of further support being required in some areas.

CUT AND FILL PROJECT

In 2020, 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. To achieve this, a backfill plant will be constructed, along with associated reticulation pipework to transport this material underground.

Given that a major component of the backfill material will be tailings generated from the Sasa processing plant, it is estimated that approximately 70% of Sasa's life of mine tailings will be stored either underground in the form of paste, or in a dry stack tailings facility that will be developed as part of the project.

The Cut and Fill Project also includes development of a new decline to facilitate swifter access to the orebody.

In 2021, a dedicated capital projects team was formed consisting of four engineers and two administrative employees who are led by CAML's Group Metallurgist. The team is further supported by Sasa's civil engineering, permitting and administrative teams together with external local and international designers and consultants. In H1 2022, Sasa plans to recruit an additional four engineers to join the capital projects team, which will include a construction and health and safety manager representing the construction management contractor.

Progress has been made in all aspects of the Cut and Fill Project with \$8.3 million expenditure incurred on the project during 2021. Of this amount \$5.9 million has been capitalised and \$2.4 million recognised in non-current receivables (note 23). Permitting processes for the various work streams are also underway.

Central Decline

Construction of the Central Decline is underway. This decline will be larger than the existing decline access to the mine and will provide increased ventilation, easier access for reticulation infrastructure and the potential to increase ore mined in the medium term. The profile of the decline has been increased to facilitate the potential future use of the slightly larger underground electric vehicles, and an analysis of diesel versus electric vehicles is currently underway.

Development of the portal on surface began in August 2021 and, by the end of the year, 71 metres had been developed from surface and a total of 432 metres were developed from underground on the 910m level. The total length of this decline will be approximately four kilometres and construction will be undertaken in three stages during the next four years.

Paste Backfill Plant

The site location for the paste backfill plant has been confirmed, the equipment lay down area established, and the new site offices have arrived at Sasa. Process engineering design has been completed and all major components for the plant have been ordered, including the civils and structural steels, the continuous mixer, various pumps including the paste pump and in excess of eight kilometres of pipes for the underground reticulation. In Q4 2021, the Metso-Outotec flocculant and thickener plant was delivered to site.

A further milestone was the completion of the civil and structural design of the paste backfill plant building with a local company being awarded the construction contract. Detailed design of the electrical and process control systems (supported by Paterson and Cooke and Rockwell Automation) is ongoing and associated orders are scheduled to begin in Q1 2022.

Construction and commissioning of the paste backfill plant is expected to be undertaken during H1 2023.

Dry Stack Tailings

The dry stack tailings project comprises two separate aspects – design and construction of the landform on which to stack the dry tailings, and design and construction of the dry stack tailings filter plant.

The design of the dry stack tailings filter plant is scheduled to be completed in Q1 2022. The key component of the plant is the press filter, and this has been procured from Metso-Outotec alongside peripheral items such as pumps and holding tanks. Construction of the filter plant will start immediately following completion of the paste backfill plant and will take approximately four months to complete. The design of the dry stack storage landform by consultants, Knight Piésold, is on target to be completed in Q1 2022. Ground works will then be undertaken in preparation of receiving dry, filtered tailings in H2 2023.

MINERAL RESOURCE ESTIMATE FOR SVINJA REKA AND GOLEMA REKA

Sasa's technical services team has updated the Mineral Resource Estimate ('MRE') for the Svinja Reka deposit as of 31st December 2021. The Golema Reka MRE was updated on 1 January 2020.

			Grades			Contained metal		
Classification	Deposit	Mt	Pb (%)	Zn (%)	Ag(g/t)	Pb (kt)	Zn (kt)	Ag(koz)
Indicated Mineral Resources	Svinja Reka	11.6	4.6	3.2	25.5	536	370	9,485
	Golema Reka	1.3	3.8	1.6	13.0	48	20	528
	Total Indicated	12.9	4.5	3.0	24.2	584	390	10,013
Inferred Mineral Resources	Svinja Reka	1.9	4.1	2.0	23.5	81	39	1,471
	Golema Reka	6.3	3.5	1.4	12.0	217	86	2,444
	Total Inferred	8.2	3.7	1.5	14.7	298	125	3,915
Total Indicated and Inferred Resources		**21.1**	**4.2**	**2.5**	**20.5**	**881**	**516**	**13,928**

Notes

- Mineral Resources have an effective date of 31 December 2021. 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 over 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 Annual 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 inclusive of Mineral Reserves
- The Mineral Resource has been reported based on cut-off grade of 2% combined lead and zinc.
- 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 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 based on a Life of Mine (LoM) plan that includes the transition from the sub-level caving mining method to cut and fill. The four-year transition commenced at the end of June 2020. It considers the updated 2021 Mineral Resource, modifying recovery and dilution factors for each mining method as follows: 80% recovery and 20% dilution for Sub-level caving and 90% recovery and 10% dilution for Cut & Fill methods.

		Grades			Contained metal		
Svinja Reka	Mt	Pb (%)	Zn (%)	Ag(g/t)	Pb (kt)	Zn (kt)	Ag(koz)
Probable	9.5	4.1	2.8	22.3	395	272	6,834
Total	**9.5**	**4.1**	**2.8**	**22.3**	**395**	**272**	**5,834**

Notes

- Ore Reserves have an effective date of 31st December 2021.
- 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 38 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.
- The Ore Reserve is reported using a NSR cut-off of \$32.51/t using metal price assumptions of \$2,435/t for zinc and \$2,070/t for lead.
- The Mineral Resources and Ore Reserves are reported 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').

SASA SUSTAINABILITY HIGHLIGHTS

DELIVERING VALUE THROUGH STEWARDSHIP

Formation of site based governance committees.

MAINTAINING HEALTH AND SAFETY

Safety improvements including enhanced modular guarding for conveyors and revised and improved 'lockout tagout' system.

FOCUSING ON OUR PEOPLE

Project underway to simplify and make more transparent Sasa's payroll.

CARING FOR THE ENVIRONMENT

Negotiated to purchase 100% renewable power for Sasa.

UNLOCKING VALUE FOR OUR COMMUNITIES

Construction of the Youth Park, comprising walkways, flower beds, a gazebo and children's play areas along the backs of the river in Makedonska Kamenica, close to Sasa.

KOUNRAD
KAZAKHSTAN

The Kounrad team was proud to exceed production targets during 2021. Most importantly, this copper was produced safely and, to 31 December 2021, there have been 1,324 days since the last LTI at Kounrad.

2021 CATHODE PRODUCTION

During the year, the SX-EW plant produced 14,041 tonnes of copper cathode, a slight increase from the previous year of 13,855 tonnes. Total Kounrad copper production since operations commenced in April 2012 is now 124,141 tonnes, averaging over 1,070 tonnes per month since start-up.

During 2021, copper was leached from the Eastern and Western Dumps, with both areas performing well. Winter leaching of the Eastern Dumps was suspended in early December 2020 and was restarted in April 2021 and, over the winter period, copper production was generated solely from the Western Dumps. This trial resulted in an increase in solution viscosity, which had a negative impact in organic reagent consumption. Additional tracking measures have since been implemented whilst operating two leaching blocks on the Eastern Dumps during the winter period of 2021/2022, and all operational parameters are being closely monitored.

HOW WE PRODUCE COPPER

IRRIGATION
Irrigation of dumps

+

LEACHING
Leaching of copper into PLS solution

+

EXTRACTION
Extraction of copper from PLS

+

STRIPPING
Stripping of copper from organic solution

+

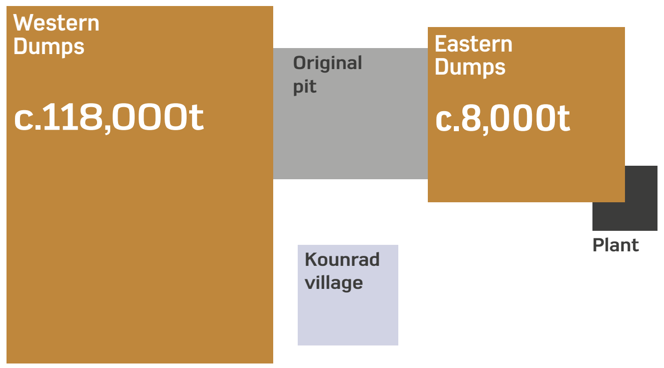
ELECTRO-WINNING
Electro-winning of copper from electrolyte

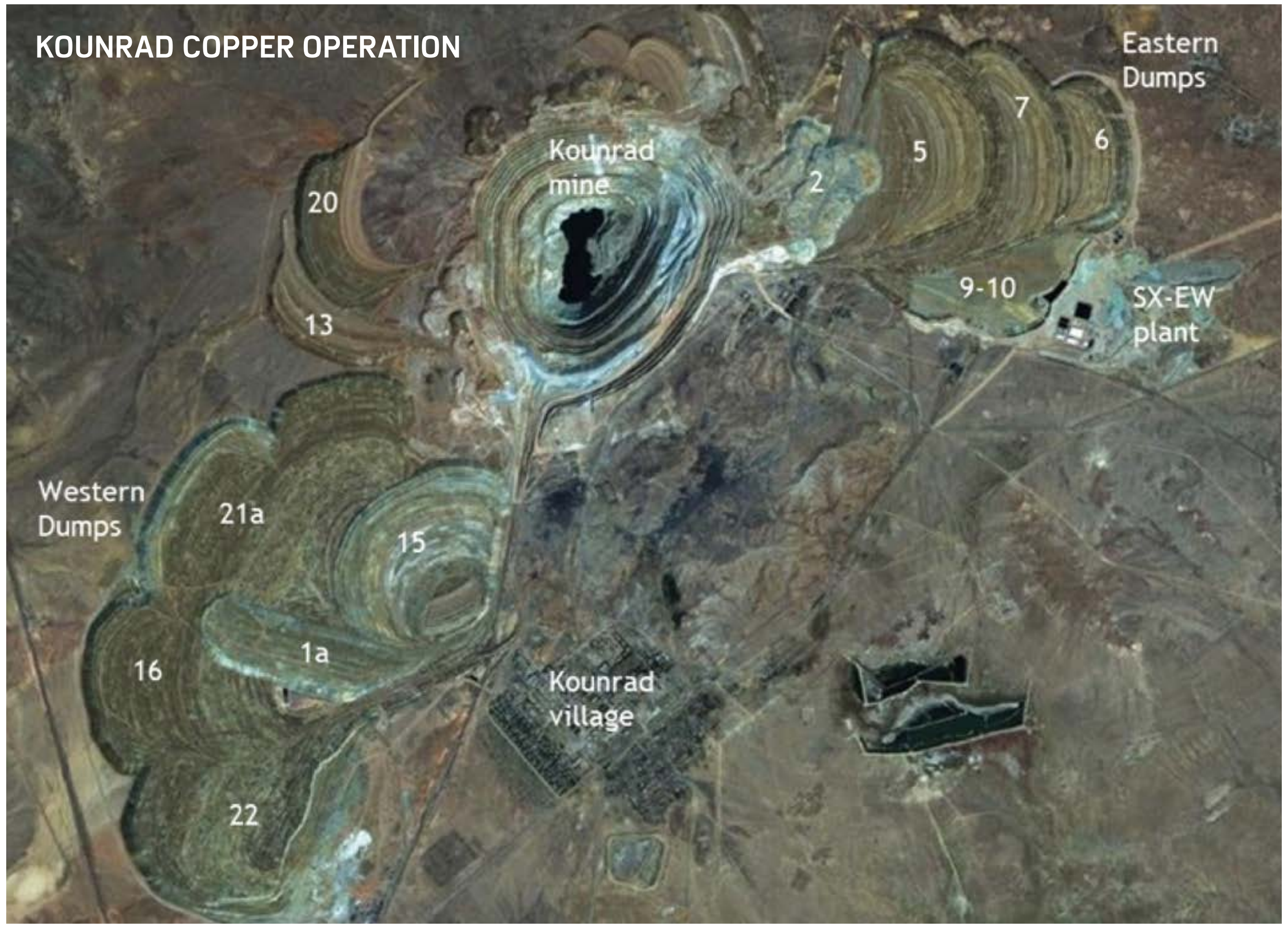
+

COPPER CATHODE
Production of copper cathode

RESOURCES MAP

Estimated remaining copper to be recovered





HEALTH AND SAFETY

There were no LTIs, or MTIs at Kounrad during 2021, meaning that there were no TRIs. There have now been 1,324 days since the last LTI at Kounrad.

COVID-19 remains a risk to the welfare of CAML employees and contractors and there have been cases of the virus at Kounrad during 2021, despite a 99% vaccination rate. That said, the Company is confident that its COVID-19 procedures at both operations will be sufficient to protect the welfare of its employees, meet respective government guidance and maintain production.

LEACHING OPERATIONS

Both the Eastern and Western Dumps were simultaneously leached during 2021, with the production split being 15% and 85% respectively.

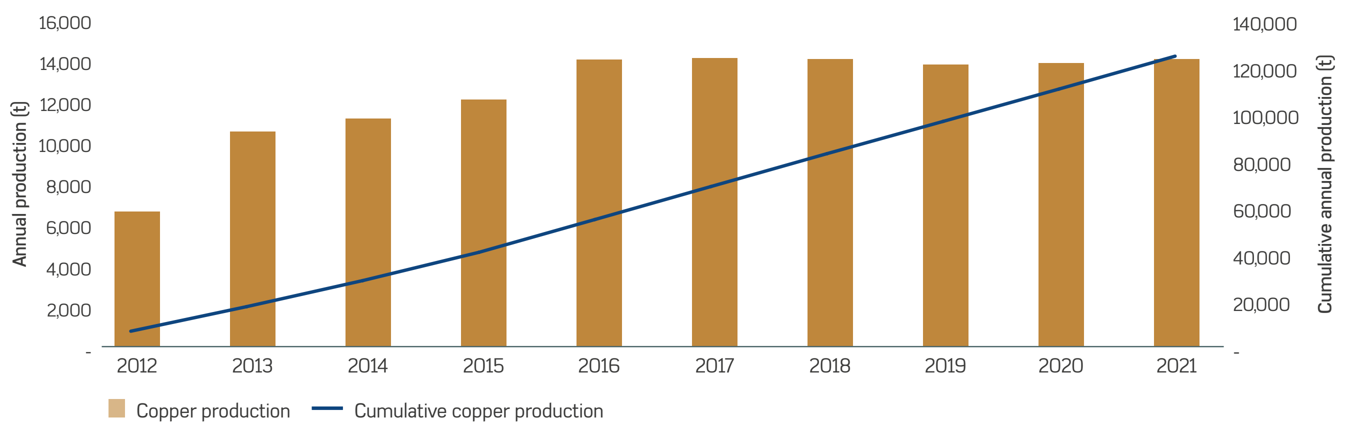
In the Eastern Dumps, the team focused on irrigating previously leached blocks in order to maximise the recovery of copper. This technique was implemented on various blocks that had been allowed to rest for periods of, in some cases, almost two years. During this rest period, bacterial and chemical activity continued to solubilise copper mineralisation. In addition, with the purchase of a new bulldozer, the summer period was spent pushing and levelling side walls along Dump 7. This new area of exposed material will be leached during 2022. Adopting these approaches resulted in the typical pregnant leach solution ('PLS') grade pick-up averaging about 0.7 grammes per litre ('gpl'). This was better than anticipated and resulted in extracted copper of 2,116 tonnes from this area during eight months of leaching.

This takes the total quantity of copper recovered from this resource area, since operations commenced, to 79,847 tonnes or c.99.8% of that initially forecast at the time of the CAML Initial Public Offering ('IPO') in 2010. Typically, the daily average area under irrigation at the Eastern Dumps during the year was 27.7 hectares.

This approach of leaching and rotating around all the old, rested blocks will be undertaken during 2022 for the full year, with anticipated pick-up grades being in the region of 0.6-0.7gpl.

At the end of December 2021, an earth moving contract was awarded to relocate approximately 180,000 cubic metres of material, containing approximately 2,000 tonnes of copper, which was effectively sterilised as it was located too close to the Kazakhmys railway line. A cut-back leaving a 30 metre distance to the railway line from the dump toe will be developed, through which a lined trench extension of 950 metres will be installed.

KOUNRAD COPPER PRODUCTION



The excavated material, which is currently unleached, will be placed on top of Block 2 of Dump 9-10 and this work will allow access to previously unreachable materials in Block 12 of Dump 5 and also Dump 3. All relocation and installation works should be completed before the end of 2022, at a total cost of around $0.5 million, and leaching of this material is scheduled for 2023.

At the Western Dumps, the focus of irrigation remained on parts of Dumps 16, 22 and 1A, with two cells accessed at Dump 21 from June. During 2021, 11,924 tonnes of copper were recovered from these areas, contributing approximately 85% of the total Kounrad copper production. This Western Dump tonnage was the highest achieved since leaching commenced in 2017 and was positively impacted by higher than forecast PLS grades returning from the area of Dump 21. The average daily area under irrigation on the Western Dumps increased to 37.5 hectares (33 hectares in 2020) of both new and previously leached material. The volume of raffinate pumped around the site averaged 1,211 cubic metres per hour ('m3/hr'). This was lower than the 1,338 m3/hr pumped in 2020 due to the Eastern Dumps not being leached in winter. 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 PLS grades to the solvent extraction ('SX') plant.

This technique operated successfully and will be continued in 2022, as and when appropriate.

Given the planned switch to almost all leaching from the Western Dumps by 2024-2025, 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 generated at the Western Dumps. During 2021 as part of Phase 1 of the project, a 14 kilometre water delivery pipeline was fully installed, together with the east to west transfer pumps and, during late autumn, was wet commissioned to confirm the design flow-rate of 180-200 cubic metres per hour ('m^3/hr'). During 2022, the second phase will be completed in readiness for operations from spring 2023 onwards, as and when required. This involves the construction of various collection ponds and the installation of the top of dump distribution and irrigation system.

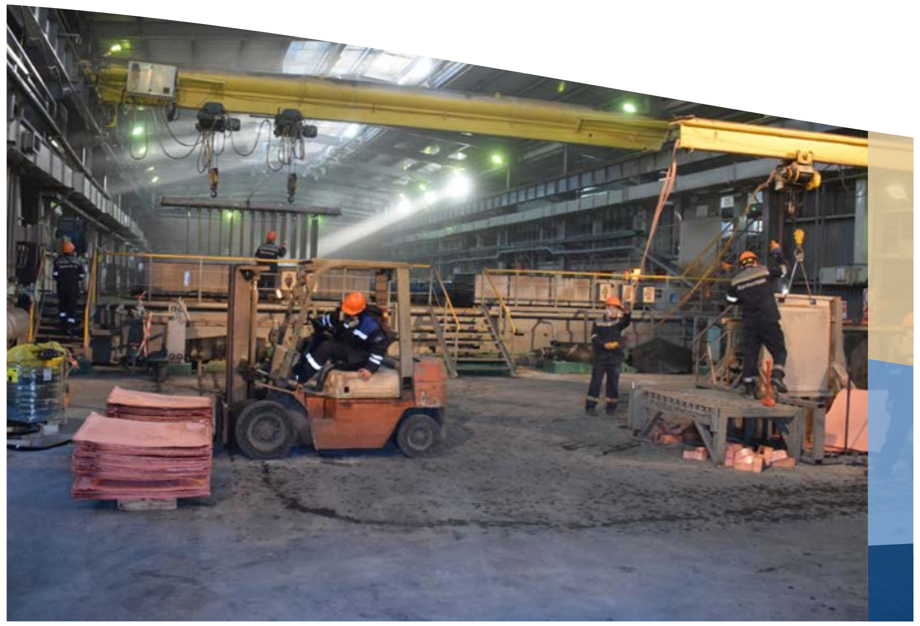
Application rates of solution to the dumps were maintained at a slightly reduced level of 2.12 litres per square metre per hour ('l/m^2/hr') throughout the year. Direct field experience has confirmed that materials in Dump 1A require a lower application rate of approximately 1.5l/m^2/hr to achieve optimum solution penetration.

Utilising a second dedicated bulldozer for the Western Dumps, significant levelling and shaping earthworks were undertaken during 2021 preparing future blocks for irrigation. Additionally, certain changes were made to the irrigation systems used on winter blocks in order to better maintain operational availability. These include the replacement of all line control valves in October, solution temperature monitoring probes and also the installation of duplicate, unconnected, dripper lines beneath the HDPE covers which can be quickly connected to the header pipes in the event of unexpected freezing.

SX-EW PLANT

The SX-EW plant continued to operate efficiently during 2021 and the overall operational availability throughout the year was 99.4%. This was 0.1% below that of 2020, due to a number of storm events negatively affecting the regional incoming power supplies.

With the average Western Dumps copper grade of around 0.1%, the average PLS grade for the year was 2.36gpl, somewhat higher than 2020 and mainly due to the positive returns from Dump 21. Solution flow rates averaged 988m^3/hr, with summer rates increasing to 1,200m^3/hr. During the year each of the four Extract settler units was taken off-line to facilitate inspection and any necessary repairs and, after 10 years of operations, their condition was found to be excellent.



Local employment at Kounrad

100%

While the increased levels of iron in the Western Dumps generally has a positive impact on leaching, this also typically results in a reduction in the current efficiency of the plating process. The average for 2022 was 11gpl of iron, compared to under 9gpl in 2020, resulting in power consumed per tonne of copper plated increasing by 3% to 4,183 kWh per tonne.

At the start of Q2 2021, 616 anodes were renewed in the EW1 building, with a further 400 pieces being renewed in Q3 2021. The installation of these new anodes assisted in minimising the increase in unit plated power consumption. An extra 960 anodes were ordered in Q4 2021 for arrival and installation in EW2 in mid-2022. Following receipt and installation of these anodes, no further anode replacement programmes are expected until 2024.

The focus for the operations team has been on continued safe, efficient plant operations and the tight control of all operating costs. During Q3 2021, certain plant management/ supervisory and shift operating regimes were modified to enhance overall control and productivity, which have all been implemented very successfully.

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 2021 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 December 2022.

2022 PRODUCTION GUIDANCE

The 2022 guidance for Kounrad's copper cathode production remains between 12,500 and 13,500 tonnes.

KOUNRAD SUSTAINABILITY HIGHLIGHTS

DELIVERING VALUE THROUGH STEWARDSHIP	MAINTAINING HEALTH AND SAFETY	FOCUSING ON OUR PEOPLE	CARING FOR THE ENVIRONMENT	UNLOCKING VALUE FOR OUR COMMUNITIES
Online governance and stewardship programme developed	Replacement of ten-year-old fire suppression system in the solvent extraction building	Created dedicated diversity and inclusion focus groups to generate ideas on how we can improve in these areas	Completing baseline biodiversity study which has identified areas for follow-up work	Completion of renovation works and resurfacing of the Central Sports Ground in Balkhash

2021 was a record year for the Group, with EBITDA of $141.5 million which reflects strong prices of our metals amid accelerating demand and a shortfall in supply. This result was achieved despite global inflationary pressures resulting in some cost increases. CAML is now in a net cash position for the first reporting period since the acquisition of Sasa, and the Group continues to reward shareholders with strong dividends as well as looking after its other stakeholders.

RECORD CAML PROFITS AND CASHFLOW

GAVIN FERRAR
CHIEF FINANCIAL OFFICER

2021 MARKET OVERVIEW

Kazakhstan

According to the National Bank of Kazakhstan, where CAML produces its copper, Kazakhstan's 2021 GDP expanded by 4%, and official inflation was 8.4%.

Copper

2021 was a strong year for copper, despite ongoing concerns about COVID-19, rising inflation, logistic issues and troubles in the Chinese property market. During 2021, refined copper was strongly supported by demand from end-users and restocking has been particularly strong as a result of vaccination rollouts, pent-up consumer demand, fiscal stimulus packages and a general low interest rate environment. During the year the increase in supply of refined copper production of 3.2% has lagged demand increase of 4.4%.

The International Copper Study Group ('ICSG') indicated a 2021 global refined copper deficit of 340,000 tonnes.

COPPER

1 JAN 2021
$7,749/t

+25.5%

31 DEC 2021
$9,724/t

COMMODITY MARKET $/t AVERAGE
$9,310/t

North Macedonia

According to the National Bank of North Macedonia, North Macedonia's 2021 GDP is expected to have expanded by 4.0%, with inflation of 3.2%.

Zinc

The zinc market rebounded well in 2021, due to a 0.6% increase in global growth in supply and a 5.8% increase in demand for zinc metal. These figures reflect the global recovery from 2020 which was severely affected by the initial spread of the COVID-19 pandemic.

Mine production recovered sharply by 4.5% after significant interruptions during the previous year and, while zinc concentrate production also increased, freight delays and strong smelter demand resulted in falling treatment charges from $300/dmt to $160/dmt year on year. Demand was also much improved, as evidenced by a rise in the LME metal price from c.$2,700 to c.$3,500 per tonne during the year and a decrease in LME metal stocks.

According to the International Lead and Zinc Study Group ('ILZSG'), there was an overall 2021 deficit of 192,000 tonnes. Two European smelters (Porto Vesme Italy and Auby in Belgium) announced closures towards the end of 2021 which will tighten the metal market in 2022. The market in this current year could also be affected by the significant delays experienced in seaborne deliveries, which represent approximately 50% of all zinc concentrate movements.

ZINC

1 JAN 2021
$2,729/t

+31.2%

31 DEC 2021
$3,580/t

COMMODITY MARKET $/t AVERAGE
$3,003/t

Lead

The lead market remains healthy with a modest 2021 surplus of 46,000 tonnes expected by the ILZSG. Demand continues to grow despite the push to reduce dependence on lead-acid batteries. It is deemed unlikely that lead demand will see any dramatic falls in the coming years as EV's will continue to be a strong source of demand.

Consumption of lead metal in 2021 rebounded by 4.3% from 2020 and, as a consequence, the market for lead concentrates remained tight during 2021. Stocks of both lead metal and lead concentrates were relatively low throughout the year despite mine production increasing by 3.8%. Like zinc, supply of seaborne lead concentrates was also affected by the tightness in the freight market. The lead metal prices moved up from c.$2,000 to c.$2,300 per tonne during the year and concentrate treatment charges fell year-on-year.

LEAD

1 JAN 2021

$1,976/t

+17.8%

31 DEC 2021

$2,327/t

COMMODITY MARKET $/t AVERAGE

$2,199/t

PERFORMANCE OVERVIEW

CAML's 2021 gross revenue was the highest recorded to date, up significantly by 38% to $235.2 million (2020: $170.3 million). Uncertainty caused by the COVID-19 pandemic was alleviated and market conditions moved favourably during the year and the prices of copper, zinc and lead reflected the increasing global demand for these metals.

The Group also generated record 2021 EBITDA of $141.5 million (2020: $95.7 million), and its EBITDA margin also improved significantly to 60% (2020: 56%) which, despite the global inflationary pressures, reflects the Group's ability to maintain low costs across the operations.

Earnings per share ('EPS') from continuing operations was 47.69 cents (2020: 24.78 cents), 92% higher than the previous year.

Against such a backdrop, CAML generated strong free cash flow of $103.8 million (2020: $58.9 million), allowing the Board to propose a record dividend within policy. The Group has accelerated its deleveraging, having repaid corporate debt of $48.4 million during the year (2020: $38.4 million) which included an additional $10 million early repayment. As at 31 December 2021, drawn overdraft facilities totalled $9.6 million (2020: $9.7 million) resulting in net cash of $22.7 million (2020: net debt of $36.2 million).

Sasa's 2021 EBITDA was $57.5 million (2020: $42.3 million), with a margin of 56% (2020: 51%). Whilst sales volumes for both zinc and lead were lower during 2021 due to reduced head grades, zinc and lead prices increased significantly during the year and treatment charges reduced from April 2021 onwards. Sasa's EBITDA also reflects an unfavourable movement in the North Macedonian Denar exchange rate to the US Dollar of 4%, as well as higher energy prices and salaries.

Kounrad's 2021 EBITDA was $106.0 million (2020: $65.5 million), with a margin of 80% (2020: 75%). The EBITDA increased year on year due to the improved average copper price received coupled with consistent copper sales. Kounrad's EBITDA reflects an increase in costs due to higher usage of reagents, as well as rising electricity prices and salaries.

INCOME STATEMENT

Group profit before tax from continuing operations increased by 83% to $109.3 million (2020: $59.8 million). This was primarily as a result of the aforementioned reasons, with higher revenue due to significantly improved commodity prices. There were also reduced finance costs of $3.9 million (2020: $6.7 million) due to the significant reduction of debt during the year and the reduced LIBOR rates. The 2021 economic recovery has resulted in global inflation that has adversely affected several key costs such as energy and reagents, as well as salaries, which have increased our Group cost base.

Revenue

CAML generated 2021 gross revenue of $235.2 million (2020: $170.3 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 $223.4 million (2020: $160.1 million).

Sasa

Overall, Sasa generated 2021 gross revenue of $103.1 million (2020: $82.7 million). A total of 18,586 tonnes (2020: 19,930 tonnes) of payable zinc in concentrate and 25,245 tonnes (2020: 28,218 tonnes) of payable lead in concentrate were sold during 2021. The payable lead in concentrate sales is lower than that disclosed in the CAML 2021 Operations update as the final lead concentrate shipment of the year was delayed until January 2022 and, under the Free on Board ('FOB') terms, this revenue will be recognised in the 2022 financial year.

The challenging ground conditions at Sasa coupled with an enhanced approach to underground safety risks resulted in short term reductions in flexibility of working areas at the mine, leading to a reduction in ore mined year on year and increased dilution which led to reduced zinc and lead head grades. Lower production led to a reduction in payable concentrate sold at Sasa. The zinc price achieved was 35% higher than that achieved in 2020 and the lead price achieved was 23% higher than that achieved in 2020.

Treatment charges were lower during the year at $18.8 million (2020: $22.2 million) as a result of improved negotiated terms from April 2021 onwards for both zinc and lead and reduced volumes of deliveries. Treatment charges are expected to further reduce from April 2022 onwards as more favourable terms have recently been agreed. During 2021, the offtake buyer's fee for Sasa was $1.2 million (2020: $0.9 million).

Zinc and lead concentrate sales agreements have been extended with Traxys through to 31 March 2023 for 100% of Sasa production to align this with the tenor of the smelter contracts. Three new smelters were identified in 2021 to further diversify CAML's customer base and 3,309 dry tonnes of payable lead and zinc in concentrate were sold to them during 2021. Group selling and distribution costs decreased to $2.1 million (2020: $2.6 million) as the prior period included international shipping costs to Asia.

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

Kounrad

A total of 13,983 tonnes (2020: 13,763 tonnes) of copper cathode from Kounrad were sold as part of the Company's offtake arrangement with Traxys which has been extended through to end of December 2022. The commitment is for a minimum of 95% of Kounrad's annual production. A further 68 tonnes (2020: 97 tonnes) were sold locally, a reduction from the prior year due to weaker local demand as a result of COVID-19. Total Kounrad copper sales were 14,051 tonnes (2020: 13,860 tonnes).

Gross revenue increased due to the higher average copper price received, which was $9,384 per tonne in 2021 (2020: $6,267 per tonne), while sales volumes remained consistent. This generated gross revenue for Kounrad of $132.0 million (2020: $87.7 million). During 2021, the offtaker's fee for Kounrad was $2.6 million (2020: $2.5 million).

2021 hedging

Given the increased capital expenditure to deliver the Sasa Cut and Fill Project, the Group entered into commodity price hedge contracts for a portion of its 2021 metal production. These arrangements ensured that CAML retained its exposure to strong copper, zinc and lead prices, while protecting a meaningful proportion of revenues during the higher capex period and continuing to rapidly deleverage. A Zero Cost Collar contract for 30% of copper production, which included a put option of $6,900 per tonne and a call option of $8,380 per tonne, was put in place for Kounrad. Also, two swap contracts were put in place for 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. As a result of these financial instruments, the Company recognised $6.7 million (2020: nil) of realised losses during the year. These financial instruments have expired at the end of the year and so their year-end fair value was calculated as zero. The Group has not put in place any further hedge contracts for 2022.

Cost of sales

Group cost of sales for the year was $80.5 million (2020: $72.0 million) and this includes depreciation and amortisation charges of $28.9 million (2020: $28.6 million). The year on year increase of 12% includes greater Group royalty costs of $2.6 million linked to the higher realised prices for all commodities. Global macro-economic conditions led to an increase in key production cost components such as reagents, electricity and salaries. The Company continues to focus on factors such as disciplined capital investments, working capital initiatives and other control measures.

Sasa

Sasa's cost of sales for the period was 9% higher than the previous corresponding period at $55.4 million (2020: $51.0 million) as Sasa faced certain global inflationary pressures. However, 27% of this total cost increase ($1.2 million) was currency related as the North Macedonian Denar, which is pegged to the Euro, strengthened to an average of 52.06 against the US Dollar versus a 2020 average of 54.02. Production costs increased due to higher energy costs of $0.7 million as the electricity prices increased by 63% from $0.064/kWh to $0.104/kWh. Other material cost increases included $0.6 million rise in salaries, $0.4 million for maintenance of equipment and $0.3 million higher costs of reagents, explosives and other consumables.

2021 depreciation increased by $0.4 million versus 2020 due primarily to the inclusion of TSF4 depreciation within these calculations for a full period, which commenced in May 2020.

2021 royalties were $0.4 million higher than those of 2020 (2020: $2.4 million). This tax is calculated at the rate of 2% (2020: 2%) on the value of metal recovered during the period and the significant increase in metal prices was only moderately offset by lower production.

Kounrad

Kounrad's 2021 cost of sales was $25.1 million (2020: $21.0 million) and 54% of this accretion was due to higher mineral extraction tax ('MET') paid. MET is a royalty charged by the Kazakhstan authorities at the rate of 5.7% (2020: 5.7%) on the value of metal recovered during the year. MET for the year was $7.3 million (2020: $5.1 million) and an increase resulted from the higher average copper price relating to similar sales volumes versus the previous year.

There was also a 2021 increase in certain reagent costs of $0.9 million to $2.3 million (2020: $1.4 million). This was due to a metallurgical adjustment arising from solely leaching the Western Dumps during the winter period.

2021 Kounrad power costs were $0.5 million higher than 2020, due to a 15% increase in local electricity prices from $0.039/kWh to $0.045/kWh.

During the year, the Kazakhstan Tenge moved favourably for CAML, depreciating against the US Dollar. The average exchange rate for the year was 426 KZT/USD (2020: 413 KZT/USD), with the Kazakhstan Tenge being worth on average 3% less in US Dollar terms in 2021 compared to 2020. The depreciation and amortisation charges during the year remain consistent at $3.9 million (2020: $3.9 million).

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.

Sasa

Sasa's C1 zinc equivalent cash cost of production for 2021 was $0.63 per pound (2020: $0.50 per pound). Although there were cost increases, the reduced treatment charges countered the impact of these so the $0.13 per pound increase in the C1 calculation was due to the decreased production volumes of zinc ($0.03 per pound) and a higher proportion of pro-rata zinc costing resulting from the zinc equivalent calculation due to the increase in zinc revenue versus lead in 2021 ($0.10 per pound). The on-site costs were $44.1 per tonne (2020: $39.2 per tonne) and reflected global cost increases.

Kounrad

Kounrad's 2021 C1 cash cost of copper production was $0.57 per pound (2020: $0.51 per pound) and this remains amongst the lowest in the copper industry. The increase in C1 cash cost versus 2020 is due to higher on-site costs ($0.07 per pound) offset by higher production volumes ($0.01 per pound) and a weaker 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.

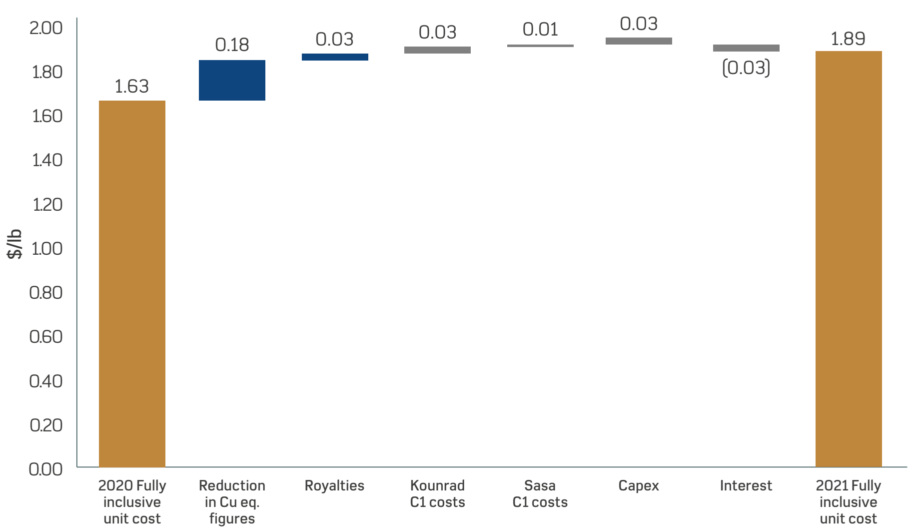
Group

CAML reports its Group C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa. The Group's 2021 C1 copper equivalent cash cost was $1.32 per pound (2020: $1.15 per pound). This number is calculated based on Sasa's 2021 zinc and lead payable production, which equated to 11,959 copper equivalent tonnes (2020: 15,227 copper equivalent tonnes) which has decreased due to the significantly increased copper price relative to the zinc and lead price and is added to Kounrad's 2021 copper production of 14,041 tonnes (2020: 13,855 tonnes).

The Group C1 cash cost on a copper equivalent basis has increased largely as a result of lower copper equivalent production units mainly due to lower lead and zinc prices relative to copper and partly due to higher costs at both Sasa and Kounrad.

CAML's fully inclusive copper equivalent cost of production has primarily been adversely affected by a reduction in copper equivalent tonnes due to the relative price performance of all three base metals, as well as an increase in royalty costs.

Fully Inclusive Cu Equivalent cost of Production ($/lb)



Administrative expenses

During the year, administrative expenses increased to $22.1 million (2020: $19.0 million), largely due to an increased non-cash share-based payment charge of $2.4 million (2020: $0.9 million) resulting from the vesting of three years' worth of share options granted to employees. The comparative year shows only one year's worth of vesting share options as the policy long-term incentive plan was recently adjusted. In addition, in the comparative period there were no additional divided share awards made given that the Company did not declare a final 2019 dividend.

There was also an increase in employee-related costs due to pay rises, additional insurance premiums, and more business travel following the easing of lockdown restrictions in prior year.

Finance costs

The Group reduced its finance costs in 2021 to $3.9 million (2020: $6.7 million) principally driven by a lower debt balance from further scheduled debt repayments of $38.4 million throughout the year and an additional $10 million early repayment of the corporate debt facility. The interest rates incurred also reflected a lower LIBOR rate.

Taxation

2021 Group corporate income tax increased significantly to $25.1 million (2020: $16.0 million) as a result of higher profits at Kounrad of $102.6 million (2020: $61.7 million) taxed at a corporate income tax rate of 20% and at Sasa of $32.3 million (2020: $16.3 million) at a corporate income tax rate of 10%. The Group's underlying effective tax rate was $23.0% (2020: 26.8%) which reflects the increased profits at both operations.

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.

BALANCE SHEET

Cut and Fill Project

The Group continues to invest significantly at Sasa with the implementation of the Cut and Fill Project, comprising the construction of a Paste Backfill Plant and associated underground reticulation infrastructure, a Dry Stack Tailings Plant and associated landform and the development of the new Central Decline.

Capital expenditure on Cut and Fill Project totalled $8.3 million of which $5.9 million has been capitalised. This includes $3.3 million on the Paste Backfill Plant including costs of $0.6 million for thickener tank, $0.3 million for displacement pumps and construction and design. There was a further $0.9 million spent on underground reticulation. There was also $1.4 million spent on the Dry Stack Tailings filtration plant including $0.7 million on the larox filter.

Central Decline costs include $1.2 million of capitalised development and $2.4 million on new equipment including new underground fleet.

The Group intends to spend $17-$19 million on its Cut and Fill Project in 2022.

Sustaining capital expenditure

The Group sustaining capital expenditure capitalised was $8.8 million (2020: $8.5 million), comprising $2.7 million (2020: $1.3 million) costs at Kounrad and $6.1 million (2020: $7.2 million) at Sasa.

Kounrad sustaining expenditure included $1.2 million on solution pipes, lining and dripper pipes and expenditure of $0.7 million on new anodes and a new bulldozer of $0.2 million.

Sasa sustaining capital expenditure includes capitalised mine development of $2.7 million, $0.5 million on underground fleet, $0.3 million on a new drill rig and $0.2 million on TSF 4 pulp line costs.

Working capital

As at 31 December 2021, current trade and other receivables were $6.2 million (31 December 2020: $8.9 million), which includes trade receivables from the offtake sales of $1.2 million (31 December 2020: $1.9 million) and $2.5 million in relation to prepayments and accrued income (31 December 2020: $2.6 million). The corporate tax recoverable balance at Sasa has decreased by $1.2 million due to increase in zinc and lead prices reducing the previously accumulated recoverable balance.

Non-current trade and other receivables were $7.3 million (31 December 2020: $3.8 million), which has increased due to prepayments made on property, plant and equipment as part of the Sasa Cut and Fill Project as well as prepayments at Kounrad. As at 31 December 2021, a total of $3.3 million (31 December 2020: $3.3 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 2021, current trade and other payables were $16.1 million (31 December 2020: $12.9 million).

Asset retirement obligation

At year end an updated Sasa conceptual closure plan was performed by independent external consultants WSP UK Limited ('WSP'). The report re-assessed the estimated closure costs at the end of the life of mine in 2038 including rehabilitation, remediation, decommissioning and demolition. The year end provision has therefore been increased to $16.1 million (2020: $7.2 million) to account for the additional estimated costs surrounding managing surface water in-line with the Global Industry Standard on tailings management ('GISTM'). A key addition to the asset retirement obligation proposed is to construct a diversion route to re-join the natural course of the river.

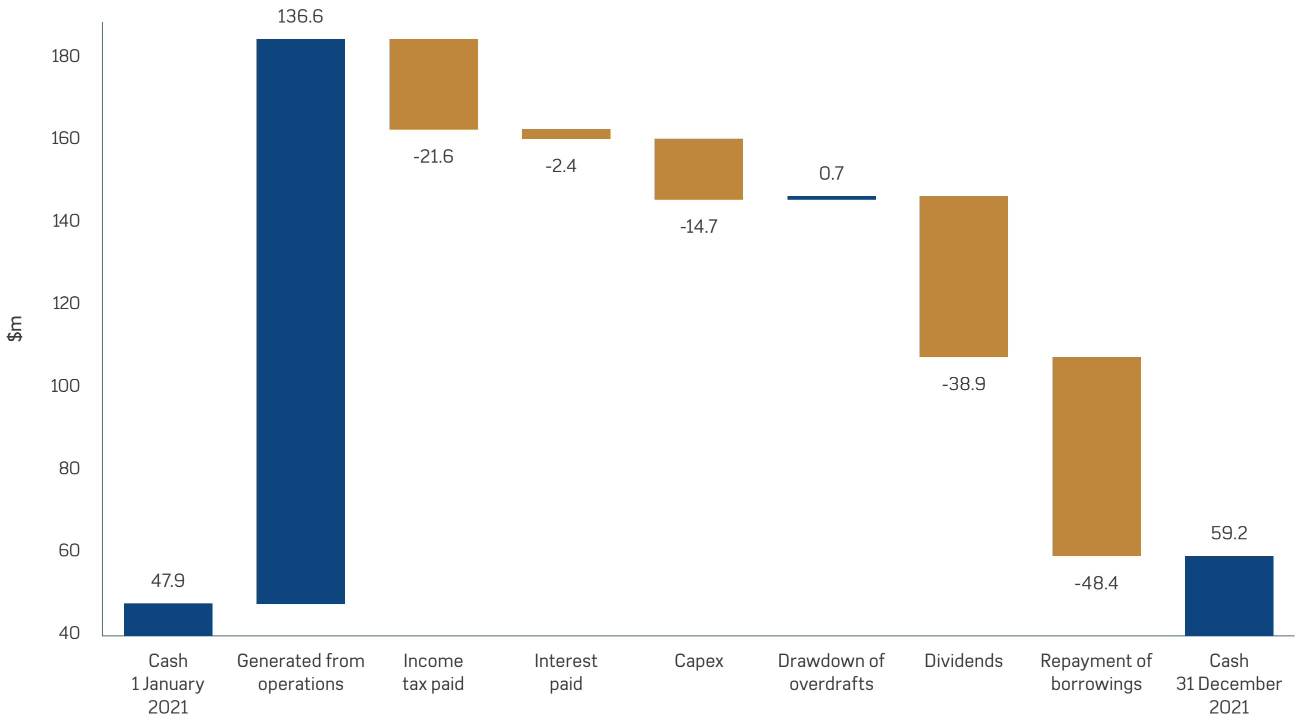
Cash and borrowings

As at 31 December 2021, non-current and current borrowings were nil (31 December 2020: $32.3 million) and $33.0 million (31 December 2020: $48.1 million) respectively comprising of $23.4 million in corporate debt through Traxys Europe S.A. and the $9.6 million of North Macedonian overdraft facilities. The reduction in total borrowings of $48.5 million reflects monthly corporate debt repayments during the year of $38.4 million plus an additional $10 million early repayment of debt.

The corporate debt facility agreement with Traxys Europe S.A. is expected to be repaid in August 2022. The monthly repayment schedule is $3.2 million and interest is payable at 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 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 overdraft facility agreed with Komercijalna Banka AD Skopje with a fixed interest rate of 2.4% - 2.5%, dependent on conditions, was extended during the year to 30 July 2022. In June 2020, a new overdraft facility was agreed with Ohridska Banka A.D. Skopje with a fixed interest rate of 2.5% denominated in Macedonian Denar. This was originally repayable on 26 June 2021 and was extended for a further year to 26 June 2022.

CASH FLOW



CASH FLOWS

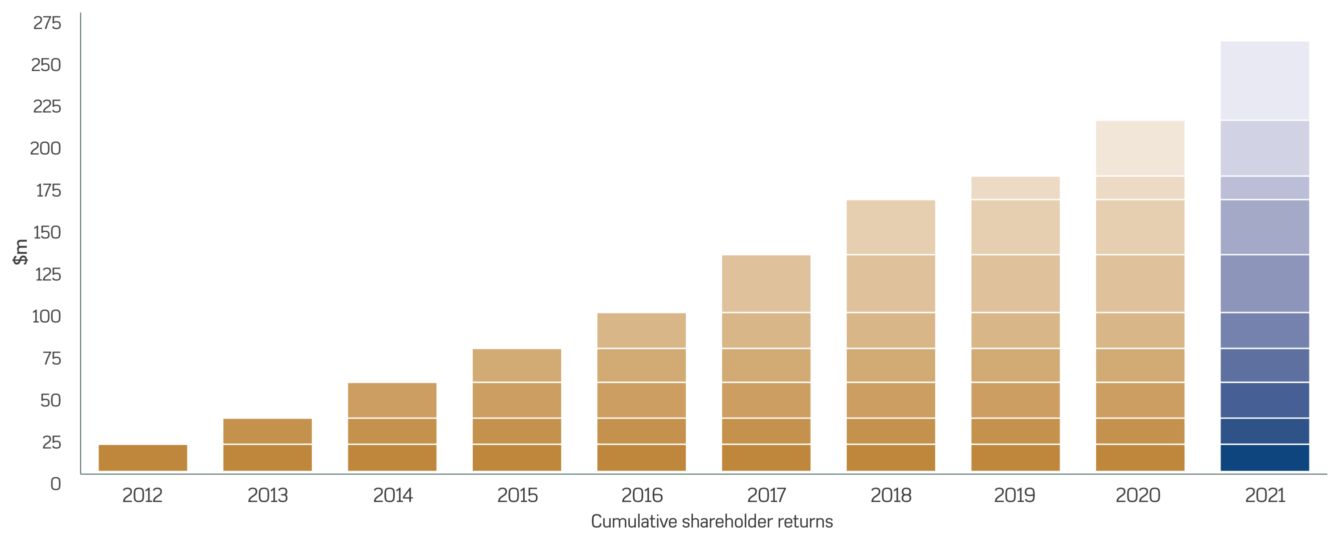
Increased commodity prices coupled with a credible operational performance resulted in strong cash flows for the Group. Net cash flow generated from operations was $112.6 million (2020: $67.4 million).

During the year, corporate debt repayments of $48.4 million were made (2020: $38.4 million), plus Group interest paid totalling $2.4 million (2020: $4.8 million). Net drawdowns on overdrafts during the year were $0.6 million (2020: $8.0 million).

In 2021, corporate income tax payments to governments totalled $21.6 million (2020: $14.7 million). This included $0.5 million (2020: $1.6 million) of North Macedonia corporate income tax paid in cash in addition to a $3.5 million (2020: $4.0 million) non-cash payment and was offset against VAT receivable and overpaid corporate income tax from the prior year. $21.1 million (2020: $13.1 million) of Kazakhstan corporate income tax was paid during the year.

Taking into account sustaining capital expenditure, CAML's free cash flow for 2021 was $103.8 million (2020: $58.9 million).

DIVIDEND



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.

As a result of the strong cash flows during the year, the CAML Board declared a final 2020 dividend of 8 pence and 2021 interim dividend of 8 pence. Total dividends paid to shareholders during the year of $38.9 million (2020: $13.9 million) comprised the 2020 final dividend and the 2021 interim dividend, and compared favourably to 2020 given that the CAML Board did not recommend a 2019 final dividend in March 2020 following the outbreak of the COVID-19 pandemic.

In conjunction with CAML's 2021 annual results, the Board proposes a final 2021 dividend of 12 pence per Ordinary Share. This brings total dividends (proposed and declared) for the year to 20 pence (2020: 14 pence) which represents 45% of free cash flow. The final dividend is payable on 30 May 2022 to shareholders registered on 6 May 2022. This latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the 2010 IPO listing to $256.9 million.

GOING CONCERN

The Group sells and distributes its copper product primarily through an offtake arrangement which is in place until December 2022 whereby Traxys commits to sell a minimum of 95% of Kounrad's cathode. The Group sells 100% of Sasa's zinc and lead concentrate product through an offtake arrangement with Traxys which has been fixed through to 31 March 2023.

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 2021. During 2021, 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 financial covenants of CAML's debt, which include the monitoring of gearing and leverage ratios, are all routinely monitored by management and the Group is in compliance with the terms of its debt packages. The Board has reviewed forecasts for the period to December 2023 to assess the Group's liquidity and debt covenant compliance which demonstrate substantial headroom.

Additional sensitivity scenarios have been considered in terms of pricing and production including consideration of risks as per pages 66-71, together with reverse stress testing of the forecasts in line with best practice. Liquidity and covenant headroom was demonstrated in each reasonably possible scenario. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

CONFLICT IN UKRAINE

The situation in Ukraine, which will have an impact on the global economy and financial markets. The outlook in this regard is uncertain and the full extent of consequences cannot be assessed at this stage. Energy and commodity prices have risen adding to the inflationary pressures already faced by CAML. CAML management's focus is to ensure full compliance with sanctions imposed on Russia across all operations, as well as to proactively address any anticipated issues with logistics and supply chains by increasing stock levels of reagents and critical spare parts.

In the meantime our thoughts are with those directly affected.

NON-IFRS FINANCIAL MEASURES

The Group uses alternative performance measures, which are not defined by generally accepted accounting principles ('GAAP') such as IFRS, as additional indicators. 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:

	2021 $'000	2020 $'000
Profit for the year	84,176	43,690
Plus/(less):		
Income tax expense	25,147	16,035
Depreciation and amortisation	29,572	29,148
Foreign exchange (gain)/loss	(1,214)	690
Other income	(166)	(535)
Other expenses	139	28
Finance income	(74)	(116)
Finance costs	3,920	6,673
Loss from discontinued operations	4	70
EBITDA	141,504	95,683

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 and treatment charges 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 (cash)/debt

Net debt is a measure used by the stakeholders for the purposes of capital management and is calculated as the total of the borrowings held with Traxys. 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 $3.5 million (31 December 2020: $3.6 million):

	31-Dec-21 $'000	31-Dec-20 $'000
Borrowings	32,978	80,412
Cash and cash equivalents	(55,695)	(44,231)
Net (cash)/debt	(22,717)	36,181

Free cash flow

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

	2021 $'000	2020 $'000
Net cash generated from operating activities	112,605	67,439
Less: Purchase of property, plant and equipment	(8,750)	(8,497)
Less: Purchase of intangible assets	(56)	(2)
Free cash flow	103,799	58,940

The purchase of sustaining property, plant and equipment figure above does not include the $5.9 million (2020: nil) of capitalised expenditure on the Sasa Cut and Fill Projects. These costs are not considered sustaining capital expenditure as they are expansionary development costs required for the transition to the cut and fill mining technique. These exceptional costs are expected to continue until 2023.

Sustainability reporting standards

Sustainability is at the core of our business values, and we continue to align our reporting with the Global Reporting Initiative ('GRI') Standards 'Core option'. We have an economically robust business that underpins our ability to generate profits and dividends for our shareholders and ensures that our successes are also felt by other important stakeholders. We strongly believe that by creating shared value we are ensuring the long-term sustainability of our operations and acting as a good corporate citizen. The table below highlights the economic value that has been distributed amongst CAML stakeholders during 2021.

	Stakeholder	2021 $'m	2020 $'m
Direct economic value generated		235.2	170.7
Economic value distributed:			
Operating expenses	Suppliers & contractors	48.6	42.3
Wages and other payments to employees	Employees	30.5	26.7
Dividend payments to shareholders	Shareholders	38.8	13.9
Payment to creditors: Interest payments on loans	Lenders	2.4	4.8
Payments of tax[1]	Government	36.7	24.8
Community investments	Local communities	0.5	0.5
Economic value distributed		157.5	113.0
Economic value retained (generated – distributed)		77.7	57.7

1 The tax disclosed is the total corporate income tax recognised in the income statement, MET, concession fees and property taxes. The figure excludes the payroll taxes and additional cash payments made on corporate income tax during the year.

On behalf of the Board

GAVIN FERRAR
CHIEF FINANCIAL OFFICER
28 March 2022

RISK MANAGEMENT

IDENTIFYING AND MANAGING RISKS

QCA 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risk management within the Group is an ongoing evolutionary process and we have made significant progress during 2021 with the key hire of an experienced and dedicated Group Internal Controls and Risk Manager who will continue to ensure that risk is integrated throughout our business.

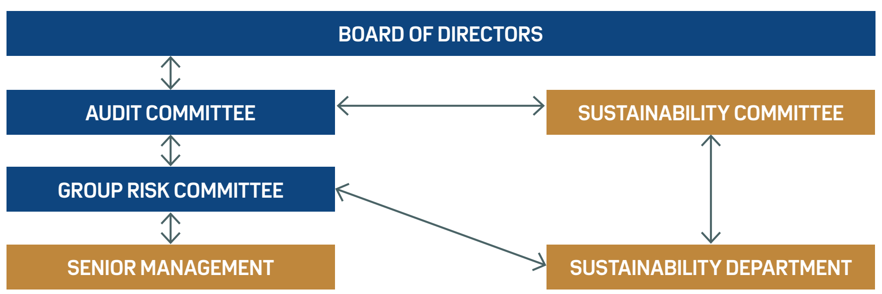
The Board is ultimately responsible for CAML's Risk Management and Internal Control systems and for reviewing their effectiveness in operation. CAML's Group Internal Controls and Risk Manager is responsible for coordinating risk management processes both corporately and at our operations, and to report on principal risks to the Group Risk Committee and the Board's Audit Committee.

Risk management is led by the Executive Directors and senior management. On a quarterly basis, risk coordinators facilitate the site level risk review process by engaging relevant onsite management as well as onsite risk and sustainability committees, and reporting findings to the Group Internal Controls and Risk Manager for consolidation into one risk register at the Group level. From this database, principal risks are identified, based on their risk severity from the Group perspective. The quarterly principal risks are presented to the Group Risk Committee to obtain further feedback on the appropriateness of risk mitigation plans and identification of any top-down emerging risks. At least once annually, the Chair of the Group Risk Committee meets with the Audit Committee and reports on the material risks to the business and what is being done to mitigate them.

An area of ongoing work is to further engage the various levels of management at the sites to actively participate in risk review processes and bring emerging risks to the attention of senior management. In 2022, risk management training workshops will be delivered to employees across the Group to enhance the understanding of risk management principles as well as to encourage greater 'buy-in' from the site-based management.

Insurance is a risk management tool which we employ to minimise financial impact to the Group. The independent survey reports we receive from insurance groups provide useful insight into risks and typically help us identify areas that might require further mitigation. While insurance markets are typically becoming more expensive, we were pleased to be able to keep our Group 2021 insurance costs at levels similar to previous years.

OUR RISK MANAGEMENT FRAMEWORK



RISK MANAGEMENT PROCESS

Communication and Consultation

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

IDENTIFICATION
Risks are identified by all levels of management, along with their teams, across the Group. The Group Internal Controls and Risk Manager and site-based risk coordinators facilitate risk management processes, including providing guidance in the risk identification process.

ANALYSIS
For identified risks, further analysis is conducted to understand root causes of each risk and an estimate of the likelihood of risk occurrence and its potential consequences, including financial and non-financial impacts to the Group. Subsequent risk analysis is performed as part of ongoing risk monitoring and review processes.

EVALUATION
The results of risk analysis are used to determine the overall level of the risk, its significance to the Group and whether risk mitigation plans need to be implemented to reduce the risk to an acceptable level. The risk assessment criteria and risk appetite are determined by the Board of Directors.

MITIGATION
An agreed risk treatment plan is put in place to reduce the risk's likelihood of occurrence and to manage consequences of the risk's occurrence. This should result in a decrease of the overall risk level to an acceptable degree as determined by the Group's risk appetite.

MONITORING/REVIEW
Regular supervision and observation are conducted to monitor changes in risk attributes, such as likelihood and potential consequence, and effectiveness of current risk treatment plans to ensure that the risk level is maintained within an acceptable level. If necessary, risk treatment plans are modified to address identified gaps.

EMERGING RISKS

Currently emerging risk identification is integrated as part of ongoing risk management discussions at the operations and the Group level. In 2022, we will work on establishing a separate process for emerging risk identification and monitoring to ensure that the Group has mechanisms in place to anticipate risks that might have a new and significant impact on the Group in the future.

For 2021, we have identified and plotted on our risk heat map four new risks.

Climate change was identified as an emerging risk last year and has been more fully analysed during 2021. We have also included capital projects to our principal risks as we are now in the execution phase of our Sasa Cut and Fill Project.

In 2022, unrest in Kazakhstan led to significant changes in government and a state of emergency was declared across the country in January. Kazakhstan's President has since ordered his new government to look into taxation, and in particular to review taxation in relation to the mining sector. Whilst country risk is not an emerging risk for the Group, the recent events in Kazakhstan elevate this to the principal risk level.

In terms of a new emerging risk, which has not as yet been plotted on our principal risk heat map, we note the current war in Ukraine, which will have an impact on the global economy and financial markets. The outlook in this regard is uncertain and the full extent of consequences cannot be assessed at this stage. Energy and commodity prices have risen adding to inflationary pressures faced by CAML. Management's focus is to ensure full compliance with sanctions imposed on Russia across all operations, as well as to proactively address any anticipated issues with logistics and supply chains by increasing stock levels of reagents and critical spare parts.

COVID-19

In 2021, rising commodity and energy prices, as well as higher food prices, led to an inflationary environment globally. Although there are expectations that the current global price rally would eventually ease, and governments and central banks will introduce measures to reduce inflation growth, there is the potential for rising costs globally and for CAML's operations, which would have a direct impact on the Group's profitability. We have therefore elevated global cost inflation risk to the principal risk level.

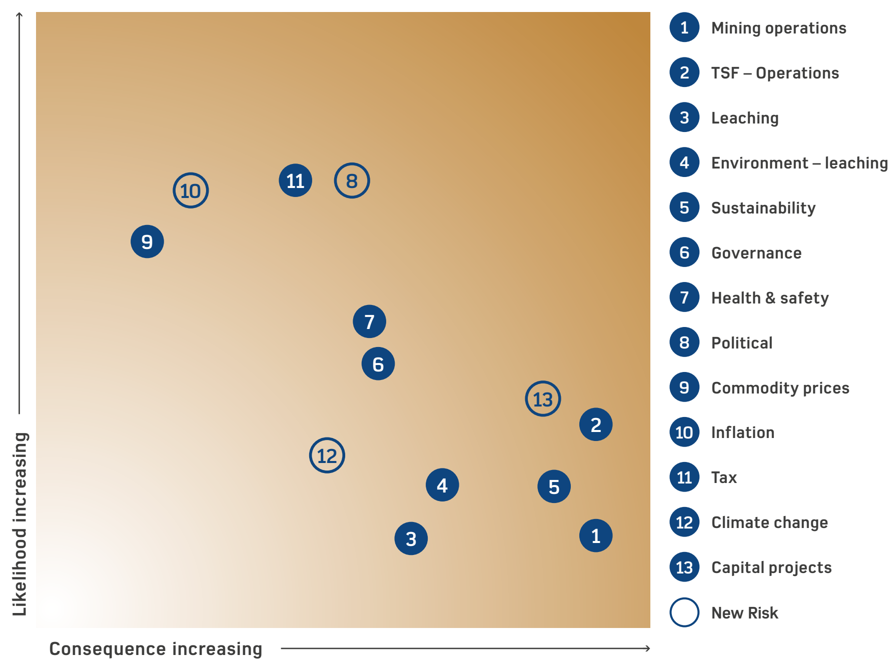
It has been approximately two years since the start of the COVID-19 pandemic and, to date, procedures for keeping our employees healthy and our sites operating have been proven to be effective. Significant efforts have been made globally to roll out COVID-19 vaccines in order to slow the spread of the virus. Although the Group has a lower than desired uptake of vaccines amongst employees in North Macedonia, and the overall health risk to CAML employees remain high, management believes that this risk is being mitigated appropriately and adequately and, therefore, is no longer a principal risk to the Group's operations.

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. The Group has also very limited risk appetite for other areas of Sustainability, such as the environment, community and employee risks, as well as governance. The Group's appetite for financial risk is more forgiving as we have low-cost operations and therefore can withstand certain unfavourable pricing and cost developments.

In 2022, we plan to improve processes around development and reporting on the Group's risk appetite. We will work together with the senior management and the Audit Committee to discuss and refine risk appetite for the principal risk areas. Furthermore, we aim to enhance our risk reporting processes to have a clearer link between reported risks and the Group's approved risk appetite.

OUR RISK HEAT MAP



Direction of risk movement during 2021 described within each separate risk

PRINCIPAL RISKS AND UNCERTAINTIES

PRINCIPAL RISKS AND UNCERTAINTIES

Operating in the mining sector brings with it inherent risk in the extraction and processing of natural resources. This section sets out principal risks and uncertainties identified by CAML which could adversely impact the Group's ability to meet its strategic objectives. This section also includes a description of the actions that have been undertaken by management in response to these risks.

STRATEGIC OBJECTIVES KEY:

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

SUSTAINABILITY RISKS

ENVIRONMENT – LEACHING 4

KPIs

Responsibility

- Sustainability Director

Risk and impact

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

Mitigation

- Extensive groundwater modelling and testing is routinely conducted to understand the interaction of leaching and groundwater.
- Management put in place a comprehensive groundwater monitoring programme, which covers new leaching blocks at the Western Dumps as well as long term monitoring of blocks at the Eastern Dumps.
- As part of the groundwater monitoring programme, an extensive array of boreholes has been installed around the dumps. Should monitoring boreholes identify any seepage of concern, leaching of the block would stop and remedial actions implemented, including solution extraction directly from the boreholes.

Risk movement

- Operations at Kounrad have now moved predominately to the Western Dumps. In 2021, further hydrogeological assessments were conducted at the Western Dumps, with no negative impacts identified. However, the risk remains high and has to be closely monitored going forward.

SUSTAINABILITY - TSF 5

KPIs

Responsibility

- Sustainability Director
- COO

Risk and impact

- TSFs which are not constructed or managed correctly can fail, leading to potentially significant damage to people, property, the environment and the Company's reputation.

Mitigation

- During 2021, management completed the implementation of remedial measures following the TSF4 incident in 2020. Re-training of all TSF operational personnel has been conducted, the team bolstered, and operating procedures have been updated to incorporate revised controls.
- Also in 2021, a third party undertook an audit of the Group's TSFs and no significant stability risks were identified, although further stability work on TSF4 was recommended and is being undertaken in Q1 2022. Management plans to implement the remaining audit recommendations in 2022.
- Mitigation measures are focused on monitoring, prediction, and prevention of an incident. Regular internal monitoring is undertaken of all aspects of the TSF operations, including movement and water levels and data collected is regularly reviewed by external parties. Management plans to further automate current monitoring processes in 2022.
- Management is considering implementing an early warning system 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 option.

Risk movement

- No change in the overall risk assessment during 2021. Although the mitigation actions implemented in 2021 have focused on reducing the likelihood of the risk event, the potential consequences of TSF failure remain catastrophic for the Group and therefore this remains a principal risk for CAML.

GOVERNANCE / COMPLIANCE 6

KPIs

Responsibility

- CEO
- Legal Counsel

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, including applicable licenses required for continuous operations, or failure to follow expected social and business conduct could cause potential interruption or stoppage of operations, potential financial loss and reputational damage.

Mitigation

- 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.
- During 2021, the Group worked on implementation of a number of additional measures to further improve governance processes and mitigate risks associated with legal and regulatory compliance across the Group.
- Governance policies and procedures were reviewed and updated following third party recommendations. Effective implementation of policies is further supported by a newly developed online training platform for employees across the Group. Compliance on-site training workshops were also conducted for contractors.
- Formalised supplier due diligence guidance has been rolled out across the Group in 2021 to minimise risks within procurement processes. Social assessment questionnaires and the distribution of the supplier charter/ code of conduct were completed for key suppliers as part of this due diligence.
- The Group continues its engagement with local authorities and communities to follow good governance.
- Further details of Governance initiatives undertaken in 2021 are set out in Sustainability report.

Risk movement

- Whilst the overall likelihood of governance risks has decreased slightly with the measures that have been put in place during 2021 the overall potential impact to the Group's reputation could be significant.

STRATEGIC OBJECTIVES KEY:

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

SUSTAINABILITY RISKS CONTINUED

HEALTH AND SAFETY 7

KPIs

Responsibility

- Sustainability Director
- COO
- Site GDs

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 serious injuries and 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. The dedicated health and safety teams conduct regular training for employees on the appropriate use of PPE, as well as performing their duties in line with standard operating procedures. Managers and supervisors are responsible for ensuring employees adhere to all safety procedures as part of their day-to-day operations.
- Policies and procedures are in place to identify and mitigate risks and provide clear guidance on conducting operational processes appropriately and safely.
- In January 2022, we recruited highly experienced CAML H&S manager to provide leadership and guidance to the team, and introduce best practices to promote safe operations, particularly at Sasa.
- Working underground presented further challenges in 2021, various actions were undertaken to improve the underground condition and continue focus on workers training, skills and knowledge.
- We are in the process of updating our underground mining fleet and have added remote operating capabilities where possible to improve safety. We have completed the installation of fibreoptic cable underground as part of our communications modernisation programme, as this enables us to understand where our employees are in real time.
- Further details of the Group's H&S initiatives are set out in the 2021 Sustainability Report.

Risk movement

- As we invest 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.

CLIMATE CHANGE 12

KPIs

Responsibility

- CEO
- Sustainability Director
- Director of Corporate Relations

Risk and impact

- The Group's operations may be affected by the physical risks identified and caused by climate change, which might lead to a disruption in operations. Policy and regulatory changes may present further transition risks to the Group, as regulators increasingly incorporate climate risk considerations into financial regulations and disclosures, and countries increasingly move to incentivise or penalise companies in order to effect change and reduce GHG emissions to meet decarbonisation targets.

Mitigation

- CAML's Climate Change Strategy was approved by the Board in 2021. The strategy sets out key elements of the Group's approach to the climate change agenda, including targets and a timeline for reduction of its GHG emissions. Further details of CAML's Climate Change Strategy are presented as part of its inaugural TCFD report in this Annual Report.
- A comprehensive risk assessment study was conducted to understand climate-related risks present across the Group. Physical risks were identified at Sasa and Kounrad, and relevant mitigation actions have been identified and, where possible to date, actioned. Transition risks have also been identified and addressed as part of the strategy implementation.
- In-country teams are monitoring local policies and regulations in relation to GHG emissions, including limits, mandatory reporting and required disclosures.
- Change with respect to climate change and decarbonisation is also being driven by the investment communities and CAML's Director of Corporate Relations maintains a dialogue with key investors to understand their aspirations for the companies in which they invest.

Risk movement

- The rating of GHG emission related risks has increased in 2021 due to anticipated challenges in both managing decarbonisation efforts and reporting against targets in ever evolving climate change regulatory conditions. In the coming years, GHG emissions may materially impact CAML's cost of capital and value if adequate progress in reducing emissions is not made.

POLITICAL RISK 8

KPIs

Responsibility

- CEO
- CFO
- General Directors (Kounrad & SASA)

Risk and impact

- The Group's operations and overall financial performance could be adversely impacted by any new regulations which are introduced by the governments of the countries where we operate, such as revisions of mining law, restrictions on foreign ownership of assets, the remittance of funds or rates of taxation.
- In addition, any increased requirements relating to regulatory, environmental, and social approvals in the countries in which we operate could result in significant delays in obtaining necessary approvals for capital projects and ultimately have an adverse impact on enhancement of existing operations and the financial results of the Group.

Mitigation

- Senior management at the Group's operations have built relationships with local authorities and government ministries.
- Through these relationships and a proactive approach to engagement, management aims to anticipate changes to legislation and plan accordingly.

Risk movement

- Post the period end, management has recently elevated this risk to a principal risk. In 2022, unrest in Kazakhstan led to significant governmental changes and stage of emergency declared across the country. Management closely monitors the local situation, but this Kazakh country risk is out of our control. Kounrad's operations are to date unaffected and our employees are safe and well.
- Politics in North Macedonia can also be changeable, with a recent change in Prime Minister announced as well as various other new ministers. At Sasa, the Group is in the process of delivering the Cut and Fill Project and, currently, the project planning documentation is with the Ministry of Environment and Physical Planning ('MoEPP') for review and approval. Progress in this regard is largely out of our control.

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 the geology of the dump material and the hydrogeology of the underlying formations. Should the flow rates and/ or grade drop, this could lead to a reduction in copper cathode produced.

Mitigation

- Extensive studies have been completed at Kounrad to Kazakh and international standards to ascertain the character of copper mineralisation within the dumps. The results of operations for over 10 years have shown a good correlation to the initial study work undertaken which gives management confidence for future operations.
- 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

- This risk remains stable. However, as operations focus on the Western Dumps, regular geological and hydrogeological monitoring must be maintained to ensure an ongoing understanding of any likely solution related risks for the future.
- In 2021, the production of PLS was in line with technical expectations. Leaching trials undertaken in 2021 on new Western Dump blocks indicate typical recovery profiles.

MINING & PROCESSING OPERATIONS 1

KPIs

Responsibility

- COO
- Technical Director

Risk and impact

- A significant fire at one of our sites 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 difficult to extinguish. At Sasa, a fire in the processing facility would have a prolonged impact on our ability to operate.
- The safe extraction of ore reserves at Sasa presents challenges that have led the Board to approve to transition to cut and fill mining from the current sub-level caving method of extraction.

Mitigation

- Fire suppression systems have been installed in the SX facility and in other key installations at the sites, both at Sasa and Kounrad.
- The full replacement of the Tungus power fire-fighting modules in the solvent extraction ('SX') facility was completed in 2021. An independent audit of the SX facility fire prevention and liquidation procedures is conducted annually to ensure compliance with applicable legislation. The financial impact to the Company in the eventuality of a fire is covered by the Property Damage and Business Interruption ('PDBI') policy currently in place.
- The mining method at Sasa is to change to a cut and fill operation which will ensure a safer and more sustainable extraction of maximum resources for the long term. This will also enable approximately 40% of tailings to be stored underground.

Risk movement

- The fire risks discussed are considered stable but remain high given perceived challenges in extinguishing a fire in the Kounrad processing facility. Mitigation measures currently in place at Kounrad are considered adequate by both insurers and management.
- The risks associated with mining at Sasa have remained unchanged but should reduce over time as operations transition to the cut and fill method.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC OBJECTIVES KEY:

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

OPERATIONAL RISKS CONTINUED

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 the cut and fill mining method as well as the proposed dry stack tailings, will provide additional tailings storage and augment the life of TSF4.

Risk movement
- This risk remained stable as the Cut and Fill Project progresses in line with management expectations. Management believes that any potential delays in timing of the transition could be compensated by varying the tailings allocation split at the later stages of the mine.

CAPITAL PROJECTS 13

KPIs

Responsibility
- CEO
- COO

Risk and impact
- As part of the transition to the cut and fill stoping mining method, a number of capital projects are currently underway at Sasa, including the paste backfill project, dry stack tailings project and development of Central Decline. The implementation of these projects may prove to be more complex or technically difficult than originally envisaged, resulting in delays and higher project costs. Local permits are required for these projects and if these approvals take longer than anticipated, this may also result in delays to the project timeline. Delays in this transition of mining method might potentially have an adverse impact on production and tailings volumes into the current TSF4.

Mitigation
- Dedicated project management team assigned to oversee delivery of the project. Detailed project timeline has been developed and project performance is reviewed against milestones and budgets on a regular basis. Periodic updates on the project implementation are provided to the Board.
- External engineering specialists were engaged to assist with development of detailed designs and will be assisting throughout the project implementation stage. The project team was also strengthened by experienced new recruits.
- Strong relationships are maintained with local and national stakeholders which should ensure that permitting processes are as prompt as possible.

Risk movement
- The project delivery risk has been assessed as High due to significance of the transition for the growth of the Group.

BUSINESS RISKS

TAX 11

KPIs

Responsibility
- CFO

Risk and impact
- The Group is subject to taxation in its jurisdictions of operation. There are inherent risks associated with the complexities of tax legislation, differences in interpretation of the applicable legislation and there can be changes in tax laws and regimes. Increased scrutiny of taxation measures or revisiting interpretations on prior taxation decisions by the governments in our countries of operation may lead to the Group paying increased taxes for current or prior periods, or adversely impact recoverability of tax receivable balances.
- There is a worldwide shift towards the avoidance of using offshore holding structures and this may lead to an increase in CAML's taxation.
- Kazakh President Kassym-Jomart Tokayev initiated a review of taxation legislation for the resource industry which may result in higher taxation of Kazakh operations profits and/or dividends.

Mitigation
- Management is committed to ensuring compliance with tax requirements in every jurisdiction that the Group operates, and to both minimising and managing risks associated with taxation.
- We focus on understanding developments in tax legislation, as well as building and maintaining good and constructive working relationships with all relevant tax authorities.
- Although we have strong in-house specialists, we also seek the advice of independent tax consultants where necessary.
- CAML is updating aspects of the Group structure to follow worldwide developments in the use of holding companies.

Risk movement
- Increase as governments in operating jurisdictions struggle fiscally and ongoing review of taxation arrangements for resource companies in Kazakhstan.

COMMODITY MARKETS 9

KPIs

Responsibility
- CFO

Risk and impact
- A significant decrease in copper, zinc or lead commodity prices would negatively impact Group revenues.
- In addition, changes in demand for zinc and lead concentrates might cause adverse movement in zinc and/ or lead treatment charges, which could have an impact on Sasa's profitability.

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 for 30% of its production to allow the Group to lock in some certainty of commodity prices in 2021 given the Cut and Fill Project capital expenditure requirements.
- The team works hard to ensure that Sasa's concentrates remain of high quality as to be as marketable and, therefore, as attractive as possible. In addition, ongoing communication with off-take customers is maintained to manage expectations with regard to contracted production volumes.
- In 2021 and for 2022, Sasa has continued working with its established regional and international smelters. Small volumes of production are occasionally allocated to new customers for diversification purposes.

Risk movement
- In 2021, the Group has benefited from rising commodity prices, which grew by 17-31% for the Group's three commodities during 2021, and falling treatment charges. Despite healthy commodity prices during 2021, management considers the risk to remain stable as general exposure to changes in commodity prices is a key factor in the Group's revenue and profitability.

INFLATION 10

KPIs

Responsibility
- CFO

Risk and impact
- The Group's cost base is highly susceptible to inflationary pressures. In cycles of high commodity prices, input costs, such as wages, consumables, diesel and energy often increase at a rate higher than that of general inflation. Rising costs, which could be triggered by and therefore offset by higher commodity prices, have a direct impact on the Group's profitability. In addition, inflationary pressures have an impact on capital expenditure, including the Cut and Fill Project.

Mitigation
- The main mitigation actions include placing orders earlier achieving lower prices, signing long term contracts with fixed prices and establishing strategic relationships with key suppliers.

Risk movement
- This risk has been elevated to a new principal risk level in 2021 due to substantial inflation in the operating jurisdictions and globally driven by rising commodity and energy prices leading to greater prices for consumables and equipment. Continuous supply chain issues resulting in longer lead times and higher delivery costs have also increased inflationary pressures.

GOVERNANCE

GOVERNANCE

WE CONSIDER CONTINUAL DEVELOPMENT TO BE AS IMPORTANT TO OUR GOVERNANCE AS IT IS TO OUR BUSINESS.

Good governance has always been of fundamental importance to building and sustaining stakeholder value in CAML over the longer term. We continue to develop our implementation of this key principle taking account of the strategy for the business.

LETTER FROM THE CHAIRMAN

NICK CLARKE
CHAIRMAN

DEAR SHAREHOLDER,
The past year has been a period of significant developments for the Board and its Committees as well as the business generally. It followed a year in which management were able to maintain operation of the Group's businesses despite severe restrictions on international travel. Whilst travel has remained difficult since then, there has been increased personal contact across the Group. Nonetheless, the governance structures across the Group from local and Group management to the Board and its Committees have helped ensure the resilience of the business.

Our governance structures were first put in place during the establishment of the Group. They, along with the related processes and procedures, were developed over the subsequent years. These enabled the successful operation of the Group as it navigated through the COVID-19 pandemic. I would like to thank all involved in this – from our local in-country staff to the Board and its Committees.

I have talked before about the importance we place on good corporate governance. As well as having the aim of building value for our shareholders and other stakeholders, it is also to protect their interests through times of challenge. This has been, and continues to be, key to the long-term sustainability of the Group's business across all areas and aspects of our operations.

Key activities of the Board and its Committees included the following:

1. We appointed two new independent Non-Executive Directors, each from a different background. Mike Prentis has a background in investment fund management, bringing particular insight from a shareholder perspective. Dr Mike Armitage has vast industry experience from a career of reviewing mining projects on behalf of companies. They both expand the diversity of skills on the Board.

2. These new Non-Executive appointments are part of the progressive succession planning for our longer-standing Non-Executive Directors on the Board. Nigel Hurst-Brown retired from the Board last year and Bob Cathery will be stepping down from the Board at the AGM.

3. We conducted a thorough internally facilitated evaluation of the Board this year. This included interviews by me with each of the other Directors. Whilst all Directors were supportive of the ongoing succession within the Board, it was clear from the evaluation results that more recently appointed Directors sought a structure through which historic knowledge of retired Directors could continue to be accessed if and when desired given the particularly long cycles within the Group's projects, for example at Kounrad.

4. In this context the Board plans to establish an Advisory Committee from which the Board, its Committees, and senior management can, if they wish, draw on historic knowledge and perspectives of former Directors and senior managers.

5. A formal Technical Committee of the Board has also been established to provide an additional review of significant projects proposed by management over and above their reviews by executive management and the Board.

6. The Technical Committee, as well as the Advisory Committee, will provide robust structures to enable the ongoing succession plans for the Board over the coming years. They are complementary to the work of our Sustainability, Nomination, Remuneration and Audit Committees which assist the Board in other key aspects of its work.

7. As part of the Board's succession planning, a number of changes were made to the membership of our longer-established Committees over the past year. These included the appointment of Mike Prentis to the Remuneration Committee. I am pleased Mike has agreed to become Chairman of that Committee when Bob Cathery steps down from the Board at the conclusion of the 2022 AGM. I would like to thank Bob for his extensive work in this role, including the development of our Long-Term Incentive Plan into its current form based, since 2020, on targets linked to relative TSR and sustainability measures over a three-year performance period.

8. Louise Wrathall, our Director of Corporate Relations, has agreed to join the Board, as an additional Executive Director, at the conclusion of the forthcoming AGM on 26 May. Louise has been a key member of the senior management team since she joined CAML in 2015 and further enhances the skills of the Board, emphasising the importance we place on her areas of responsibility, including investor relations, business development and environmental, social and governance ('ESG').

9. Also effective at the conclusion of the AGM, Mike Prentis has agreed to take up the new role on the Board of Senior Independent Director. In this role, Mike will be available as an additional point of contact for shareholders if required as well as continuing to act as a sounding board for the Executive Directors and Chairman.

10. As reflected in the establishment of our Sustainability Committee (originally named the CSR Committee) in 2012, sustainability has long been a key part of how we operate. This is now reflected more fully in our separate Sustainability Reports published annually. I would recommend those reports for those with an interest in this area. They provide more detail to the necessarily summarised reports in our Annual Reports.

The COVID-19 pandemic showed that none of us could know all the challenges that we could face. Our response to this proved that preparation through robust governance is essential to building a business that is both resilient and sustainable. As we further enhance and strengthen our governance structures, I believe we can look to the future with confidence. I look forward to reporting to you on further developments next year.

NICK CLARKE
NON-EXECUTIVE CHAIRMAN
28 March 2022

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 10 principles of the QCA Code can be found on our website at https://www.centralasiametals.com/corporate-governance.

	QCA 1	QCA 2	QCA 3	QCA 4	QCA 5
Principle	Establish a strategy and business model which promotes long-term value for shareholders	Seek to understand and meet shareholder needs and expectations	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Maintain the board as a well-functioning, balanced team led by the chair
Disclosure within this report	see pages 13, 80, 22-27	see pages 13, 36-43, 82-83	see pages 13, 36-43, 84-87	see pages 64-71, 106	see pages 5, 74-75

	QCA 6	QCA 7	QCA 8	QCA 9	QCA 10
Principle	Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Promote a corporate culture that is based on ethical values and behaviours	Maintain governance structures and processes that are fit for purpose and support good decision making by the board	Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders
Disclosure within this report	see pages 80, 82	see pages 92-93	see pages 28, 82, 84-87	see pages 78-79	see pages 42-43, 82-83

BOARD OF DIRECTORS

NICK CLARKE
NON-EXECUTIVE CHAIRMAN

Committees
N T

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, Minerals 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

Committees
S T

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

Committees

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.

External appointments

DR MIKE ARMITAGE
NON-EXECUTIVE DIRECTOR

Committees
S T N

Appointed
January 2022

Skills and experience
Mike has some thirty-five years' experience in the mining industry. He spent his early career working underground as a geologist in South Africa and then completed his PhD assessing alternative methods of reserve estimation at the Renco Mine in Zimbabwe. He then joined SRK Consulting in 1991 and over the next 30 years held various technical and management roles before leaving in early 2022. These roles included being Managing Director and Chairman of SRK's UK practice and Chairman of SRK's Russia and Kazakhstan practices as well as SRK Exploration Services. He also spent six years as Chairman of SRK Global. He is also a founding director of Sarn Helen Gold. Mike spent many years as joint course co-ordinator of a MSc in Mineral Resources at Cardiff University and then as external examiner for the MSc in Metals and Energy Finance at Imperial College, University of London. He has also been a council member and Vice President of the Geological Society and is currently Chairman of the Applied Earth Science Division of IOM3 and Honorary Chairman of the Critical Minerals Association.

Education/qualifications
Mike holds a BSc (Hons) in Mineral Exploitation from the University of Cardiff and a PhD in Mineral Resource Estimation from the University of Bristol. He is also a Chartered Geologist and Fellow of the Geological Society and a Chartered Engineer and a Member of the Institute of Materials, Minerals and Mining, IOM3.

External appointments
Mike currently serves as a non-executive director of Tertiary Minerals.

ROBERT CATHERY
NON-EXECUTIVE DIRECTOR

Committees
N R

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.

Education/qualifications

External appointments

ROGER DAVEY
NON-EXECUTIVE DIRECTOR

Committees
A N S T

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 feasibility studies, financing, 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, IOM3.

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

DR GILLIAN DAVIDSON
NON-EXECUTIVE DIRECTOR

Committees
N S T

Appointed
December 2019

Skills and experience
Gillian has over 25 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's Canadian Leadership Conference.

External appointments
Gillian is an independent sustainability adviser and currently serves as a non-executive director on the board of Horizonte Minerals plc, New Gold Inc. and Lundin Gold. She is also an executive board member of the Global Battery Alliance and chair of International Women in Mining.

MIKE PRENTIS
NON-EXECUTIVE DIRECTOR

Committees
A N R S

Appointed
March 2021

Skills and experience
Mike has 33 years of investment management experience, most recently at BlackRock where he was a Managing Director and Fund Manager. For many years he managed funds investing in listed UK small and mid-cap companies. These funds included BlackRock Smaller Companies Trust plc (2002 to 2019) and BlackRock Throgmorton Trust plc (2008 to 2018), both now FTSE250 constituents. He was Head of the BlackRock UK Small and Mid-Cap Equities Team (2015 to 2017). Previously, he worked in private equity, mainly helping to put together management buyouts; he was a Local Director for 3i Group plc. Mike qualified as a Chartered Accountant with Peat Marwick Mitchell (now KPMG) prior to commencing his investment management career.

Education/qualifications
Mike holds an MA in Geography from the University of Cambridge, where he was at Trinity College. He is an Associate of the Institute of Chartered Accountants in England & Wales.

External appointments
Mike is also a non-executive director of Invesco Perpetual UK Smaller Companies Investment Trust plc.

DAVID SWAN
NON-EXECUTIVE DIRECTOR

Committees
A 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, US and Russia. 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 Fellow of the Institute of Chartered Accountants in England and Wales ('ICAEW').

External appointments
David is also an independent non-executive director ASX-listed Tigers Realm Coal Ltd.

NURLAN ZHAKUPOV
NON-EXECUTIVE DIRECTOR

Committees
N S

Appointed
October 2011

Skills and experience
Nurlan is a Kazakh national and currently works in the capacity of chief executive officer of Kazakhstan Investment Development Fund Management Company Ltd. ('KIDF'). He has extensive experience in capital markets and has held positions at Rothschild & Co Global Advisory team, 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 in 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.

Committees A Audit N Nomination R Remuneration S Sustainability Committee T Technical Committee ◯ Chair of Committee

OUR APPROACH TO GOVERNANCE

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

In addition to the four standing Committees, during 2022 we also introduced a Technical Committee to support the work of the Board in its oversight of major projects.

QCA 9

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

Our governance structures are summarised below:

BOARD

A strong independent representation on the Board with six independent Non-Executive Directors, including Dr Mike Armitage who joined the Board in January 2022. The Board of Directors leads the Company in making key decisions about strategy, financial planning, its Directors and its operations and is supported by the four main Committees.

SUSTAINABILITY COMMITTEE

Although not a QCA Code requirement, we 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 local communities in which we operate. The Committee is responsible for the review of the Group's corporate ESG performance, in particular in relation to governance.

NOMINATION COMMITTEE

Our Nomination Committee is 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. It also reviews the composition and structure of the Board with particular regard to Director independence, and evaluates the balance of skills, strengths, diversity, knowledge, experience and tenure of the Directors. The Committee reports on 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.

REMUNERATION COMMITTEE

Our Remuneration Committee, led by Robert Cathery, is 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. In doing so, it ensures our incentive schemes are aligned with our business and sustainability priorities.

AUDIT COMMITTEE

Our Audit Committee, consisting of three independent Non-Executive Directors, is led by David Swan as its Chairman. The Audit Committee assists the Board in its oversight of the Company's financial reporting, regulatory compliance and internal control. It also oversees risk management, including receiving reports from management on key business, operational, and sustainability risks.

In addition, the Audit Committee reviews, on a regular basis, the independence, objectivity and effectiveness of the external auditor.

- 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.

TECHNICAL AND ADVISORY COMMITTEES

We have also, in 2022, established a Technical Committee to assist the Board in its review of major projects. In addition, we are planning to establish an Advisory Committee through which the Board can access the historical knowledge of former Directors and senior managers who have retired from the Group.

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 create value for all our stakeholders through the long-term success of the business.

KEY ISSUES AND ACTIVITIES IN 2021

STAKEHOLDERS
+ see page 83

DIVERSITY
+ see page 89

INDEPENDENCE
+ see page 82

CULTURE
+ see page 82

RISK AND INTERNAL CONTROL
+ see page 106

EFFECTIVENESS REVIEW
+ see pages 92-93

BOARD REPORT CONTINUED

QCA 1

QCA CODE PRINCIPLE:
Establish a strategy and business model which promotes long-term value for shareholders

BOARD REPORT

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 promotion of the interests of the Company, participation in its decision making and the definition and setting of its governance arrangements. 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 76-77:

Director	Natural Resources	Sustainability	Financial Governance, Risk & Controls	People	Strategy	International	Capital Markets
Nick Clarke	✓	✓		✓	✓	✓	✓
Nigel Robinson		✓	✓	✓	✓	✓	✓
Gavin Ferrar	✓	✓	✓	✓	✓	✓	✓
Dr Mike Armitage	✓	✓	✓	✓	✓	✓	
Robert Cathery	✓				✓	✓	✓
Roger Davey	✓	✓	✓	✓	✓	✓	✓
Dr Gillian Davidson	✓	✓		✓	✓	✓	
Mike Prentis		✓	✓		✓	✓	✓
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 and ensuring its values are upheld, 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.

Our Board meets at least five times a year and at other times where required for arising matters. During 2021, due to the restrictions implemented by the Government in the context of COVID-19, a combination of face-to-face and video-conference meeting arrangements were made depending on the guidance in place and situation at the time of each meeting. This continues at present due to ongoing health and safety considerations and meeting format will be kept under review as the year progresses.

Throughout the year, in addition to the five main Board meetings held, we also had three additional Board update meetings to consider specific matters. As well as the Executive Directors, senior management are invited to attend and present at meetings of the Board and its Committees where appropriate. As it had done during the previous year, the Board found the virtual meeting format enabled a sense of team to be maintained and, although it is not possible to fully replace in-person interactions, the flexibility provided by video-conferencing means the Board has continued to have the ability to increase meeting frequency where required, and has found this to be 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. At these meetings, strategy-specific matters in the Group are a regular area of focus. Meetings 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 ongoing limitations on international travel imposed since the start of the COVID-19 pandemic, visits to the Group's sites during 2021 by Executive Directors and other members of the senior management team 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.

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 2021 is shown below.

Director	Board (eight meetings)[2]	Audit (six meetings)	Remuneration (two meetings)	Nomination (three meetings)	Sustainability (three meetings)
Nick Clarke	●●●●●●●●[1]			●●●[1]	◍
Nigel Robinson	●●●●●●●●		◍	◍	●●●
Gavin Ferrar	●●●●●●●●	◍◍◍◍◍◍		◍	◍
Nigel Hurst-Brown[2]	●●●●●	●●●	●●	●	
Robert Cathery	●●●●●●○[3]●		●●[1]	●●○[3]	
Roger Davey	●●●●●●●●	●●●○[4]●●		●●●	●●●[1]
Dr Gillian Davidson	●●●●●●○[6]●			●●○[6]	●●●
Mike Prentis[5]	●●●●●	●●●●	◍	●●	●●
David Swan	●●●●●●●●	●●●●●●[1]	●●	●●●	
Nurlan Zhakupov	●●●●●●●○[7]			●●●	○[7]●○[7]

● Meetings attended
○ Board or Committee member not present
◍ Non-committee member invited to attend some or all of a meeting

1. Denotes Chairman status.
2. Stepped down from the Board on 31 July 2021.
3. Robert Cathery was unable to attend one Board and one Nomination Committee meeting (held on the same day) due to the meetings being necessarily arranged at short notice when he was not available.
4. Roger Davey was unable to attend one Audit Committee meeting due to connectivity difficulties from remote location for video call.
5. Dr Gillian Davidson was unable to attend one Board and one Nomination Committee meeting (held on the same day) due to the meetings being necessarily arranged at short notice when she was not available.
6. Appointed to the Board and as a member of the Audit, Sustainability and Nomination Committees on 31 March 2021 and as a member of Remuneration Committee on 14 September 2021.
7. Nurlan Zhakupov was unavoidably unable to attend one Board and two Sustainability Committee meetings due to urgent matters he was required to attend to in Kazakhstan.

Following the Government guidance and the Company's health and safety considerations in response to the COVID-19 pandemic, it was not practical for Directors to attend the 2021 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.

BOARD COMPOSITION

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

Non-Executive Chairman:
Nick Clarke

Two Executive Directors:
Nigel Robinson
Gavin Ferrar

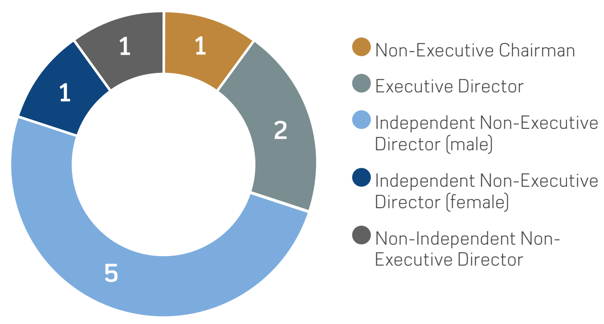
Seven Non-Executive Directors:

Six are considered fully independent:

Dr Mike Armitage
Robert Cathery
Roger Davey
Dr Gillian Davidson
Mike Prentis
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 REPORT CONTINUED

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. Mike Prentis, who was appointed to the Board in March 2021, and Dr Mike Armitage who was appointed in January 2022, are also considered to be fully independent. Despite his length of tenure, Robert Cathery is also considered to be fully independent by the Board due to his fully independent engagement in his role in the Company, though, as mentioned in the Chairman's introduction to governance on pages 74-75, he will be stepping down from the Board in 2022.

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, and as mentioned in the Chairman's letter, Nigel Hurst-Brown stepped down as a Director during 2021. Robert Cathery also intends to step down from the Board at the Company's 2022 AGM in May, following the transition of the role of Chairman of the Remuneration Committee. It is planned that this role will be assumed by Mike Prentis who was appointed to the Board effective 31 March 2021 as an independent Non-Executive Director. Mike's background in fund management overseeing the management and performance in a variety of companies provides the relevant skills and experience to lead the Remuneration Committee.

In addition, following completion of a recruitment process in late 2021, Dr Mike Armitage was appointed to the Board effective 10 January 2022 as an Independent Non-Executive Director. We believe Mike's wealth of international technical experience will support management and be invaluable to the Board, both in terms of our current operations and with our business development activities. Mike is also a member of the Sustainability and Nomination Committees and of the newly formed Technical Committee. The appointment process for the new Non-Executive Directors, led by the Nomination Committee is set out in its report on pages 88-89.

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 104 to 106.

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 purpose, 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. All Directors are also available to meet with investors where requested and all shareholders also have the opportunity to ask questions in relation to matters 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 2021 AGM, in light of the impact of the COVID-19 pandemic, the Board again had to consider the best way to deal with arrangements for the Company's AGM in line with the restrictions in place at the time of the meeting (which, in particular placed limitations on the number of people and households permitted to mix 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.

A separate communication will be sent to shareholders and published on the Company's website regarding the format of the Company's 2022 AGM.

Where appropriate, we also engage with our key shareholders on specific governance matters. Details of our stakeholder engagement activities during 2021 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 and these are published on our website.

QCA 2

QCA CODE PRINCIPLE:
Seek to understand and meet shareholder needs and expectations

QCA 6

QCA CODE PRINCIPLE:
Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities

QCA 10

QCA CODE PRINCIPLE:
Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

STAKEHOLDER ENGAGEMENT ACTIVITIES

Q1	→ 2020 Operations Update (11 January 2021) → Preparations for 2020 Annual Report, presentation of annual results and 2021 Annual General Meeting → Executive Director attendance at BMO virtual Global Metals and Mining Conference, March 2021 Non-Executive Director, Dr Gillian Davidson, participated in BMO conference Energy Metals Transition panel of speakers	CEO Nigel Robinson visited Kazakhstan and presented prominent members of the local community with a new ambulance car that the Kounrad Foundation had donated 2020 results announcement (30 March 2021) and 2020 results roadshow attended by Executive Directors and Director of Corporate Relations NED Chair of Sustainability Committee, Dr Gillian Davidson, moderates the 'Achieving Net Zero: Global Metals and Mining' panel as part of the Global Climate Summit
Q2	→ Q1 2021 Operations Update (13 April 2021) → Executive Directors present to private / retail shareholders on Investor Meet Company platform → Annual Report publication → Engagement with proxy advisers in connection with publication of 2020 Annual Report and Notice of 2021 AGM → Sustainability Report publication → Series of seven meetings organised with investors to obtain Annual Report and Sustainability Report feedback and give shareholders the opportunity to discuss ESG with CAML Chairman, Nick Clarke, and NED and Chair of Sustainability Committee, Dr Gillian Davidson.	→ Mike Prentis joins CAML Board as new NED and conducts a series of meetings with a various employees at both Sasa and Kounrad to understand employee perceptions → Annual General Meeting CEO presents at ShareSocUK webinar CEO presents at Proactive Investor Chair of CAML Sustainability Committee, Dr Gillian Davidson, moderated EITI workshop, EITI & Gender – 'towards a more equitable future'
Q3	→ H1 2021 Operations Update (8 July 2021) → 2021 interim results announcement (15 September 2021) and results attended by Executive Directors and Director of Corporate Relations	Executive Directors present to private / retail shareholders on Investor Meet Company platform Stakeholder engagement with Chairman of Remuneration Committee and Company Secretary on Executive Compensation
Q4	→ Q3 2021 Operations Update (7 October 2021) → Executive Director presents at Proactive One2One Virtual Forum	Participation in Mines and Money conference (CEO, CFO and Director of Corporate Relations) CEO participates in Bw TV roundtable, 'Driving the rEVolution'

SUSTAINABILITY COMMITTEE REPORT

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.

QCA 3
Take into account wider stakeholder and social responsibilities and their implications for long-term success

QCA 8
Promote a corporate culture that is based on ethical values and behaviours

DR GILLIAN DAVIDSON
CHAIR OF THE SUSTAINABILITY COMMITTEE

Members
Chair – Dr Gillian Davidson
Nigel Robinson
Dr Mike Armitage
Roger Davey
Mike Prentis
Nurlan Zhakupov

Achievements in 2021
- Worked with the Remuneration Committee to consider and agree 2021 KPIs and 2021 LTIP award targets focused on a small number of key areas and quantifiable ESG objectives.
- Formulated a Climate Change Strategy and engaged with Climate Risk Services (CRS) to assist the Group with developing this.
- Continued to successfully navigate the challenges of COVID-19 to ensure ,where possible, the welfare of our employees and contractors.
- Worked with the Group People Manager to revisit our values at Kounrad and ensure these align with our sustainability commitments.
- Formed new Sasa Foundation charity for community development and support.

Objectives for 2022
- Continue to develop reporting on sustainability matters, building further on the enhancements to disclosures made during 2021.
- Further develop CAML's sustainability strategy and targets.
- Continue to ensure our COVID-19 related approaches and procedures remain relevant and appropriate.
- Maintain ongoing stakeholder engagement.
- Commence initial disclosures towards TCFD reporting.
- Further work on finalisation of the Group Climate Change Strategy.
- Continue to work with the Remuneration Committee in setting appropriate sustainability performance measures in our long and short- term incentive plans.
- Undertake scenario analysis to deepen our understanding of climate related risks and opportunities and further inform our climate change strategy.
- Undertake double materiality assessment in preparation for reporting to GRI Universal Standards in the future.
- Continue to work on implementing the Global industry standard on tailings management ('GISTM') action plan by 2024.

DELIVERING VALUE THROUGH STEWARDSHIP | **MAINTAINING HEALTH AND SAFETY** | **FOCUSING ON OUR PEOPLE** | **CARING FOR THE ENVIRONMENT** | **UNLOCKING VALUE FOR OUR COMMUNITIES**

DEAR SHAREHOLDER

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.

During the year we have maintained our strong emphasis on sustainability matters throughout the Group, and I am please to report that we continue to make significant progress in this area. We believe our ongoing work in relation to the enhancement of our reporting, shareholder engagement, new initiatives and continued focus on community development are key in ensuring the long-term success of the business.

Whilst sustainability activity within CAML is first and foremost focused on its operational sites at Sasa and Kounrad, 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 ROLE OF OUR SUSTAINABILITY COMMITTEE

The Sustainability Committee, tasked with overseeing sustainability 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.

COMMITTEE FUNCTION

The Committee's membership comprises both Executive and Non-Executive Directors from both the UK and Kazakhstan. This ensures a full breadth of perspectives are brought to the Committee's important and varied activities.

The Committee met three times during 2021 via videoconference. In addition, regular update meetings were held between the formal meetings to oversee various matters as they arose, particularly to monitor the ongoing COVID-19 situation.

At every main meeting, the Committee:
- Reviews matters arising and approves minutes of previous meetings.
- Reviews and considers regular reports for both Sasa and Kounrad on:
  - Health and safety;
  - Environmental matters;
  - Local community projects/social matters.
- Considers specific sustainability aspects of the Group's operation as they arise, determining appropriate action.
- Reviews sustainability related governance matters.
- Maintains a strong focus on enhancing health and safety. Involvement/oversight of the Group's COVID-19 response.

The Committee is responsible for the review of the Group's corporate sustainability 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.

ANNUAL EFFECTIVENESS REVIEW

The effectiveness of the Committee was considered in the Board's annual effectiveness review which is detailed on page 93.

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, employees, diversity, social and corresponding governance and compliance 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.

TSF4 RIVER REMEDIATION

Following the TSF4 incident at Sasa in September 2020, a river remediation project was implemented by the Board, led by management and supported by the Sustainability Committee. The project completed in Q1 2021 and the monitoring of water quality and biodiversity will be ongoing. The Committee continues to keep matters under review and receives regular updates on progress.

COVID-19 RESPONSE

During 2021, the unpredictability of the COVID-19 pandemic continued to impact companies globally. Throughout the year, we have maintained the measures introduced across the business in response to this period of uncertainty and increased risk .

The specific measures in place prioritise the welfare of employees and contractors in the UK, Kazakhstan and North Macedonia. These include hygiene measures, disinfection and testing, provision of PPE and body temperature checks before accessing site. The Committee receives regular updates regarding the COVID-19 situation in each country and site.

TCFD AND CLIMATE CHANGE

As the necessity to move towards a decarbonised global economy becomes increasingly evident in the emerging scientific data, as an organisation, we are committed to exploring and understanding the impacts of climate change on the environment in which we operate and its potential effects on our business. We also recognise our role as a mining company with regard to producing base metals, which are essential for the future decarbonised economy, in a safe and sustainable environment for all our stakeholders. During 2021 we worked with Climate Risk Services ('CRS') to develop a Group Climate Change Strategy. The Committee also oversaw the formulation of a standalone Group Climate Change Policy and strategy for decarbonisation and energy efficiency for its operations which was approved by the Board in early 2022. The Sustainability Committee is responsible for overseeing progress in relation to climate change initiatives and compliance with the policy, and reports regularly on this to the Board of Directors. In the coming year we plan to undertake scenario analysis to deepen our understanding of climate related risks and opportunities and further inform our climate change strategy.

In addition, CAML is fully supportive of the recommendations of the Task Force on Climate Related Financial Disclosures ('TCFD'). The TCFD's objectives have been established to improve and increase reporting of climate-related financial information to ensure investors are well informed about the actions companies are taking are to mitigate the risks of climate change, as well as providing increased clarity on the way in which they are governed. The TCFD's recommendations cover governance, strategy, risk management, and metrics and targets. As a Group we have adopted this framework to guide the development of our enhanced disclosures of actual and potential impacts of climate-related risks related to these areas. During the coming year, we plan to commence initial disclosures towards TCFD reporting. Further details of how we plan to do so are set out on pages 40 to 41.

SUSTAINABILITY REPORT

Our second standalone Sustainability Report was published in Q2 2021. This took into account the positive feedback and helpful suggestions made in response to our inaugural publication. Our 2021 Sustainability Report will be published in Q2 2022 and will be available on the Company's website: www.centralasiametals.com. This proves a comprehensive overview of our ongoing sustainability approach. In the coming year we plan to re-visit CAML's material sustainability topics through an independent stakeholder engagement process as we did in 2020 and findings from this will shape our future Sustainability Report publications.

As a Group, our achievements in terms of corporate social responsibility, particularly in relation to our ongoing partnership with the communities in which we work is something we are proud of. We strongly believe that the health and safety of our employees and contractors, preserving the environment, and supporting vibrant and sustainable communities are extremely important. A more detailed summary of sustainability matters in the Group is given in on pages 36 to 41 and, as mentioned above, in our separate Sustainability Report.

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, suppliers 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. During 2021 we undertook management meetings with major investors which focused around the Company's sustainability matters. Feedback from investors from these meetings identified areas that were either already being handled by the Company or plans were being progressed to implement the changes. Details of stakeholder engagement activities during the year are set out on page 83 and in the s172 statement on pages 42 to 43.

SUSTAINABILITY TARGETS

As it did during the prior year, during 2021, the Sustainability Committee continued to work closely with the Remuneration Committee to consider and monitor ESG performance targets in the Group's long and short-term incentive plans. The ongoing integration of these measures confirms that Executive Director and senior management remuneration is intrinsically linked to sustainability performance and aligned with the Group's long-term strategy and purpose. Further details are included in the report of the Remuneration Committee on page 95.

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.

THE FUTURE FOR SUSTAINABILITY

I look forward to reporting to you on our progress and developments in next year's Annual Report as we continue to focus on the integration of our sustainability priorities and activities into our Group business model.

DR GILLIAN DAVIDSON
CHAIR OF THE SUSTAINABILITY COMMITTEE
28 March 2022

The Committee has been implementing plans for the ongoing refreshment and progressive succession of the Board, in particular in relation to the longer-serving Non-Executive Directors.

NICK CLARKE
CHAIRMAN OF THE NOMINATION COMMITTEE

Members

Chairman – Nick Clarke
Mike Armitage
Robert Cathery
Roger Davey
Dr Gillian Davidson
Mike Prentis
David Swan
Nurlan Zhakupov

Achievements in 2021

- As part of the ongoing transition of the Board, appointment of new Non-Executive Director, Mike Prentis in Q1.
- Used feedback from the Board's 2021 internal effectiveness review to identify specific areas of expertise to seek potential candidates for Board appointments, resulting in the appointment of Dr Mike Armitage as a new Non-Executive Director in January 2022.
- Developed succession plans for the longer term.
- Reviewed talent development and management in the Group for succession in key management positions below Board level.
- Implemented the previously deferred progressive succession planning for the Board previously on hold due to uncertainty in connection with the COVID-19 pandemic.

Objectives for 2022

- Continue with the next stage of plans for the progressive transition of the Board over the next two to three years and in the longer term.
- Ensure key management role succession plans are kept under review to ensure continuity at other levels of the business, not just at Board level.
- Development of objectives for increased diversity in the Group.
- Implement actions arising from the annual self-evaluation process and address matters identified from this.
- Work with the Board to increase focus on people.

SELECTION PROCESS FOR THE APPOINTMENT OF NEW BOARD MEMBERS

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
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.	A specification for candidates is prepared setting out the agreed key skills being sought to fit with the current balance, membership and dynamics of the Board.	A longlist of candidates meeting the specification is then identified.	A shortlist of candidates is selected by the Nomination Committee.	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.

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 this page shows the selection process for the appointment of new Board members as followed by the Nomination Committee. This is the process followed during 2021 for the appointments of Mike Prentis effective 31 March and Dr Mike Armitage, our most recent addition to the Board effective 10 January 2022. The Committee assessed the suitability of each for their roles as Independent Directors and recommended these appointments to the Board. The appointments of these candidates were in part guided by feedback from the 2020 Board evaluation process during which the areas of capital markets and technical experience were identified as key considerations for future recruitments. Actions taken during 2021 in relation to the outcomes of the 2020 evaluation process are set out on page 92.

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. A Q&A with our two most recently appointed Directors, Mike Prentis and Dr Mike Armitage can be found on page 90.

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 76-77, and the composition and key strengths of its members are set out on page 80.

BOARD DIVERSITY

In making recommendations for appointment, the Nomination Committee considers suitably qualified, high calibre 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.

DISCUSSION/Q&A WITH NEW BOARD MEMBERS

WHEN I JOINED THE CAML BOARD I CONDUCTED A SERIES OF MEETINGS WITH EMPLOYEES AT BOTH SASA AND KOUNRAD TO UNDERSTAND EMPLOYEE PERCEPTIONS.

MIKE PRENTIS
NON-EXECUTIVE DIRECTOR (APPOINTED 31 MARCH 2021)

WHAT ATTRACTED YOU TO THE ROLE?

MP *I had followed CAML since it completed its IPO more than 10 years ago and had seen how Kounrad had been taken from a project to a fully operational business on time and within budget. I have met with Nick Clarke, Nigel Robinson and, since the acquisition of Sasa, Gavin Ferrar and Louise Wrathall every 6 months since IPO. They are a team that I have always liked, and I have been impressed by their consistent record of successful delivery.*

WHAT WAS YOUR INITIAL APPROACH AND FINDINGS?

MP *I had a number of calls with individuals based at Head Office, Kounrad and Sasa and these helped me build a more detailed view of how the Company is performing, what the main issues are, and some of the opportunities ahead. I was particularly impressed with the methodical and speedy way that the team handled the tailings issue at Sasa. The skills and depth of talent in the business also became much more evident through the calls.*

WHERE WOULD YOU LIKE THE BUSINESS TO GO IN FUTURE ?

MP *The immediate priorities are to ensure continued safe and successful operation at Kounrad and Sasa, and the completion of the capex projects at Sasa which will help ensure a long mine life. Beyond this the cash being generated from these operations will allow us to pursue growth opportunities as well as continuing with good dividends. The key is to ensure that any opportunities pursued are likely to significantly add value and do so at acceptable risk.*

MY APPROACH WAS TO GAIN AN UNDERSTANDING OF THE CHALLENGES AND OPPORTUNITIES PRESENTED BY OUR EXISTING ASSETS AND THE SKILLS AND EXPERIENCE OF OUR EMPLOYEES.

DR MIKE ARMITAGE
NON-EXECUTIVE DIRECTOR (APPOINTED 10 JANUARY 2022)

WHAT ATTRACTED YOU TO THE ROLE?

MA *The opportunity to work with people whom I already knew and respected, the challenge of helping to optimise the performance of two very different operating assets and the opportunity to assist in the Company's ongoing strategic development and consideration of potential future projects.*

WHAT WAS YOUR INITIAL APPROACH AND FINDINGS?

MA *I also wanted to understand the work being done to grow the Company portfolio. I found that we have two excellent assets which have the potential to continue to yield good returns for many years to come, that the people already in place have the ability to help us realise this potential; and that the Company is continually evaluating opportunities for growth in a structured and common sense manner.*

WHERE WOULD YOU LIKE THE BUSINESS TO GO IN FUTURE?

MA *The green industrial revolution currently underway is underpinned by mining. I would like to see Central Asia Metals at the heart of this - finding, mining and providing the key raw materials without which this revolution simply cannot happen, and showing that this can be done in a manner which has positive, rather than negative, impacts on the environment and the communities within which we work.*

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, both at, and below, Board level. As mentioned in my Chairman's letter last year, given the ongoing global economic uncertainty resulting from the COVID-19 pandemic, the Nomination Committee recommended that the Directors should remain in their current roles to ensure continuity and the necessary stability at Board level to steer the Company through the unforeseen circumstances. This was kept under constant review and, during the second half of 2021, the previously deferred progressive succession plans were recommenced. Nigel Hurst-Brown, who had previously agreed to stay on for an additional period, stepped down from the Board at that time and, Bob Cathery will retire from the Board at the Company's 2022 AGM following a transition of his role as Committee Chairman to a new Remuneration Committee Chair.

This progressive succession has been assured by the recent appointments to the Board mentioned on page 89 Mike Prentis brought with him many years of fund management experience which will be of great value to the Board. In addition, Dr Mike Armitage was appointed effective 10 January 2022 and offers a wealth of technical experience that will support management and be invaluable to the Board.

Following these changes to the Board we have refreshed our Committee memberships, ensuring we continue to utilise the skills and experience of each of our Directors in the best way possible, maximising their contributions to the operation of the Board and its Committees. Details of the current Committee memberships are set out on pages 76-77.

As noted in the outcomes of our 2021 Board effectiveness review on page 93, an area identified to be of particular importance is the ongoing succession planning for senior management roles. Recognising that people are critical to the continued success of the business, key areas of focus for 2022 will be succession planning for existing resource, talent development and increased emphasis on people.

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 2021, David Swan, Nurlan Zhakupov and Mike Prentis offered themselves for reappointment in this manner and were all duly appointed, each receiving more than 96% of the proxy votes lodged in advance of the meeting.

This year, Roger Davey is required to retire and be reappointed in this manner. Following review of his performance and commitment to his role, the Committee is satisfied with the continued effectiveness of Roger and recommends his reappointment to the Board subject to shareholder approval at the 2022 AGM. In addition, as Dr Mike Armitage will have been appointed to the Board since the last AGM, he will accordingly retire and seek reappointment at this meeting.

WE CONTINUE TO UTILISE THE SKILLS AND EXPERIENCE OF EACH OF OUR DIRECTORS IN THE BEST WAY POSSIBLE, MAXIMISING THEIR CONTRIBUTIONS TO THE OPERATION OF THE BOARD AND ITS COMMITTEES.

QCA 7

QCA CODE PRINCIPLE: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

EFFECTIVENESS REVIEW

In line with the QCA Code, we carry out an annual internal effectiveness review of the Board overseen by the Committee, led by myself as Chairman. This considers 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 the previous year's review. The areas of focus arising from the 2020 evaluation and actions taken in 2021 in response to these are shown in the table below:

Areas of focus arising from outcomes of 2020 evaluation		Action in 2021 in response to outcomes of 2020 evaluation
Continued focus on and development of long-term standing strategy	→	Business development and strategy updates continue to be given to every main Board meeting by management to ensure focus on this area is maintained. During 2021, a wider business development team was formalised comprising the CEO, CFO and Director of Corporate Relations, along with the Kazakhstan Business Development Director, and a larger number of projects were appraised during the year versus 2020.
Continued enhancement of activities in the interests of shareholders and other stakeholders	→	The Board continued to focus on its commitment to strong engagement with shareholders and other stakeholders and maintained an active role in determining external communication and messaging. The Company's second Sustainability Report was published in Q2 2021. Details of the enhanced engagement activities with shareholders can be found on page 83.
Continued development of risk management	→	Further development of risk management monitoring and management processes have remained a key area of focus for the Group. The recruitment of a Group Internal Control and Risk Manager during 2021 to oversee this crucial area has ensured continuity in the handling of risk related matters between the Audit Committee and the Risk Committee. During 2021, the Group retained consultants Climate Risk Services to help site and corporate teams to identify their physical and transition related climate risks, which were then added to the Group's risk register.
Succession planning for the Board over the coming years	→	This continued to be a key area of focus and development for the Board. In 2021, the next steps in plans for refreshment and succession of the Board, in particular in relation to the longer-serving Non-Executive Directors, were progressed with the recruitment of two new NEDs and one long-serving NED stepping down from the Board and another planned to do so at the 2022 AGM. Further details are set out on page 91.

2021 BOARD EFFECTIVENESS REVIEW

The 2021 internal self-evaluation process was again led by the Chairman and facilitated by the Company Secretary. The format differed from prior years in that feedback was given via interviews with the Chairman rather than completion of a questionnaire by Directors. Full details are set out in the diagram below. In line with the QCA Code, the Board's review of performance was based on clear and relevant objectives, seeking continuous improvement.

↓ **Directors provided with a series of 'open' questions to structure discussions.**

↓ **Questions provided in advance of interviews covered the main areas of focus, including:**

- → Board function/operation/effectiveness.
- → Strategy.
- → Individual Directors – Non-Executive Director/Executive Director.
- → Committee function/operation/effectiveness.
- → The Chairman.
- → Any other matters Directors wished to raise.

↓ **Confidential interviews between Chairman and individual Directors attended by Company Secretary**

- → Interviews lasting around 45 minutes.
- → Feedback from these interviews confidentially noted by the Company Secretary.
- → Chairman stepped out of interviews to allow feedback on his own performance to be given to the Company Secretary to be shared with the Chairman of the Audit Committee.

↓ **Results of the interviews**

- → The results were presented and discussed at a Board meeting on an unattributed basis.
- → Based on these results and discussions, the Board drew conclusions, and agreed actions.

↓ **Follow up discussions**

- → The feedback received in relation to the performance of the Chairman was provided to David Swan to discuss with the other Non-Executive Directors.
- → The results of the assessment of each individual Director would be fed back to them one on one with the Chairman.

↓ **Areas of focus arising from outcomes of 2021 evaluation**

- → Ongoing enhancement of already comprehensive management reporting.
- → Continued strategic planning for the longer term.
- → As part of strategy, increased focus on people and innovation.
- → Increased succession planning and talent development.
- → Technical Committee to be set up.
- → Increased Committee reporting with standing items for each Committee to each main Board meeting.
- → Key risks to be presented to the Board as a standing agenda item at each meeting.
- → An Advisory Committee would be formed to retain the historical experience of founder Directors after retirement from the Board.

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 2022.

NICK CLARKE
CHAIRMAN OF THE NOMINATION COMMITTEE
28 March 2022

We continue to keep our incentive plans under review to ensure our Executive remuneration is aligned with CAML's values and purpose, business strategy and sustainability priorities.

ROBERT CATHERY
CHAIRMAN OF THE REMUNERATION COMMITTEE

Members
Chairman – Robert Cathery
Roger Davey
Mike Prentis
David Swan

Achievements in 2021
- Monitored the ongoing operation of the new LTIP structure and targets .
- Worked with the Sustainability Committee on sustainability matters.
- Engaged with investors to take account of their views on Executive remuneration, particularly focusing on how this links to the Company's ESG goals.
- Continued to take account of investor views and feedback when considering Executive remuneration.
- Continued to ensure the balance between long and short-term incentives aligned with the Group's overall strategy.
- Following the end of 2021, calculated the vesting level of the first set of three-year cycle LTIPs granted in 2019.

Objectives for 2022
- Continue to work with Sustainability Committee to develop LTIP sustainability targets focused on a small number of key areas with quantifiable objectives.
- Transition to a new Remuneration Committee Chair.
- Renewal of our LTIP plan following its expiry at the end of 2021.
- Continue to take account of and engage with investors for their views on remuneration.
- Continue to develop and keep under review short and long-term incentive targets appropriate to the economic environment.
- Following the end of 2022, the Committee will calculate the vesting level of the Sustainability and relative Total Shareholder Return proportions of the first batch of LTIPs granted in 2020 to include this additional metric.

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'). 2021 was another challenging year for setting long-term targets but we felt confident that the new LTIP structure introduced in the prior year was appropriately fair and robust. We therefore decided not to make any changes to this structure for the awards granted in 2021. We intend to continue with this structure and similar targets in 2022.

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 ongoing operation of our LTIP.
- The annual bonus out-turn for 2021 and plans for 2022.
- Other elements of the remuneration of our Executive Directors.

LONG-TERM INCENTIVE PLAN

Background

The Committee has been operating the 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 the past 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 were on the following bases:

- Awards vest only after three years.
- Awards were 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%.
- The award level was 150% of salary.

Whilst these were good first steps in the development of the LTIP during that year, we recognised 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 below.

Key terms for LTIP awards in 2020 onwards

These terms are unchanged since 2020:

- 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 31 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:

Proportion of award	Performance measure
75%	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 with 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); and • 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

In early 2022, we reviewed the terms of the Long-Term Incentive Plan in the context of the current good practice on AIM. As a result, updates included the introduction of malus and clawback provisions which were then approved by the Committee and the Board. These new provisions will apply to LTIP awards granted from 2022 onwards.

2022 LTIP targets

The 2022 LTIP targets are intended to follow a similar structure to the 2020 and 2021 awards, as set out above.

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.

Due to the ongoing global economic uncertainty as a result of the COVID-19 pandemic, Executive Director salaries had remained at the same level since January 2020. To reflect the increase in inflation Nigel Robinson and Gavin Ferrar were awarded increases in salary effective from 1 January 2022 in line with increases in staff pay across the Group as a whole. As a result, Nigel Robinson's salary as CEO is now £385,000 per annum and Gavin Ferrar's salary as CFO is £315,000 per annum. The maximum possible 2022 bonus for Executive Directors remains at the same level as 2021 at 100% of salary. Details of the annual bonus outturn for 2021 are shown on page 100.

REMUNERATION IN THE GROUP MORE WIDELY

Our overall remuneration structure as set out in the policy table on pages 97 to 103 applies to Executive Directors but also senior management. The levels stated in the policy table relate only to the Executive Directors. Remuneration in the Group generally is considered as part of the Remuneration Committee's work in deciding on Executive Remuneration.

INVESTOR FEEDBACK

As restrictions in connection with the pandemic persisted into 2021, it was not possible for us to meet with investors face-to-face, however we continue to welcome investor feedback and take this into account in our deliberations.

ANNUAL EFFECTIVENESS REVIEW

The effectiveness of the Committee was also considered in the Board's annual effectiveness review which is detailed on page 93.

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 to 2021 and are continuing to follow in 2022. 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

As mentioned in the Chairman's letter on page 74, I will be stepping down from the Board and my role of Chairman of the Remuneration Committee at the Company's forthcoming AGM and handing over to Mike Prentis as the new Committee Chair. I know I leave the Remuneration Committee in good hands and would like to thank investors for their support during my tenure.

ROBERT CATHERY
CHAIRMAN OF THE REMUNERATION COMMITTEE
28 March 2022

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. No variations were made in 2021 and none are intended in 2022 with the exception of the introduction of malus and clawback provisions under the LTIP rules, which will apply to LTIP awards granted from 2022 onwards, as set out on page 95.

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 for an Executive Director 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. Performance measures for the LTIP awards intended to be granted in 2022 are summarised on the table on page 95.

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

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 2021:

	2021 Basic salary/ fees $'000	2021 Annual bonus $'000	2021 Pension $'000	2021 Benefits in kind $'000	2021 Total $'000	2020 Total $'000
Executive Directors:						
Nigel Robinson	533	393	–	12	938	887
Gavin Ferrar	434	323	3	–	760	720
Non-Executive Directors:						
Nick Clarke	242	–	–	–	242	240
Robert Cathery	110	–	–	–	110	104
Roger Davey	103	–	–	–	103	97
Dr Gillian Davidson	110	–	–	–	110	104
Mike Prentis[1]	80	–	–	–	80	–
David Swan	110	–	–	–	110	104
Nurlan Zhakupov[2]	51	–	–	–	51	72
Nigel Hurst-Brown[3]	82	–	–	–	82	129
Directors' aggregate emoluments	1,855	716	3	12	2,586	2,457

1 Appointed to the Board on 31 March 2021.

2 Nurlan Zhakupov' waived the emoluments he was entitled to from the Company between 30 September 2020 and 30 June 2021 (inclusive), amounting to $51k in connection with his role as Chief Executive Officer of the Kazakhstan Investment Development Fund ('KIDF') Management Company Ltd.

3 Stepped down from the Board on 31 July 2021.

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

The aggregate emoluments of the highest paid Director totalled $938,000 (2020: $887,000). 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 102.

During the year Gavin Ferrar exercised 330,000 shares for a total share option gain of $1,095,000. See the Directors' option awards table below.

Salaries for Executive Directors for 2022

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.

	2022 Salary £'000	2021 Salary £'000
Nigel Robinson (Chief Executive Officer)	**385**	365
Gavin Ferrar (Chief Financial Officer)	**315**	300

Annual bonus measures

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

Metric	2022 Weighting	2021 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 2021, each Executive Director earned 80% (2020: 76%) of the maximum bonus potential. Further details of the bonus out-turn for 2021 are included on the table below.

Metric	% of total bonus potential originally available for this metric	Target/ range	Actual out-turn	% of total bonus potential	% of total bonus* potential adjusted	% of total bonus potential originally available for this metric
Copper Production	20%	12,150 – 13,500 tonnes	14,041 tonnes	20%	2.5%	22.5%
Lead Production	10%	27,719 – 30,799 tonnes	27,202 tonnes			
Zinc Production	10%	21,127 - 23,474 tonnes	22,167 tonnes	4.4%	0.1%	4.5%
Kounrad C1 cost base	10%	$18.40m – $16.73m	$17.69m	4.6%	3.4%	8.0%
Sasa ROM cost base	10%	$38.92m - $35.381m	$36.16m	7.8%	0.2%	8.0%
Subtotal	**60%**			**36.8%**	**6.2%**	**43.0%**
Sustainability	**20%**	**health and safety, environment and community**		**19%**		**19%**
Personal objectives	**20%**					**18%**
CEO		Capital projects		18%		
CFO		Capital projects, and further enhancements of risk management and internal controls		18%		
Total						**80%**

* This adjustment was approved by the Remuneration Committee to ensure a fair overall outcome. In particular, this involved an increased bonus in relation to the exceptional level of production of copper at Kounrad while avoiding penalising for the resulting higher than budgeted overall costs at Kounrad – in future years, it is intended to review unit costs also.

Directors' option awards

	As at 1 Jan 2021 Number[1]	Granted/ awarded Number[2]	Dividends Number	Lapsed Number	Exercised Number	As at 31 Dec 2021 Number[1]	Exercisable at 31 Dec 2021 Number[1]
Nick Clarke	1,754,132	–	115,743	–	–	**1,869,875**	**1,672,749**
Nigel Robinson	996,715	227,367	73,950	–	–	**1,298,032**	**522,897**
Gavin Ferrar	810,372	186,877	38,422	–	(330,000)	**705,671**	**70,681**
Nurlan Zhakupov	227,278	–	14,994	–	-	**242,272**	**102,657**
Total	3,788,497	414,244	243,109	–	(330,000)	**4,115,850**	**2,368,984**

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 and 2021 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 31 March in the third year from the year of grant. Further details of the TSR and Sustainability Performance Targets are set out on page 95.
- Options granted in 2019 were subject to a performance target relating 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. The performance target for these awards was substantially met to the extent of 67.91% of the total and the awards will therefore vest at this level on 31 March 2022.

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 2021	Shares held as at 31 Dec 2020
Nick Clarke (Chairman)[1]	**1,379,644**	1,379,644
Nigel Robinson (Chief Executive Officer)[1]	**646,715**	646,715
Gavin Ferrar (Chief Financial Officer)	**–**	–
Nigel Hurst-Brown (Deputy Chairman)[2]	**–**	909,065
Robert Cathery[3]	**1,355,254**	2,105,254
Roger Davey	**–**	–
Dr Gillian Davidson	**–**	–
Mike Prentis[4]	**7,330**	–
David Swan	**3,000**	3,000
Nurlan Zhakupov	**–**	–
Dr Mike Armitage[5]	**–**	–
Total Directors' interests	**3,391,943**	5,043,678

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 Stepped down from the Board on 31 July 2021.

3 530,254 (2020: 1,355,254) shares held in the name of Robert Cathery; 425,000 (2020: 250,000) shares held by Elizabeth Cathery, the wife of Robert Cathery and a Person Closely Associated to Mr Cathery; and 400,000 (2020: 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.

4 Appointed to the Board on 31 March 2021.

5 Appointed to the Board on 10 January 2022.

2022 LTIP KPIs

The plans and performance measures for the LTIP grants planned to be made in 2022 are commented upon on pages 95 to 96.

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. Base and Committee Chair fee levels remain unchanged since January 2020.

	2022 Fee £'000*
Nick Clarke (Non-Executive Chairman)	175
Robert Cathery[1]	80
Roger Davey[2]	80
Dr Gillian Davidson[3]	80
Mike Prentis[4]	75
David Swan[5]	80
Nurlan Zhakupov[6]	75
Dr Mike Armitage (appointed to the Board on 10 January 2022)	75

* The amounts as set out in the table above are paid in £ and reported in US$ on page 99.

1 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Remuneration Committee.

2 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Technical 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 will comprise a base fee of £75,000 plus a £5,000 Committee Chair fee for the role of Chairman of the Remuneration Committee and an additional £5,000 fee for the role of Senior Independent Director with effect from the conclusion of the 2022 AGM on 26 May when Mike Prentis takes on these roles.

5 This comprises a base fee of £75,000 and £5,000 Committee Chair fee for the role of Chairman of the Audit Committee.

6 Between 30 September 2020 and 30 June 2021 (inclusive), Nurlan Zhakupov waived his annual Non-Executive Director fee in connection with his role 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 102) 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.

The Committee's responsibilities include risk management, regulatory compliance, and effective financial reporting to ensure the integrity of its financial statements.

DAVID SWAN
CHAIRMAN OF THE AUDIT COMMITTEE

Members
David Swan – Chairman
Roger Davey
Mike Prentis

Achievements in 2021
- Appointed a new Group Internal Controls and Risk Manager to oversee the work of the Risk Committee.
- Working with the Sustainability Committee, continued to closely review appropriate financial reporting disclosures, particularly in relation to the emerging trend to extend the reporting on and disclosure of the Group's environmental, social and governance measures.
- Ongoing review of the adequacy of the internal control mechanisms in place.
- 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 2022
- Review and recommendation to the Board for approval of the Group's half year and annual results, including the report from the CFO and from the Auditors.
- Together with the Sustainability Committee develop a transparent and relevant reporting framework.
- Continue to work with the Sustainability Committee to develop the bases of information upon which reporting disclosures are made.
- Continue to review the adequacy of the internal control mechanisms in place.
- The reporting of key risks as a standing agenda item to each Board meeting.
- Further trends and new developments will be closely monitored to ensure that our reporting is relevant and up-to-date.
- Monitor in particular emerging risks to ensure they are being appropriately identified, acted upon and mitigated.

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 responsibility of overseeing the Risk Committee which reports into it on key business, operational, and sustainability risks.

During the past year we have continued to respond to the challenges and economic uncertainty of the COVID-19 pandemic through effective planning and continuous monitoring. Our Group management systems, with a strong emphasis on business continuity planning, were implemented in response to the global health crisis during 2020 and have continued to minimise the impact on our employees and contractors whilst maintaining sustained production throughout.

SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE IN RELATION TO THE 2021 FINANCIAL STATEMENTS
- The Committee assessed management's determination of cash-generating units and review of impairment triggers as at 31 December 2021. 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 and the appropriateness of sensitivity rates in note 20 of the financial statements.
- At year end independent experts prepared an assessment of the potential restoration costs and closure costs as a basis for the asset retirement obligation for Sasa. The Committee reviewed the increase in estimate of closure costs surrounding the management of surface water in-line with the GISTM. They also considered the key judgements made in relation to future expected costs, discount rates and life of mine for both Sasa and Kounrad and reviewed disclosures in note 32 of the financial statements.
- The Group entered into derivative financial instruments arrangements during the year to protect the Group's capital expenditure and development programme. The Committee considered the accounting treatment and disclosure of these financial instruments, reviewing disclosures in note 10 of the financial statements.
- The Committee assessed management's going concern assessment by reviewing the cash flow forecasts to the end of 31 December 2023, 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.

QCA 4

QCA CODE PRINCIPLE:
Embed effective risk management, considering both opportunities and threats, throughout the organisation

FINANCIAL REPORTING
The Audit Committee monitors the accuracy and completeness of the financial statements by reviewing them for consistency and appropriate disclosures and are understandable to shareholders as well as compliant with regulatory 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 continued to be mindful of the ongoing impact of the COVID-19 pandemic, keeping emerging best practices and reporting around COVID-19 under review. The Committee also maintained its high level of engagement with management to ensure a comprehensive assessment was performed.

INDEPENDENCE OF THE AUDITOR
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 Mike Prentis. 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 Mike Prentis has extensive fund management and capital markets experience.

As mentioned in the Chairman's letter on page 74, Nigel Hurst-Brown who has been a valued member of the Audit Committee stepped down from the Board and therefore the Committee during the year.

ANNUAL EFFECTIVENESS REVIEW

The effectiveness of the Committee was also considered in the Board's annual effectiveness review which is detailed on page 93.

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 Board in full. The budgets as well as the annual budgeting process itself is reviewed by the Audit Committee. Reporting of actual performance against budget is presented regularly throughout the year.
- 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.
- The Group does not have an internal audit function. For the size of the Group, the Committee believes that the existing internal controls and further the appointment of our Internal Controls and Risk Manager are adequate for the time being.
- 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 monitoring the Group's risk management on behalf of the Board, including the Risk Committee. The Risk Committee, comprising senior executive management, is responsible for managing risk within the Group for the Audit Committee. As well as its regular meetings, during 2021, three of the six meetings held by the Audit Committee focused specifically on risk. A new Group Internal Controls and Risk Manager was appointed during the year and attended these risk-specific meetings to ensure continuity between the work of the Risk Committee and the Audit Committee. The Group Internal Controls and Risk Manager and other Risk Committee members report on progress to the Audit Committee towards an efficient and effective management of the risks which are relevant to the Group's business.

The Risk Committee meets regularly and ensures that risk management is addressed in an orderly and systematic way and that key risks identified are brought to the attention of the Audit Committee. The Audit Committee actively reviews the risk register and assesses the actions being taken by senior management to monitor and mitigate the risks. Management is responsible for taking particularly significant risks, as appropriate, to the Board which are then considered under what is now being implemented as a standing agenda item at each main Board meeting. How we identify and manage risks is set out on pages 64 to 71. This includes CAML's risk management process and its framework, our risk appetite, and 2021 emerging risks such as increased Kazakhstan political risk and global cost inflation.

Climate change was identified as an emerging risk in 2020 and, in 2021, CAML undertook a risk management project with consultants Climate Risk Services to identify the Group's physical and transition risks associated with climate change. For each of these risks, a risk owner was identified, mitigation measures taken and the residual risks are now better understood. Climate change is now identified as a principal risk and is detailed on pages 66 to 71 and, in addition, those climate related risks identified are also discussed in the Group's inaugural TCFD report on pages 40 to 41.

The post year end conflict in Ukraine will affect the global economy however the full extent of the consequences cannot be assessed at this stage. We will continue to monitor the situation which has been identified as an emerging risk.

WHISTLEBLOWING

In addition to internal grievance mechanisms, the Group continues to maintain 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 robust corporate governance practices. Our Whistleblowing Policy can be found on the CAML website: https://www.centralasiametals.com/corporate-governance/company-policies/

DAVID SWAN
CHAIRMAN OF THE AUDIT COMMITTEE
28 March 2022

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

Details of significant events since the balance sheet date are contained in note 38 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 Sasa zinc-lead mine in North Macedonia and 100% of the Kounrad SX-EW copper project in central Kazakhstan.

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 sustaining capital expenditure.

The final 2020 dividend of 8 pence per Ordinary Share of $0.01 each ('Share') was paid on 25 May 2021 and a 2021 interim dividend of 8 pence per Share was paid on 22 October 2021.

The Directors recommend a final dividend for the year ended 31 December 2021 of 12 pence per Share payable, subject to the approval of shareholders, on 30 May 2022, to those shareholders on the Company's register on 6 May 2022. This will take the total dividend for 2021 to 20 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) (stepped down 31 July 2021)
- Dr Mike Armitage (Appointed 10 January 2022)
- Robert Cathery
- Roger Davey
- Dr Gillian Davidson
- Mike Prentis (appointed 31 March 2021)
- David Swan
- Nurlan Zhakupov

Biographical details of the current Directors are set out on pages 76-77. 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 94.

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, Roger Davey is required to retire and be reappointed in this manner. In addition, as Dr Mike Armitage was appointed to the Board 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]
JO Hambro Capital Management Limited	16,663,779	9.47
FIL Investment International	14,834,254	8.43
BlackRock Investment Management (UK) Limited[2]	14,663,807	8.33
Polar Capital LLP[3]	10,730,895	6.10
JPMorgan Asset Management (UK) Limited	5,968,390	3.39
Allan Gray Proprietary Limited	5,347,020	3.04

1 At 28 March 2022, 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 2021: BlackRock Investment Management (UK) Limited held 18,316,371 Shares representing 10.22 % of the voting rights in the Company at that time.

3. As at 31 December 2021: Polar Capital LLP held 9,092,486 Shares representing 5.15% of the voting rights in the Company at that time.

SUBSTANTIAL SHAREHOLDING continued

The Company received no notifications of interests indicating a different whole percentage holding at 31 December 2021 other than as shown in the footnotes to the substantial shareholder table on page 107.

CHANGES IN SHARE CAPITAL

There were no transactions during the year ended 31 December 2021 that increased the share capital of the Company and there were no movements of Shares into or out of treasury.

As at 31 December 2021, 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 2022 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 2021 Sustainability Report containing the most up to date information will be published in Q2 2022.

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 42 to 43 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 2022 AGM.

POLITICAL DONATIONS

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

CORPORATE GOVERNANCE

The Governance Report can be found on pages 72-106.

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
28 March 2022

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') as adopted by the United Kingdom 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 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 as adopted in the United Kingdom 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
28 March 2022

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

SOLID OPERATIONAL PERFORMANCE COUPLED WITH STRONG COMMODITY PRICES IN THE YEAR LED TO RECORD PROFIT FOR THE YEAR AND CASH FLOW GENERATED FROM OPERATING ACTIVITIES RECORDED IN OUR FINANCIAL STATEMENTS, AS AUDITED BY BDO LLP.

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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 2021 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 UK adopted international accounting standards. 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 are 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.

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's and 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 evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We evaluated the Director's base case cash flow and covenant compliance forecast and assessed whether the assumptions made by the Directors, including production, commodity pricing, treatment charges, operating costs and capital expenditure are appropriate. We also and compared assumptions to market data where possible.
- In doing so, we evaluated actual performance against budget in FY2021 examining any trends and how they might impact assessed future plans.
- We reviewed the terms of debt facilities and covenants and confirmed that they are appropriately modelled within the forecasts.
- We discussed the potential impact of the Ukraine conflict and associated Russian sanctions with the Board and the Audit Committee and their assessment of risks and uncertainties associated with areas such as the Group's supply chain, macro economic variables, 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
- We obtained the Director's reverse stress testing analysis which was performed to determine the point at which covenants or liquidity breaks and considered whether such scenarios, including significant reductions in commodity prices and production were reasonably possible. This included consideration of the Group's trading to date and the extent and likelihood of production or pricing disruption required to break covenants and liquidity.
- 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 assessed the Group's cash resources post year end against those shown in the forecasts.
- We reviewed the adequacy of going concern related disclosures in the financial statements in respect of the compliance with the standards and consistency with our audit work.

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

OVERVIEW

Coverage	100% (2020: 97%) of Group profit before tax 100% (2020: 100%) of Group revenue 92% (2020: 95%) of Group total assets		
Key audit matter		2021	2020
	Carrying value of Sasa mining assets	✓	✓
	Going Concern	✘	✓
	Going concern, was not considered to be a key audit matter for 2021 based on the liquidity available to the Group, its trading performance and headroom in the forecasts.		
Materiality	*Group financial statements as a whole* $5.5m (2020: $3m) based on 5% (2020: 5%) of profit before tax. *Parent company standalone financial statements* $0.6m (2020: $1.5m) based on 5% of Parent Company profit before tax (2020: based on 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.

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 local 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of Sasa mining assets (as detailed in note 2 & 20)	The Sasa cash generating unit ('CGU') includes goodwill of $21.9m (2020: $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 based on the Life of the Mine. A number of judgments and estimates are applied in the determination of the recoverable amount, including forecast commodity prices, refinery treatment costs, production and discount rates, together with forecast operating and capital costs given the ongoing transition from a sub level caving mining method to cut and fill mining. Additionally, given the limited headroom the completeness and accuracy of disclosures represented a key focus for our audit. There is a risk that these judgements and estimates mining assets are inappropriate and the assets require impairment, and we therefore determined the carrying value of the Sasa mining assets to be a key audit matter.	We evaluated management's impairment model against the Board approved life of mine plan and our understanding of the operations. We 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 and challenge of management included the following: → We compared 2021 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 2021 actuals and independently sourced broker consensus data and spot prices. → We compared the forecasted treatment charges in the short term to agreements with the Group's refineries, evaluated the recent trends in treatment charges and considered management's longer term forecast reduction in treatment charges and sensitivity analysis. → 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 reviewed budgeted costs, assessed them against actual costs incurred to date. We also obtained an update on the status of the Cut and Fill project and confirmed that budgeted costs which were deferred to 2022 at 31 December 2021 had been reflected accordingly in the impairment model as well as cash flow forecast. This included agreeing in inputs to those prepared by competent persons, whom we evaluated the competence, objectivity and independence of. → 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 against the accounting standards. → Key observations: → We found Management's conclusion to be appropriate and that the Board's assessment appropriately considered the estimates and judgements in respect of its assessment of the carrying value of the Sasa mine. → We found the key assumptions made by Management and the Board in respect of the judgements in the life of mine models and around the carrying value Sasa mine to be reasonable. → We found the disclosures in the consolidated financial statements to be appropriate.

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	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m
Materiality	5.5	3.0	0.6	1.5
Basis for determining materiality	5% of profit before tax		5% of Company 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.		Profit before tax was determined an appropriate basis as the Company is dividend paying and as such this is the financial metric of most interest to the users of the financial statements.	Capped at 50% of Group materiality given the assessment of the components' aggregation risk.
Performance materiality	3.8	2.1	0.42	1.05
Basis for determining performance materiality	Performance materiality was set at 70% of the above materiality level. This was determined taking into consideration the nature of activities, historic audit adjustments and Management's attitude towards proposed adjustments.	Performance materiality was set at 70% of the above materiality level. This was determined taking into consideration the nature of activities, historic audit adjustments and Management's attitude towards proposed adjustments.	Performance materiality was set at 70% of the above materiality level. This was determined taking into consideration the nature of activities, historic audit adjustments and Management's attitude towards proposed adjustments.	Performance materiality was set at 70% of the above materiality level. This was determined taking into consideration the nature of activities, historic audit adjustments and Management's attitude towards proposed adjustments.

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 $4,400,000 (2020: $600,000 to $2,400,000, based on either 5% of profit before tax or a percentage of between 20% and 80% 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 $110,000 (2020: $60,000). 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 Central Asia Metals plc Annual Report & Accounts 2021 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.

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 Directors' responsibilities statement, 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;
- → 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 involved tax specialists from the UK to assess the overall UK position and group tax reconciliation.

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. We considered the significant fraud risk areas to be in relation to revenue recognition and management override of controls.

Our procedures included:
- → Performing procedures targeted at these risks eg: revenue, including testing specific revenue entries around the year end to check that they had been recorded in the correct period and obtaining third party confirmations of revenue from the Group's offtakers;
- → Engaging internal BDO specialists to support the fraud risk assessment process;
- → 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 as well as entries with unusual descriptions
- → Issuing fraud questionnaires to a sample of employees to understand the overall fraud risk environment as well as any incidents that had occurred during the year and performing enquiries of non-finance personnel regarding their knowledge of any alleged or actual fraud.
- → Reviewing the Financial Statements, including the areas which include judgment and estimates as set out in note 4 to the financial statements, for indications of bias, and work as set out in the key audit matters noted above;
- → Testing consolidation entries to check their appropriateness, by agreeing back to underlying support;

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and the component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

28 March 2022

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

	Note	Group 2021 $'000	Group 2020 $'000
Continuing operations			
Revenue	6	223,372	160,130
Presented as:			
Gross revenue[1]	6	235,152	170,335
Less:			
Silver stream purchases	6	(8,040)	(6,796)
Offtake buyers' fees	6	(3,740)	(3,409)
Revenue		223,372	160,130
Cost of sales	7	(80,511)	(72,037)
Distribution and selling costs	8	(2,116)	(2,566)
Gross profit		140,745	85,527
Administrative expenses	9	(22,077)	(18,992)
Other losses and expenses	10	(6,875)	(28)
Other income	11	166	535
Foreign exchange gain/(loss)		1,214	(690)
Operating profit		113,173	66,352
Finance income	15	74	116
Finance costs	16	(3,920)	(6,673)
Profit before income tax		109,327	59,795
Income tax	17	(25,147)	(16,035)
Profit for the year from continuing operations		84,180	43,760
Discontinued operations			
Loss for the year from discontinued operations	22	(4)	(70)
Profit for the year		84,176	43,690
Profit attributable to:			
– Non-controlling interests	21	(1)	20
– Owners of the parent		84,177	43,670
Profit for the year		84,176	43,690
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	47.69	24.78
From discontinued operations		–	(0.04)
From profit for the year		47.69	24.74
Diluted earnings per share			
From continuing operations	18	46.23	24.07
From discontinued operations		–	(0.04)
From profit for the year		46.23	24.03

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	Note	Group 2021 $'000	Group 2020 $'000
Profit for the year		84,176	43,690
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	27	(31,283)	26,975
Other comprehensive income/(expense) for the year, net of tax		(31,283)	26,975
Total comprehensive income for the year		52,893	70,665
Attributable to:			
– Non-controlling interests		(1)	20
– Owners of the parent		52,894	70,645
Total comprehensive income for the year		52,893	70,665
Total comprehensive income/(expense) attributable to equity shareholders arises from:			
– Continuing operations		52,897	70,735
– Discontinued operations		(4)	(70)
		52,893	70,665

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

Registered no. 5559627

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Assets					
Non-current assets					
Property, plant and equipment	19	384,889	418,045	410	638
Intangible assets	20	52,090	56,640	–	–
Deferred income tax asset	37	352	236	–	–
Investments	21	–	–	5,107	5,491
Other non-current receivables	23	7,347	3,842	269,241	309,296*
		444,678	478,763	274,758	315,425
Current assets					
Inventories	24	10,452	7,830	–	–
Trade and other receivables	23	6,210	8,945	34,204	17,359*
Restricted cash	25	3,516	3,641	3,284	3,441
Cash and cash equivalents	25	55,695	44,231	40,189	32,673
		75,873	64,647	77,677	53,473
Assets of disposal group classified as held for sale	22	38	58	–	–
		75,911	64,705	77,677	53,473
Total assets		520,589	543,468	352,435	368,898
Equity attributable to owners of the parent					
Ordinary shares	26	1,765	1,765	1,765	1,765
Share premium	26	191,988	191,537	191,988	191,537
Treasury shares	26	(2,360)	(3,840)	(2,360)	(3,840)
Currency translation reserve	27	(104,781)	(73,498)	–	–
Retained earnings		323,951	278,103	77,943	102,687
		410,563	394,067	269,336	292,149
Non-controlling interests	21	(1,316)	(1,315)	–	–
Total equity		409,247	392,752	269,336	292,149
Liabilities					
Non-current liabilities					
Borrowings	31	–	32,320	–	32,320
Silver streaming commitment	30	18,220	19,246	–	–
Deferred income tax liability	37	23,229	26,199	–	–
Lease liability		334	432	199	387
Provisions for other liabilities and charges	32	18,917	6,999	–	–
		60,700	85,196	199	32,707
Current liabilities					
Borrowings	31	32,978	48,092	23,406	38,400
Silver streaming commitment	30	1,229	1,573	–	–
Trade and other payables	29	16,056	12,895	59,311	5,424
Lease liability		302	248	183	218
Provisions for other liabilities and charges	32	49	2,687	–	–
		50,614	65,495	82,900	44,042
Liabilities of disposal group classified as held for sale	22	28	25	–	–
		50,642	65,520	82,900	44,042
Total liabilities		111,342	150,716	83,099	76,749
Total equity and liabilities		520,589	543,468	352,435	368,898

* A portion of the comparative loans due from subsidiaries have been reclassified from current to non-current assets (see note 23)

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 $13,585,000 (2020: $48,526,000).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

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 2020		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 expense – 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	28	–	353	2,686	–	(3,039)	–	–	–
Disposal of subsidiaries	21	–	–	–	–	(122)	(122)	(11)	(133)
Dividends	35	–	–	–	–	(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
Profit for the year		–	–	–	–	84,177	84,177	(1)	84,176
Other comprehensive income – currency translation differences	27	–	–	–	(31,283)	–	(31,283)	–	(31,283)
Total comprehensive income		–	–	–	(31,283)	84,177	52,894	(1)	52,893
Transactions with owners									
Share based payments	28	–	–	–	–	2,449	2,449	–	2,449
Exercise of options	28	–	451	1,480	–	(1,931)	–	–	–
Dividends	35	–	–	–	–	(38,847)	(38,847)	–	(38,847)
Total transactions with owners, recognised directly in equity		–	451	1,480	–	(38,329)	(36,398)	–	(36,398)
Balance as at 31 December 2021		1,765	191,988	(2,360)	(104,781)	323,951	410,563	(1,316)	409,247

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

Company	Note	Ordinary shares $'000	Share premium $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 January 2020		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	35	–	–	–	(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
Profit for the year		–	–	–	13,585	13,585
Total comprehensive income		–	–	–	13,585	13,585
Transactions with owners						
Share based payments	28	–	–	–	2,449	2,449
Exercise of options	28	–	451	1,480	(1,931)	–
Dividends	35	–	–	–	(38,847)	(38,847)
Total transactions with owners, recognised directly in equity		–	451	1,480	(38,329)	(36,398)
Balance as at 31 December 2021		1,765	191,988	(2,360)	77,943	269,336

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Cash generated from operations	33	136,555	87,020
Interest paid		(2,378)	(4,837)
Corporate income tax paid (net of refunds)		(21,572)	(14,744)
Cash flow generated from operating activities		112,605	67,439
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,692)	(8,497)
Proceeds from sale of property, plant and equipment		16	350
Purchase of intangible assets		(56)	(2)
Interest received	15	74	116
Decrease in restricted cash	25	125	372
Net cash used in investing activities		(14,533)	(7,661)
Cash flows from financing activities			
Drawdown of overdraft	31	644	9,105
Repayment of overdraft	31	–	(1,110)
Repayment of borrowings	31	(48,400)	(38,400)
Dividends paid to owners of the parent	36	(38,847)	(13,850)
Receipt on exercise of share options	28	13	10
Net cash used in financing activities		(86,590)	(44,245)
Effect of foreign exchange (loss)/gain on cash and cash equivalents		(38)	82
Net increase in cash and cash equivalents		11,444	15,615
Cash and cash equivalents at the beginning of the year	25	44,287	28,672
Cash and cash equivalents at the end of the year	25	55,731	44,287

Cash and cash equivalents at 31 December 2021 includes cash at bank and on hand included in assets held for sale of $36,000 (31 December 2020: $56,000) (note 22). The Consolidated Statement of Cash Flows does not include the restricted cash balance of $3,516,000 (2020: $3,641,000) (note 25).

The notes below are an integral part of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

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 22 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 as adopted in the United Kingdom. The consolidated financial statements have been prepared under the historical cost convention with the exception of assets held for sale which have been held at fair value. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2021. The Group financial information is 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 (Financial Reporting Standard 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 financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are explained in note 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 extended until December 2022. The Group sells Sasa's zinc and lead concentrate product through an offtake arrangement with Traxys which has been fixed through to 31 March 2023. 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 2021. During 2021, 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 financial covenants of CAML's debt, which include the monitoring of gearing and leverage ratios, are all routinely monitored by management and the Group is compliant with its covenants. The Board has reviewed forecasts for the period to December 2023 to assess the Group's liquidity and debt covenant compliance which demonstrate substantial headroom. Additional sensitivity scenarios have been considered in terms of pricing and production including consideration of risks as per pages 66-71, together with reverse stress testing of the forecasts in line with best practice. Liquidity and covenant headroom was demonstrated in each reasonably possible scenario. 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 2021:

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) that is the second part to a two-phase project which finalises the IBOR and other interest rate benchmarks reform. These amendments are mandatorily effective for periods beginning 1 January 2021 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 2021 reporting periods and have not been early adopted by the Group. These standards include:

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 2021.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Goodwill continued

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.

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 rehabilitation 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 2021 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 de-recognised 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; and
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leases continued

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.

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 Cost insurance and freight ('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.

Sales of lead made to our new European smelter customer are sold under Free on Board ('FOB') where legal title transfers when the goods are loaded onto the ship and leave the port.

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 (note 6).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

Derivative financial instruments

The Group uses commodity price contracts to reduce its exposure to risks from commodity price movements. Derivative financial instruments are primarily used as a means of managing exposure to price in line with the Group risk management strategy. Derivative financial liabilities are initially recognised and measured at fair value on the date a derivative contract is entered into and then subsequently re-measured at fair value by reference to valuation models and the probability of outcome scenarios and categorised as level 2 measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices 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). For the derivative contracts held the Group are recognising the financial instruments with level 2 data as the valuation is obtained using MTM market data using the forward curve of the commodity prices. However, there is no readily observable market information for these exact derivative instruments. The realised losses gains are recognised in other gains and losses in the income statement.

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 ten 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 and recognised as a liability with no pension plan assets. 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.

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		
	2021	2020	Movement	2021	2020	Movement
Kazakhstan Tenge	**425.91**	412.95	3%	**431.67**	420.71	3%
Macedonian Denar	**52.06**	54.02	(4%)	**54.37**	50.24	8%
Euro	**0.84**	0.88	(5%)	**0.88**	0.81	9%
British Pound	**0.73**	0.78	(6%)	**0.74**	0.74	–

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		
	2021		
In $'000 equivalent	USD	EUR	GBP
Cash and cash equivalents	**10,495**	**865**	**2,452**
Trade and other receivables	**203**	**151**	**187**
Trade and other payables	**(66)**	**(353)**	**(3,395)**
Net exposure	**10,632**	**663**	**(756)**

	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)

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 2021, if the foreign currencies had weakened/strengthened by 10% against the US Dollar, post-tax Group profit for the year would have been $1,021,000 lower/higher (2020: $205,000 lower/higher).

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Commodity price risk

The Group has a hedging policy in place to allow us to manage commodity price risk and during the year the Group had 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 included a put option of $6,900 per tonne and a call option of $8,380 per tonne. Sasa's zinc and lead arrangements were Swap contracts, with 30% of Sasa's zinc production sold at $2,804 per tonne and 30% of its lead sold at $2,022 per tonne.

The offtake agreement at Kounrad 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.

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	
	2021 $'000	2020 $'000
10% increase in copper, zinc and lead price	17,312	18,230
10% decrease in copper, zinc and lead price	(17,535)	(18,230)

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 service the debt and a material income stream from the Kounrad and Sasa projects. The Group has no undrawn borrowings as at 31 December 2021 (2020: nil).

Future expected payments:

	Group	
	31 Dec 21 $'000	31 Dec 20 $'000
Trade and other payables within one year	8,224	9,221
Borrowings payable within one year (note 31)	32,978	48,092
Borrowings payable later than one year but not later than five years (note 31)	–	32,320
Lease liability payable within one year	334	432
Lease liability payable later than one year but not later than five years	302	248
	41,838	90,313

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 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.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net cash/(debt)

	Note	2021 $'000	2020 $'000
Cash and cash equivalents excluding restricted cash	25	55,695	44,231
Bank overdraft	31	(9,572)	(9,692)
Borrowings, variable interest rates – repayable within one year	31	(23,406)	(38,400)
Borrowings, variable interest rates – repayable after one year	31	–	(32,320)
Net cash/(debt)		22,717	(36,181)
Total equity		409,247	392,752
Net cash/(debt) to equity ratio		6%	(9%)

Changes in liabilities arising from financing activities

The total borrowings as at 1 January 2021 were $80,412,000 (1 January 2020: $108,768,000). During the year, total repayments were $48,400,000 (2020: $38,400,000). During the year, there were drawdowns on our unsecured overdrafts of $644,000 (2020: $9,105,000) and repayments of $nil (2020: $1,110,000). Other changes amounted to $322,000 (2020: $2,049,000) leading to a closing debt balance of $32,978,000 (2020: $80,412,000). 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 $44,287,000 (2020: $28,672,000) with a net $11,444,000 inflow (2020: $15,615,000 inflow) during the year and therefore a closing balance of $55,731,000 (2020: $44,287,000).

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- (2020: 98%). The rest of the Group's cash was held with a mix of institutions with credit ratings between A to BB- (2020: 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 2021, 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 $526,000 (2020: $843,000) 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 $31,655,000 of cash balances on short-term deposit as at 31 December 2021 (2020: $28,896,000). The average fixed interest rate on short-term deposits during the year was 0.2% (2020: 0.3%).

Categories of financial instruments

Financial assets

	Group	
Cash and receivables:	31 Dec 21 $'000	31 Dec 20 $'000
Cash and cash equivalents including restricted cash (note 25)	59,211	47,872
Trade and other receivables	2,343	5,058
	61,554	52,930

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.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Financial liabilities

Measured at amortised cost:	Group 31 Dec 21 $'000	Group 31 Dec 20 $'000
Trade and other payables within one year	8,224	9,221
Borrowings payable within one year (note 31)	32,978	48,092
Borrowings payable later than one year but not later than five years (note 31)	–	32,320
Lease liability within one year	334	432
Lease liability payable later than one year but not later than five years	302	248
	41,838	90,313

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. External expert consultants conducted an independent assessment and 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. The estimated costs included a re-assessment of the surrounding managing surface water in-line with the GISTM and lining of the tailings facilities as well as updating the discount rate using latest assumptions on inflation rates and discount rates.

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 $2,520,000 (2020: $948,000) on the provision for environmental rehabilitation. A 5% change in cost on the Group's rehabilitation estimates would result in an impact of $919,000 (2020: $460,000) 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 on 31 December 2021.

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. 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.

5. SEGMENTAL INFORMATION

The segmental results for the year ended 31 December 2021 are as follows:

	Kounrad $'000	Sasa $'000	Unallocated $'000	Total $'000
Gross revenue	132,039	103,113	–	235,152
Silver stream purchases	–	(8,040)	–	(8,040)
Offtake buyers' fees	(2,586)	(1,154)	–	(3,740)
Revenue	129,453	93,919	–	223,372
EBITDA	**105,966**	**57,472**	**(21,934)**	**141,504**
Depreciation and amortisation	(4,007)	(25,321)	(244)	(29,572)
Foreign exchange gain/(loss)	673	599	(58)	1,214
Other income (note 11)	147	7	12	166
Other expenses (note 10)	(4)	–	(135)	(139)
Finance income (note 15)	14	–	60	74
Finance costs (note 16)	(157)	(479)	(3,284)	(3,920)
Profit/(loss) before income tax	**102,632**	**32,278**	**(25,583)**	**109,327**
Income tax				(25,147)
Profit for the year after tax from continuing operations				84,180
Loss from discontinued operations				(4)
Profit for the year				84,176

Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of $16.9m.

5. SEGMENTAL INFORMATION CONTINUED

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.

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 2021 are as follows:

	Segmental assets		Additions to non-current assets		Segmental liabilities	
	31 Dec 21 $'000	31 Dec 20 $'000	**31 Dec 21 $'000**	31 Dec 20 $'000	**31 Dec 21 $'000**	31 Dec 20 $'000
Kounrad	**70,316**	66,562	**2,704**	1,255	**(11,637)**	(11,142)
Sasa	**405,928**	435,141	**12,104**	7,265	**(69,980)**	(62,792)
Assets held for sale (note 22)	**38**	58	**–**	–	**(28)**	(25)
Unallocated including corporate	**44,307**	41,707	**17**	4	**(29,697)**	(76,757)
	520,589	543,468	**14,825**	8,524	**(111,342)**	(150,716)

6. REVENUE

Group	**2021 $'000**	2020 $'000
International customers (Europe) – copper cathode	**131,464**	87,110
International customers (Europe) – zinc and lead concentrate	**101,241**	80,652
Domestic customers (Kazakhstan) – copper cathode	**574**	557
International customers (Europe) – silver	**1,873**	2,016
Total gross revenue	**235,152**	170,335
Less:		
Silver stream purchases	**(8,040)**	(6,796)
Offtake buyers' fees	**(3,740)**	(3,409)
Revenue	**223,372**	160,130

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 December 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.

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 2021, the Group sold 13,983 tonnes (2020: 13,763 tonnes) of copper through the offtake arrangements. Some of the copper cathodes are also sold locally and during 2021, 68 tonnes (2020: 97 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 March 2023. 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 18,856 tonnes (2020: 19,930 tonnes) of payable zinc in concentrate and 25,257 tonnes (2020: 28,218 tonnes) of payable lead in concentrate. The lead in concentrate is lower than prior year as the final shipment did not depart from the port until 4 January 2022 and, under the Free on Board ('FOB') terms, this revenue will be recognised in 2022.

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 $5.96/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 30).

7. COST OF SALES

Group	**2021 $'000**	2020 $'000
Reagents, electricity and materials	**21,157**	18,321
Depreciation and amortisation	**28,937**	28,587
Silver stream commitment (note 30)	**(1,873)**	(2,017)
Royalties	**10,062**	7,488
Employee benefit expense	**16,356**	14,931
Consulting and other services	**5,491**	4,352
Taxes and duties	**381**	375
	80,511	72,037

8. DISTRIBUTION AND SELLING COSTS

Group	**2021 $'000**	2020 $'000
Freight costs	**1,800**	2,224
Transportation costs	**19**	30
Employee benefit expense	**–**	3
Depreciation and amortisation	**11**	13
Materials and other expenses	**286**	296
	2,116	2,566

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	2021 $'000	2020 $'000
Employee benefit expense	10,360	9,352
Share based payments (note 28)	2,449	964
Consulting and other services	7,114	6,166
Auditors remuneration (note 12)	430	381
Office-related costs	922	923
Taxes and duties	178	658
Depreciation and amortisation	624	548
Total from continuing operations	22,077	18,992
Total from discontinued operations (note 22)	18	83
	22,095	19,075

10. OTHER LOSSES

Group	2021 $'000	2020 $'000
Realised losses on financial derivatives	6,736	–
Other expenses	139	28
	6,875	28

The Group entered into derivative financial instruments to manage the Groups commodity price risk during the year and has made a realised loss of $6,736,000 (2020: nil) as the actual commodity prices were in excess of the agreed financial instruments. The Kounrad Zero Cost Collar contract for 30% of copper production has made a realised loss of $3,953,000 (2020: nil). Sasa's zinc and lead arrangements were Swap contracts, with 30% of Sasa's zinc production making a realised loss of $1,182,000 (2020: nil) and 30% of its lead sold making a realised loss of $1,601,000 (2020: nil). The derivative financial instruments were classified as Fair Value Through Profit and Loss ('FVTPL') and expired at the end of the year so therefore have a zero fair value at year end.

11. OTHER INCOME

Group	2021 $'000	2020 $'000
Gain on disposal of property, plant and equipment	2	306
Other income	164	229
	166	535

12. AUDITORS' REMUNERATION

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

	2021 $'000	2020 $'000
Fees payable to BDO LLP the Company's Auditors for the audit of the parent company and Consolidated Financial Statements	230	190
Fees payable to BDO LLP the Company's Auditors and its associates for other services: – The audit of Company's subsidiaries	145	139
Fees payable to BDO LLP the Company's Auditors and its associates for other services: – Other assurance services	55	52
	430	381

13. EMPLOYEE BENEFIT EXPENSE

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

Group	2021 $'000	2020 $'000
Wages and salaries	19,878	18,019
Social security costs and similar taxes	2,802	2,569
Staff healthcare and other benefits	2,141	2,168
Other pension costs	3,238	2,990
Share based payment expense (note 28)	2,449	964
Total for continuing operations	30,508	26,710
Total for discontinuing operations (note 22)	75	74
	30,583	26,784

The total employee benefit expense includes an amount of $1,418,000 (2020: $1,346,000) which has been capitalised within property, plant and equipment.

Company	2021 $'000	2020 $'000
Wages and salaries	6,091	5,464
Social security costs	1,098	1,137
Staff healthcare and other benefits	595	413
Other pension costs	114	161
Share based payments (note 28)	2,449	964
	10,347	8,139

Key management remuneration is disclosed in the Remuneration Committee report.

14. MONTHLY AVERAGE NUMBER OF PEOPLE EMPLOYED

Group	2021 Number	2020 Number
Operational	934	905
Construction	–	5
Management and administrative	133	133
	1,067	1,043

The monthly average number of staff employed by the Company during the year was 18 (2020: 16).

15. FINANCE INCOME

Group	2021 $'000	2020 $'000
Bank interest received	74	116
	74	116

16. FINANCE COSTS

Group	2021 $'000	2020 $'000
Provisions: unwinding of discount (note 32)	347	528
Interest on borrowings (note 31)	3,483	6,060
Lease interest expense and bank charges	90	85
Total for continuing operations	3,920	6,673
Total for discontinuing operations (note 22)	–	–
	3,920	6,673

17. INCOME TAX

Group	2021 $'000	2020 $'000
Current tax on profits for the year	26,610	16,998
Deferred tax credit (note 37)	(1,463)	(963)
Income tax expense	25,147	16,035

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	2021 $'000	2020 $'000
Profit before income tax	109,327	59,795
Tax calculated at domestic tax rates applicable to profits in the respective countries	19,244	9,473
Tax effects of:		
Expenses not deductible for tax purposes	4,309	3,711
Movement on deferred tax (note 37)	(1,463)	(963)
Movement on unrecognised deferred tax – tax losses	3,057	3,814
Income tax expense	25,147	16,035

Corporate income tax is calculated at 19% (2020: 19%) of the assessable profit for the year for the UK parent company, 20% for the operating subsidiaries in Kazakhstan (2020: 20%) and 10% (2020: 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).

	2021 $'000	2020 $'000
Profit from continuing operations attributable to owners of the parent	84,181	43,740
Loss from discontinued operations attributable to owners of the parent	(4)	(70)
Profit attributable to owners of the parent	84,177	43,670

	2021 No.	2020 No.
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266

	2021 $ cents	2020 $ 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	47.69	24.78
From discontinued operations	–	(0.04)
From profit for the year	47.69	24.74

(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.

	2021 $'000	2020 $'000
Profit from continuing operations attributable to owners of the parent	84,181	43,740
Loss from discontinued operations attributable to owners of the parent	(4)	(70)
Profit attributable to owners of the parent	84,177	43,670

	2021 No.	2020 No.
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266
Adjusted for:		
– Share options	5,589,467	5,215,770
Weighted average number of Ordinary Shares for diluted earnings per share	182,087,733	181,714,036

Diluted earnings/(loss) per share	2021 $ cents	2020 $ cents
From continuing operations	46.23	24.07
From discontinued operations	–	(0.04)
From profit for the year	46.23	24.03

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 2020	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**
Additions	14,268	456	–	45		–	14,769
Disposals	(17)	(24)	–	–			(41)
Change in estimate – asset retirement obligation (note 32)	–	8,981	–			–	8,981
Transfers	(9,846)	9,843	–	3		–	–
Exchange differences	(499)	(5,643)	(33)	(38)	(51)	(23,259)	(29,523)
At 31 December 2021	**8,643**	**160,412**	**1,259**	**2,884**	**626**	**345,770**	**519,594**
Accumulated depreciation							
At 1 January 2020	–	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**
Provided during the year	–	12,006	112	380	–	15,374	27,872
Disposals	–	(19)	–	(8)	–	–	(27)
Exchange differences	–	(471)	(10)	(22)	–	–	(503)
At 31 December 2021	**–**	**61,782**	**503**	**1,882**	**–**	**70,538**	**134,705**
Net book value at 31 December 2020	4,737	96,533	891	1,342	677	313,865	418,045
Net book value at 31 December 2021	**8,643**	**98,630**	**756**	**1,002**	**626**	**275,232**	**384,889**

The Company had $410,000 of office equipment at net book value as at 31 December 2021 (2020: $638,000).

The increase in estimate in relation to the Kounrad asset retirement obligation of $270,000 (2020: decrease of $160,000) is due to 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 $8,711,000 (2020: increase of $608,000) 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 $41,000 (2020: $1,703,000) with accumulated depreciation of $27,000 (2020: $1,659,000). The Group received $16,000 (2020: $350,000) consideration for these assets and therefore a gain of $2,000 was recognised in other income (note 11) (2020: gain of $306,000 recognised in other expenses).

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Depreciation charge of right-of-use assets		
Office	**171**	171
Other	**121**	24
	292	195
Interest expense included in finance costs	**77**	45

As at 31 December 2021 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 2020	**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**
Additions	–	–	55	55
Exchange differences	(1,681)	(1,136)	(2)	(2,819)
At 31 December 2021	**29,872**	**35,024**	**324**	**65,220**
Accumulated amortisation				
At 1 January 2020	**–**	**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**
Provided during the year	–	1,847	17	1,864
Exchange differences	–	(79)	1	(78)
At 31 December 2021	**–**	**12,850**	**280**	**13,130**
Net book value at 31 December 2020	31,553	25,078	9	56,640
Net book value at 31 December 2021	**29,872**	**22,174**	**44**	**52,090**

The Company had nil computer software and website costs at net book value as at 31 December 2021 (2020: nil).

20. INTANGIBLE ASSETS CONTINUED

Impairment assessment

Kounrad project

The Kounrad project located in Kazakhstan has an associated goodwill balance of $7,948,000 (2020: $8,154,000). 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.

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 $7,914 per tonne (2020: $6,851 per tonne) and a long-term price of $7,592 per tonne (2020: $6,724 per tonne) and a discount rate of 8% (2020: 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 $21,924,000 (2020: $23,399,000). 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 2021. 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 2021, 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 10.21% (2020: 9.13%) 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 $2,529 (2020: $2,391) and $1,947 (2020: $2,093) per tonne respectively and a long-term price of $2,435 (2020: $2,291) and $2,070 (2020: $2,095) 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 7%
Long-term lead price reduced by 5%
Discount rate increased to 11.5%
Production decreased by 3.5%
Treatment charges increased by 20%
Operational expenditure increased by 6%
Capital expenditure increased by 25%

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 21 $'000	31 Dec 20 $'000
At 1 January	**5,491**	5,491
Investment in Shuak BV	–	23
Impairment of investment in Shuak BV	–	(23)
Impairment of investment in KBV	(384)	–
At 31 December	**5,107**	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 % 2021	Non-controlling interest % 2021	CAML % 2020	Date of incorporation
CAML Kazakhstan BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	–	–	100	23 Jun 08
CAML KZ Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	100	–	100	28 Jun 21
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 Mining B.V.	Prins Bernhardplein 200 1097 JB Amsterdam, The Netherlands	Holding Company	100	–	100	30 Jun 15
CMK Europe SPLLC Skopje	Ivo Lola Ribar no. 57-1/6, 1000 Skopje, North Macedonia	Holding Company	100	–	100	10 Jul 15
CMK Resources Limited	Cannon's Court, 22 Victoria St, Hamilton HM12, Bermuda	Holding Company	–	–	100	19 Jun 15
Copper Bay Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	75*	25	75*	29 Oct 10

21. INVESTMENTS CONTINUED

Subsidiary	Registered office address	Activity	CAML % 2021	Non-controlling interest % 2021	CAML % 2020	Date of incorporation
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
Ken Shuak LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Shuak project (exploration)	10	90	10	5 Oct 16
Kounrad Copper Company LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SX-EW plant)	100	–	100	29 Apr 08
Minera Playa Verde Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Exploration – Copper	75*	25	75*	20 Oct 11
Rudnik SASA DOOEL Makedonska Kamenica	28 Rudarska Str, Makedonska Kamenica, 2304, North Macedonia	Sasa project	100	–	100	22 Jun 05
Sary Kazna LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SUC operations)	100	–	100	6 Feb 06

* Fully diluted basis

CAML Kazakhstan BV

In December 2021, the Group liquidated CAML Kazakhstan BV following a restructure of the Group where CAML KZ Limited was incorporated and became the new holding Company of Kounrad Copper Company LLP.

CAML MK

For the year ended 31 December 2021, 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 2021. 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.

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

CMK Resources Limited was liquidated in February 2020.

Non-controlling interest

	31 Dec 21 $'000	31 Dec 20 $'000
Balance at 1 January	1,315	1,324
(Loss)/profit attributable to non-controlling interests	1	(20)
Disposal of subsidiaries	–	11
Balance at 31 December	1,316	1,315

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 prior 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 its 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 2021 and the comparative year ended 31 December 2020 are shown within discontinued operations in the Consolidated Income Statement.

Assets of disposal group classified as held for sale:

	31 Dec 21 $'000	31 Dec 20 $'000
Cash and cash equivalents	36	56
Trade and other receivables	2	2
	38	58

Liabilities of disposal group classified as held for sale:

	31 Dec 21 $'000	31 Dec 20 $'000
Trade and other payables	28	25
	28	25

During the year the following have been recognised in discontinued operations:

(Loss)/profit from discontinued operations:

	2021 $'000	2020 $'000
General and administrative expenses	(18)	(97)
Foreign exchange gain	14	27
Loss from discontinued operations	(4)	(70)

Cash flows of disposal group classified as held for sale:

	2021 $'000	2020 $'000
Operating cash flows	(19)	(50)
Total cash flows	(19)	(50)

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 Dec 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Current receivables				
Receivable from subsidiary	–	–	581	444
Loans due from subsidiaries	–	–	32,900	16,200
Trade receivables	1,249	1,928	–	–
Prepayments and accrued income	2,545	2,627	422	353
VAT receivable	1,322	1,260	110	92
Other receivables	1,094	3,130	191	270
	6,210	8,945	34,204	17,359
Non-current receivables				
Prepayments	4,308	760	–	–
Loans due from subsidiaries	–	–	269,241	309,296
VAT receivable	3,039	3,082	–	–
	7,347	3,842	269,241	309,296

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 $302,141,000 (2020: $325,496,000), which accrues interest at a rate of 2.25% per annum (2020: 5%) effective from 1 July 2021. $309,296,000 of the comparative loans due from subsidiaries have been reclassified from current to non-current assets reflecting the expected realisation profile of the asset at 31 December 2020. The balance was previously classified as a current asset however the balance should have been reflected as a non-current asset notwithstanding it is contractually payable on demand given the expected realisation profile. 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 2021, the total Group VAT receivable was $4,361,000 (2020: $4,342,000) which includes an amount of $3,299,000 (2020: $3,396,000) of VAT owed to the Group by the Kazakhstan authorities. In 2021, the Kazakhstan authorities refunded $1,357,000 and a further $173,000 was received in February 2022 and this has been classified as current trade and other receivables as at 31 December 2021. 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 21 $'000	31 Dec 20 $'000
Raw materials	9,208	6,986
Finished goods	1,244	844
	10,452	7,830

The Group did not have any slow-moving, obsolete or defective inventory as at 31 December 2021 and therefore there were no write-offs to the Income Statement during the year (2020: nil). The total inventory recognised through the Income Statement was $6,599,000 (2020: $4,808,000).

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group		Company	
	31 Dec 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Cash at bank and on hand	24,040	15,335	38,271	3,777
Short-term deposits	31,655	28,896	1,918	28,896
Cash and cash equivalents	55,695	44,231	40,189	32,673
Restricted cash	3,516	3,641	3,284	3,441
Total cash and cash equivalent including restricted cash	59,211	47,872	43,473	36,114

The restricted cash amount of $3,516,000 (2020: $3,641,000) 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 21 $'000	31 Dec 20 $'000
Cash and cash equivalents as above (excluding restricted cash)	55,695	44,231
Cash at bank and on hand in assets held for sale (note 22)	36	56
Balance per statement of cash flows	55,731	44,287

26. SHARE CAPITAL AND PREMIUM

	Number of shares	Ordinary Shares $'000	Share premium $'000	Treasury shares $'000
At 1 January 2020	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)
Exercise of options	–	–	451	1,480
At 31 December 2021	176,498,266	1,765	191,988	(2,360)

The par value of Ordinary Shares is $0.01 per share and all shares are fully paid. During the year there was an exercise of share options by employees and Directors which were settled by selling both trust and treasury shares. The proceeds of disposal of trust and treasury shares exceeded the purchase price by $451,000 (2020: $353,000) and has been recognised in share premium.

	Treasury Shares No.	Trust Shares No.	Employee benefit trust shares No.
At 1 January 2020	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
Disposal of treasury shares	–	(515,886)	(196,715)
At 31 December 2021	471,647	100,430	2,239,602

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 2021, a non-cash currency translation loss of $31,283,000 (2020: gain of $26,975,000) 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. This calculation for these vesting conditions was performed at year end and 67.91% of the share options were deemed to vest while the remainder have lapsed.

Share options granted in 2020 and 2021 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 relative to the constituents of a selected group mining index of companies as well as sustainability performance targets.

The fair value at grant date of the 2019, 2020 and 2021 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 2021 was $2,545,000 in total which is recognised over the vesting period commencing 15 July 2021 until 31 March 2024 and $435,000 was recognised during the year. For the 2020 options $980,403 was expensed for the year ended 31 December 2021. For the 2019 share options $290,000 (2020: $483,000) was expensed for the year ended 31 December 2021. An additional dividend related share option charge of $720,000 (2020: $308,000) was recognised and also additional costs associated when share options were exercised of $24,000 (2020: $173,000). 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 $2,449,000 (2020: $964,000) has been expensed within employee benefits expense from continuing operations for share based payment charges for the year ended 31 December 2021.

The model inputs for options granted during the year included:

	31 Dec 2021	31 Dec 2020
Vesting period	2 years 9 months	2 years 3 months
Exercise price	$0.01	$0.01
Grant date:	15 July 2021	16 December 2020
Expiry date:	14 July 2031	15 December 2030
Share price at grant date	$3.27	$3.02
Risk-free interest rate	0.38%	0.55%

As at 31 December 2021, 4,594,192 (2020: 4,420,348) 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:

	2021		2020	
	Average exercise price in $ per share option	Options (number)	Average exercise price in $ per share option	Options (number)
At 1 January	0.01	4,420,348	0.01	4,182,729
Granted	0.01	1,009,284	0.01	1,039,126
Exercised	0.01	(439,020)	0.01	(801,507)
Non-vesting	0.01	(396,420)	–	–
At 31 December	0.01	4,594,192	0.01	4,420,348

Non-vesting shares relates to options granted for which the performance targets were not met. Out of the outstanding options of 4,594,192 (2020: 4,420,348), 1,741,528 options (2020: 1,932,717) were exercisable as at 31 December 2021 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 $3.30 (2020: $3.26) 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 $	2021	2020
8 May 12	7 May 22	0.01	76,032	76,032
24 Jul 13	23 Jul 23	0.01	36,801	36,801
3 Jun 14	2 Jun 24	0.01	143,064	143,064
8 Oct 14	7 Oct 24	0.01	160,000	160,000
22 Apr 15	21 Apr 25	0.01	212,121	212,121
18 Apr 16	17 Apr 26	0.01	338,940	338,940
21 Apr 17	20 Apr 27	0.01	296,591	482,872
2 May 18	1 May 28	0.01	560,428	806,515
30 May 19	29 May 29	0.01	752,068	1,124,877
16 Dec 20	15 Dec 30	0.01	1,008,863	1,039,126
15 Jul 21	14 Jul 31	0.01	1,009,284	–
			4,594,192	4,420,348

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 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Trade and other payables	3,363	4,652	363	131
Accruals	4,861	4,569	4,401	4,142
Corporation tax, social security and other taxes	7,832	3,674	1,147	1,151
Loan due to subsidiary	–	–	53,400	–
	16,056	12,895	59,311	5,424

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

The loan due to subsidiary is owed by Kounrad Copper Company LLP, an indirectly owned subsidiary for $53,400,000 (2020: $nil), which accrues interest at a rate of 2.25% per annum and is repayable on demand.

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 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Current	1,229	1,573	–	–
Non-current	18,220	19,246	–	–
	19,449	20,819	–	–

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 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Secured: Non-current				
Bank loans	–	32,320	–	32,320
Secured: Current				
Bank loans	23,406	38,400	23,406	38,400
Unsecured: Current				
Bank overdraft	9,572	9,692	–	–
Total Current	32,978	48,092	23,406	38,400
Total borrowings	32,978	80,412	23,406	70,720

The carrying value of loans approximates fair value:

	Carrying amount		Fair value	
	31 Dec 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Traxys Europe S.A.	23,406	70,720	23,406	70,720
Bank overdrafts	9,572	9,692	9,572	9,692
	32,978	80,412	32,978	80,412

The movement on borrowings can be summarised as follows:

	Group		Company	
	31 Dec 21 $'000	31 Dec 20 $'000	31 Dec 21 $'000	31 Dec 20 $'000
Balance at 1 January	80,412	108,768	70,720	107,873
Repayment of borrowings	(48,400)	(38,400)	(48,400)	(38,400)
Finance charge interest	2,398	4,813	2,162	4,627
Finance charge unwinding of directly attributable fees	1,086	1,247	1,086	1,247
Interest paid	(2,398)	(4,794)	(2,162)	(4,627)
Drawdown of overdraft	644	9,105	–	–
Repayments of overdraft	–	(1,110)	–	–
Foreign exchange	(764)	783	–	–
Balance at 31 December	32,978	80,412	23,406	70,720

During the year, $48,400,000 (2020: $38,400,000) of the principal amount of Group debt was repaid as well as a further $2,398,000 (2020: $4,794,000) 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 overdraft facility previously agreed with Komercijalna Banka AD Skopje with a fixed interest rate of 2.4% to 2.5% dependent on conditions denominated in Macedonian Denar previously repayable in July 2021 was extended for a further year to 30 July 2022. This overdraft as at 31 December 2021 was $4,645,000 (31 December 2020: $4,809,000).

In June 2020 an 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 and this was extended for a further year to 26 June 2022. This overdraft as at 31 December 2021 was $4,927,000 (31 December 2020: $4,883,000).

As at 31 December 2021, 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).

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 2020	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
Change in estimate	8,981	48	56	6	9,091
Settlements of provision	–	(23)	(12)	(20)	(55)
Unwinding of discount (note 16)	347	–	–	–	347
Exchange rate difference	(64)	(19)	(20)	–	(103)
At 31 December 2021	**18,460**	**245**	**259**	**2**	**18,966**
Non-current	18,460	207	248	2	18,917
Current	–	38	11	–	49
At 31 December 2021	**18,460**	**245**	**259**	**2**	**18,966**

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% (2020: 8.07%). The increase in estimate in relation to the asset retirement obligation of $270,000 (2020: decrease of $160,000) is due to adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 3.77% (2020: 3.86%).

In 2021 at year end Sasa engaged external expert consultants to conduct an independent assessment on the environment of the mining activities of the Group and to prepare a report on the restoration and the relevant costs connected with the closure of the mine, and the mining properties. The asset retirement obligation used this external assessment to estimate the future potential obligations. The expected current cash flows were projected over the useful life of the mining site and discounted to 2021 terms using a discount rate of 5.50% (2020: 4.94%). 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 $8,711,000 (2020: increase of $608,000) is primarily due to additional estimated costs surrounding managing surface water in-line with the GISTM and the lining of the tailings facilities as well as updating the discount rate using latest assumptions on inflation rates and discount rates.

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 2021 actuary assumptions are used as follows:

Discount rate: 2.75%
Expected rate of salary increase: 2.5%

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	2021 $'000	2020 $'000
Profit before income tax including discontinued operations		**109,323**	59,725
Adjustments for:			
Depreciation and amortisation		**29,572**	29,148
Silver stream commitment		**(1,369)**	(2,017)
Gain on disposal of property, plant and equipment	11	**(2)**	(306)
Foreign exchange (loss)/gain		**(1,214)**	690
Share based payments	28	**2,449**	964
Finance income	15	**(74)**	(116)
Finance costs	16	**3,920**	6,673
Changes in working capital:			
Inventories	24	**(2,622)**	(546)
Trade and other receivables	23	**(6,216)**	(7,009)
Trade and other payables	29	**2,843**	46
Provisions for other liabilities and charges	32	**(55)**	(232)
Cash generated from operations		**136,555**	87,020

The increase in trade and other receivables of $6,216,000 (2020: $7,009,000) includes movement in Sasa VAT receivable balance of $3,468,000 (2020: $4,018,000) 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 21 $'000	31 Dec 20 $'000
Property, plant and equipment	**8,241**	3,046
Other	**396**	194
	8,637	3,240

35. DIVIDEND PER SHARE

In line with the Company dividend policy, the Company paid $38,847,000 in 2021 (2020: $13,850,000) which consisted of a 2021 interim dividend of 8 pence per share and 2020 final dividend of 8 pence per share (2020: interim dividend of 6.0 pence per share).

36. RELATED PARTY TRANSACTIONS

Key management remuneration

Key management remuneration comprises the Directors' remuneration, including Non-Executive Directors and is as follows:

	2021 Basic salary/fees $'000	2021 Annual bonus $'000	2021 Pension $'000	2021 Benefits in Kind $'000	2021 Employers NI $'000	2021 Total $'000	2020 Total $'000
Executive Directors:							
Nigel Robinson	533	393	–	12	123	1,061	1,145
Gavin Ferrar	434	323	3	–	251	1,011	934
Non-Executive Directors:							
Nick Clarke	242	–	–	–	31	273	270
Nigel Hurst-Brown	82	–	–	–	9	91	145
Robert Cathery	110	–	–	–	14	124	117
Nurlan Zhakupov	51	–	–	–	–	51	72
David Swan	110	–	–	–	14	124	117
Roger Davey	103	–	–	–	13	116	109
Dr Gillian Davidson	110	–	–	–	15	125	118
Mike Prentis	80	–	–	–	11	91	–
	1,855	716	3	12	481	3,067	3,027

During the year, Gavin Ferrar exercised 330,000 shares for a total gain of $1,095,000.

Kounrad foundation

The Kounrad foundation, a vehicle through which Kounrad donates to the community, was advanced $214,000 (2020: $198,000). This is a related party by virtue of common Directors.

Sasa foundation

The Sasa foundation, a vehicle created during the year through which Sasa donates to the community, was advanced $320,000 (2020: $nil). This is a related party by virtue of common Directors.

37. DEFERRED INCOME TAX ASSET AND LIABILITY

Group

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

	At 1 January 2021 $'000	Currency translation differences $'000	(Debit)/credit to income statement $'000	At 31 December 2021 $'000
Other temporary differences	(553)	11	193	(349)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(5,501)	136	296	(5,069)
Deferred tax liability on fair value adjustment on CMK acquisition	(19,909)	1,476	974	(17,459)
Deferred tax liability, net	(25,963)	1,623	1,463	(22,877)

Reflected in the statement of financial position as:	31 Dec 21 $'000	31 Dec 20 $'000
Deferred tax asset	352	236
Deferred tax liability	(23,229)	(26,199)

	At 1 January 2020 $'000	Currency translation differences $'000	(Debit)/credit to income statement $'000	At 31 December 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 $1,270,000 during the year (2020: $1,353,000) to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets during the year.

	31 Dec 2021 $'000	31 Dec 2020 $'000
Deferred tax liability due within 12 months	(1,463)	(963)
Deferred tax liability due after 12 months	(21,766)	(25,236)
Deferred tax liability	(23,229)	(26,199)

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 $18,471,000 (2020: $12,016,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2021, the Group had other deferred tax assets of $1,440,000 (2020: $1,071,000) 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 2021 and 2020, respectively.

Company

At 31 December 2021 and 2020 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2021, the Company had not recognised potential deferred tax assets arising from losses of $18,471,000 (2020: $12,016,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2021, the Company had other deferred tax assets of $1,440,000 (2020: $1,071,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

38. EVENTS AFTER THE REPORTING PERIOD

Post year end, the situation in Ukraine has increased global economic uncertainty and continues to be monitored. The outlook in this regard is uncertain and the full extent of consequences cannot be assessed at this stage. Energy and commodity prices have risen adding to the inflationary pressures already faced by CAML. CAML management's focus is to ensure full compliance with sanctions imposed on Russia across all operations, as well as to proactively address any anticipated issues with logistics and supply chains by increasing stock levels of reagents and critical spare parts.

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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Nigel Robinson, Chief Executive Officer
Gavin Ferrar, Chief Financial Officer
Robert Cathery, Non-Executive Director
Roger Davey, Non-Executive Director
Dr Gillian Davidson, Non-Executive Director
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