

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you are recommended to seek your own personal advice immediately from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), or if you are resident outside the United Kingdom, another appropriately qualified independent financial adviser.

If you have sold or transferred all your Ordinary Shares, you should send this document at once, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Central Asia Metals plc

(incorporated and registered in England and Wales with registered number 5559627)

Share Premium Cancellation

and

Notice of Extraordinary General Meeting

This document should be read in its entirety. However, your attention is drawn to the letter from the chairman of the Company which is set out on pages 4 to 6 of this document. Your attention is also drawn to pages 5 and 6 of this document which sets out and describes certain risks that Shareholders should consider carefully when deciding whether or not to vote in favour of the Resolution.

Notice of the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 15 April 2015 at the offices of Field Fisher Waterhouse LLP, Room 9.22, Riverbank House, 2 Swan Lane, London EC4R 3TT is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed and, to be valid, the Form of Proxy must be completed in accordance with the instructions set out on it and returned to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible, but in any event not later than 10.00 a.m. on 13 April 2015.

Copies of this document are available from the Company's registered office during normal business hours on any weekday (Saturday, Sunday and public holiday excepted) for a period of one month from the date of this document and from the Company's website at <http://www.centralasiametals.com/company-information/reports-presentations/>.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date circular posted	30 March 2015
Latest time and date for receipt of Form of Proxy to be valid at the Extraordinary General Meeting	10.00 a.m. 13 April 2015
Extraordinary General Meeting	10.00 a.m. on 15 April 2015
Court hearing to confirm the Share Premium Cancellation	13 May 2015 ¹
Effective Date	the date on which the Court Order confirms the Share Premium Cancellation (and certain accompanying documents are registered by Companies House) which is expected to be on or around 13 May 2015 ²

If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement to a Regulatory Information Service.

Notes:

- 1 This date is subject to any changes which may be imposed by the Court.
- 2 This date will depend on, amongst other things, the date on which the Court confirms the Share Premium Cancellation.

DEFINITIONS

“Act”	the Companies Act 2006, as amended
“AIM”	the market of that name operated by London Stock Exchange plc
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 15 April 2015, notice of which is set out at the end of this document, or any adjournment of it
“Board” or “Directors”	the directors of the Company
“Cancellation Amount”	the balance standing to the credit of the share premium account of the Company as at the Effective Date
“Company” or “CAML”	Central Asia Metals plc
“Court”	the High Court of Justice of England and Wales
“Court Order”	the order to be sought by the Company from the Court confirming the Share Premium Cancellation
“Effective Date”	the date that the Court Order confirming the Share Premium Cancellation is registered with the Registrar of Companies
“Form of Proxy”	the form of proxy for use by Shareholders at the Extraordinary General Meeting
“Group”	the Company and its subsidiaries
“Kounrad Project”	the solvent extraction-electrowinning (SX-EW) copper plant at the Kounrad mine site in central Kazakhstan, of which the Group is the operator and owner
“Ordinary Shares”	ordinary shares of \$0.01 each in the capital of the Company
“Relevant Creditor Amounts”	all amounts that would be owing to persons entitled to prove as creditors of the Company in a notional winding up of the Company as at the Effective Date
“Resolution”	the resolution set out in the notice of the EGM
“Shareholders”	the holders of Ordinary Shares
“Share Premium Cancellation”	the proposed cancellation of the Company’s share premium account as described in this document and as set out in the Resolution
“£”	Pounds sterling, the lawful currency the United Kingdom
“\$”	US dollars, the lawful currency of the United States of America

LETTER FROM THE CHAIRMAN

Central Asia Metals plc

(incorporated and registered in England and Wales with registered number 5559627)

Directors:

Nigel Hurst-Brown (*Non-Executive Chairman*)
Nick Clarke (*Chief Executive Officer*)
Nigel Robinson (*Chief Financial Officer*)
Howard Nicholson (*Technical Director*)
Robert Cathery (*Non-Executive Director*)
Nurlan Zhakupov (*Non-Executive Director*)
Kenges Rakishev (*Non-Executive Director*)
David Swan (*Non-Executive Director*)

Registered office:

Masters House
107 Hammersmith Road
London W14 0QH

30 March 2015

To Shareholders

Dear Shareholder,

EXTRAORDINARY GENERAL MEETING AND SHARE PREMIUM CANCELLATION

Introduction

We are writing to you regarding the Company's proposal to cancel its share premium account in order to restructure the Company's balance sheet so as to increase the amount of distributable reserves (subject to the protection of creditors). The Share Premium Cancellation will permit the Company to continue to pay dividends and to repurchase its Ordinary Shares as and when the Directors decide this is appropriate.

Set out at the end of this document is a notice of the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 15 April 2015 at the offices of Field Fisher Waterhouse LLP, Room 9.22, Riverbank House, 2 Swan Lane, London EC4R 3TT to consider and vote on the Resolution. The purpose of this document is to explain the background and reasons for the Resolution to be considered at the Extraordinary General Meeting.

Background to and reasons for the Share Premium Cancellation

The Company was incorporated in 2005 and is the parent company of the Group. The Group has developed and brought into production the Kounrad Project. Construction of the plant at the Kounrad Project was completed in early 2012 and the harvesting of copper cathodes commenced on 29 April 2012. The plant has produced over 30,000 tonnes of copper in the 35 months since operations started.

The successful commencement of production has enabled the Board to return significant funds to Shareholders through the combination of a share buy back programme and dividend payments. On 13 December 2012, the Board announced a dividend policy based on the Company's annual dividend being calculated as a percentage of the attributable revenues earned from the Kounrad Project at a minimum level of 20 per cent. of such revenues, subject to the Company's cash reserves providing a dividend cover of three times or greater. A total of \$40.8 million has been returned to shareholders since 2012 (including dividends and share buy-backs), equating to 68% of funds raised at the Company's IPO.

Share Premium Cancellation

The Act governs and provides certain restrictions on the circumstances in which a company may pay dividends or return funds to its shareholders. In particular, it provides that a public company may only purchase its own shares out of distributable reserves or out of the proceeds of a fresh issue of shares.

Furthermore, a public company may only pay a dividend on its shares out of its accumulated distributable reserves. It also imposes limitations on the use of a company's capital reserves including its share premium account.

As at 31 December 2013 (being the latest audited accounts of the Company available as at the date of this document) the Company had an accumulated positive balance on its profit and loss account of \$36,752,283 while the balance on the Company's share premium account at that date was \$nil (following the Company's previous cancellation of its share premium account which took effect on 1 August 2013). The current amount standing to the credit of the share premium account is \$67,078,630.

In order to create further distributable reserves (subject to the protection of creditors), the Company is proposing to cancel the whole of its share premium account. If confirmed by the Court in the manner anticipated, this will create a reserve of \$67,078,630, which, once all Relevant Creditor Amounts have been paid or the creditors owed such amounts have consented to the Share Premium Cancellation or they have otherwise been provided for (as more particularly described below), will be credited to the profit and loss account of the Company thereby increasing available distributable reserves by such amount. This will help the Company to continue with its dividend policy for as long as it is prudent to do so.

Under the Act, a public company may reduce or cancel its share premium account if so authorised by its articles of association, providing that it obtains the approval of its shareholders by special resolution in general meeting and that the Court confirms the reduction or cancellation. The Company is therefore seeking the approval of Shareholders at the EGM to cancel the Company's share premium account.

If approved by Shareholders the Company will, as soon as practicable, apply to the Court for an appropriate Court Order. It is expected the Court Order confirming the Share Premium Cancellation will be made on or around 13 May 2015. The Share Premium Cancellation will become effective on the Effective Date soon thereafter.

The Court will be concerned to ensure that the interests of the Company's creditors as at the Effective Date are not prejudiced. The Court may require the Company to give an undertaking, amongst other matters, to transfer the Cancellation Amount to a non-distributable reserve until such time as all creditors of the Company on the Effective Date have either consented to the Share Premium Cancellation, have been satisfied or have otherwise been provided for. On the basis that the Company does not trade of its own account and has relatively few creditors who are of a short-term nature, it is anticipated that the non-consenting creditors will be protected by the establishment of a blocked trust bank account to cover sums owing to them so as to ensure that the reserve arising on the Share Premium Cancellation can be treated as distributable very shortly after the Effective Date. The Company will offer such form of creditor protection as it may be advised is appropriate in the circumstances.

Following the Share Premium Cancellation, and subject to any undertaking given to the Court, the distributable reserves of the Company will be increased as a result of the distributable reserve resulting from the Share Premium Cancellation. This, together with future distributable profits generated after the Effective Date, will help the Directors to continue the Company's dividend policy. It should be noted that the Share Premium Cancellation will not, in itself, involve any distribution or repayment of capital by the Company to any Shareholder or other person, and will not reduce the Company's underlying assets.

Risk factors

Set out below are certain risk factors relating to the Company in connection with the Share Premium Cancellation, the possible purchases by the Company of its own Ordinary Shares and/or the payment of future dividends by the Company. Additional risks together with uncertainties in connection with the above not presently known to the Directors, or that the Directors currently consider to be immaterial, may also have an adverse effect on the business, results or financial condition of the Company in connection with the Resolution. Shareholders should carefully consider these risk factors, together with the other information contained in this document, before making any decision in relation to how they should vote on the Resolution.

Liquidity

The Company's equity base and/or cash reserves will be reduced if, following the Share Premium Cancellation, the Company makes a purchase of its own Ordinary Shares or pays a dividend.

Creditworthiness

As a result of a purchase of the Company's own Ordinary Shares or the payment of a dividend, the Company will have lower net assets than would otherwise have been the case. This may adversely affect the Company's creditworthiness.

Losses

The reduction in the Company's cash balances, as a result of a purchase of the Company's own Ordinary Shares or the payment of a dividend, would reduce the interest earned on such balances which may increase the losses/decrease the profits generated by the Company.

Extraordinary General Meeting

You will find set out at the end of this document a notice convening the Extraordinary General Meeting of the Company for 10.00 a.m. on 15 April 2015 to be held at the offices of Field Fisher Waterhouse LLP, Room 9.22, Riverbank House, 2 Swan Lane, London EC4R 3TT.

Action to be taken

The Form of Proxy for use by Shareholders in relation to the Extraordinary General Meeting is enclosed. If you are unable to be present at the Extraordinary General Meeting, please complete and sign the Form of Proxy and return it to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 13 April 2015.

You are entitled to appoint a proxy to attend and vote instead of you. However, the completion and return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

Recommendation

The Board believes that the Resolution is in the best interests of Shareholders and would promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.

Yours faithfully,

Nigel Hurst-Brown

Non-Executive Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

Central Asia Metals plc

(Registered and incorporated in England and Wales No. 5559627)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Central Asia Metals plc (the “**Company**”) will be held at the offices of Field Fisher Waterhouse LLP, Room 9.22, Riverbank House, 2 Swan Lane, London EC4R 3TT at 10.00 a.m. on 15 April 2015 for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

That the amount standing to the credit of the share premium account of the Company be and is hereby cancelled.

BY ORDER OF THE BOARD

Tony Hunter
Secretary

Registered office:
Masters House
107 Hammersmith Road
London W14 0QH

30 March 2015

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote instead of him/her. A form of proxy is enclosed with this Notice. The completion and return of the proxy form does not preclude a member from attending the meeting and voting in person.
2. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. To appoint more than one proxy an additional proxy form may be obtained by contacting the Registrar’s helpline on 0870 873 5813 or you may photocopy the proxy form and complete it in accordance with the instructions set out thereon. You may not appoint more than one proxy to exercise the rights attached to any one share.
3. In order to be valid, the form of proxy and any power of attorney, or notarially certified copy thereof, under which it is executed, must be received by the Company no later than 10.00 a.m. on 13 April 2015, having been returned in hard copy form by post, by courier or by hand to the Company’s Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise such right, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 5 p.m. on 13 April 2015 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Subsequent changes to entries on the register of members shall be disregarded in determining the rights of any person to attend or vote at the meeting.
9. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, the time referred to in the immediately preceding paragraph will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period, then to be so entitled members must be entered on the Company's register of members at a time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
10. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.