

12 September 2016

## Central Asia Metals plc

(the “Group”, the “Company” or “CAML”)

### Interim Results for the Six Months Ended 30 June 2016

Central Asia Metals plc (AIM: CAML) is pleased to announce its unaudited interim results for the six months ended 30 June 2016 (“H1 2016” or the “Period”).

The Company is also pleased to declare an interim dividend of 5.5 pence per ordinary share (H1 2015: 4.5 pence), which equates to 26% of gross revenue for the period.

#### Operational Highlights

- H1 2016 copper production of 6,908 tonnes, an increase of 27% vs. H1 2015 (5,444 tonnes)
- H1 2016 copper sales of 6,355 tonnes, an increase of 24% vs. H1 2015 (5,120 tonnes)
- No Lost Time Injuries (“LTIs”) in the period and LTI free hours now exceed one million man hours
- Average SX-EW plant availability of over 98%
- Stage 2 Expansion, on schedule and approximately 25% under budget

#### Financial Highlights

- H1 2016 gross revenue of \$30.9 million (H1 2015: \$30.3 million)
- Average copper price received of \$4,903 per tonne (H1 2015: \$5,936 per tonne)
- Continued focus on maintaining low costs of production:
  - C1 cash costs of production down 40% vs. H1 2015 to \$0.40 per pound (H1 2015: \$0.67 per pound)
  - Fully absorbed unit costs down 48% vs. H1 2015 to \$0.97 per pound (H1 2015: \$1.87 per pound)
- H1 2016 EBITDA of \$17.4 million (H1 2015: \$16.0 million) and a margin of 56% (H1 2015: 53%)
- H1 profit before tax up 49% vs. H1 2015 to \$15.0 million (H1 2015: \$10.1 million)
- 2016 interim dividend of 5.5 pence per ordinary share to be paid on 28 October 2016 (H1 2015: 4.5 pence)
- Group cash balance of \$30.2 million as at 30 June 2016 (31 December 2015: \$42.0 million), with no debt

#### Business Development

- Copper Bay Definitive Feasibility Study (“DFS”) underway, results due Q4 2016
- Management continues to look for additional growth opportunities

#### Outlook

- On track to achieve 2016 production guidance of between 13,000 and 14,000 tonnes
- Continued focus on operational and capital cost discipline in current challenging commodity price environment
- Kazakhstan Tenge devaluation helps support low cost of production
- Stage 2 Expansion 25% under budget and completion on track for Q4 2016, with leaching of the Western Dumps to commence in Q2 2017

#### Nick Clarke, Executive Chairman, commented:

“I am pleased to report another record period of copper production, resulting in a continued strong financial performance for the Group. Indeed, during a time when the copper price has remained under considerable pressure, we have today reported a 49% increase in profit before tax when compared to H1 2015. The devaluation of the local currency, the Kazakhstan Tenge, has been a key factor in our reduced C1 cash costs of production and we are proud to be one of the very lowest cost copper producers in the world.

“While the devaluation of the local currency has helped CAML to maintain low costs of production, it has brought some economic challenges for our staff. We place great importance on our corporate social responsibilities and, as a result, we increased wages for our Kazakhstan based employees by 25% from January 2016. Meanwhile, we continue to focus on supporting local communities through health, education and charitable donations.

“At a time when many mining companies are cutting costs, we are pleased to be rewarding our investors with a dividend of 5.5 pence per share for the interim period. Once this dividend is paid, we will have returned over 135% of the \$60 million raised at IPO through dividends and share buy backs.”

For further information please visit [www.centralasiametals.com](http://www.centralasiametals.com). (The content of the CAML website should not be considered to form part of or be incorporated into this announcement)

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**Analyst presentation conference call**

An analyst presentation on the Company's interim results hosted by management will take place at 09:30 (BST) on Monday 12 September 2016 at the offices of Bell Pottinger and will be accompanied by a live conference call.

The accompanying presentation slides will be available on the Company's website. The conference call can be accessed by dialling 020 3059 8125 (from the UK) or + 44 20 3059 8125 (from all other locations) and quoting the confirmation code 'Central Asia Metals Interim Results'. A replay of the call will be available following the presentation at <http://www.centralasiametals.com>.

**Executive Chairman Review**

The Board of CAML is pleased to declare an interim dividend of 5.5 pence per ordinary share. This represents 26% of gross revenue for the reporting period, and is in excess of the Group's stated dividend policy of 20%. Once the 2016 interim dividend is paid, CAML will have returned almost \$82 million to shareholders in the form of dividends and share buy backs.

CAML has achieved another record six months in terms of copper cathode production from Kounrad, Kazakhstan. The 6,908 tonnes of copper produced represents an increase of 27% on the corresponding H1 2015 period, and demonstrates the success of the Stage 1 Expansion project that was completed in May 2015. Annual production is firmly on track and CAML is confident in reiterating full year 2016 production guidance of between 13,000 and 14,000 tonnes.

While CAML's operational performance continues to be robust, one of the most notable features of the H1 2016 results is the reduction in Kounrad's cost base due primarily to the devaluation of the Kazakhstan Tenge. Approximately 60% of the total cost base in Kazakhstan is Tenge denominated and, in H1 2016, the average exchange rate was 346 Tenge to 1 US Dollar, compared to 186 Tenge to 1 US Dollar in H1 2015. This has been the largest factor in the reduction of CAML's C1 cash costs by 40% to \$0.40 per pound when compared to the previous corresponding period.

This reduction in costs, combined with changes to the Company's depreciation policy, has meant that, while CAML's received copper price for the period at \$4,903 per tonne was 17% lower than that received in H1 2015, the Company's profit before tax increased by 49%. In addition to the Company's strong financial performance, CAML has maintained safe operations at Kounrad and, during H1 2016, no Lost Time Injuries ("LTI") were reported, with the total LTI free man hours now exceeding one million.

During H1 2016, CAML completed much of the Stage 2 Expansion work. The Group remains on schedule to complete this project in Q4 2016 although, as previously announced, leaching of the Western Dumps is not scheduled to commence until early Q2 2017, so as to facilitate an easier start-up post the colder winter months. The total project capex is now estimated to be approximately 25% below the original \$19.5 million budget, due primarily to cost savings associated with the weaker local currency.

Looking ahead, the Copper Bay definitive feasibility study ("DFS") is progressing well, and CAML expects to report the findings of this work in Q4 2016. The economics of the project will be considered carefully in light of current commodity prices and long term expectations for the copper price, and a development decision will be made thereafter. CAML continues to look for additional attractive growth opportunities.

## **Operating Review**

### **Kazakhstan (Kounrad)**

#### **Operations**

CAML is pleased to report a period of strong operational performance at Kounrad, with copper cathode production for the first six months of 2016 of 6,908 tonnes, a 27% increase on the corresponding period of 2015. This is due in part to a warmer winter than previous years, and largely to Kounrad operating at increased capacity for a full six month period post the completion of the Stage 1 Expansion in May 2015.

H1 2016 copper cathode sales of 6,355 tonnes represent an increase of 24% on H1 2015. The copper was sold predominantly through the sales agreement with Traxys, CAML's off-take partner, and 3,125 tonnes were sold in Q2 2016 at a fixed price of \$5,025 per tonne. The average copper price received for all copper sales during H1 was \$4,903 per tonne. The technical quality of the copper cathode remains high and continues to meet the requirements of CAML's customers.

Utilisation of the SX-EW facility remains at high levels, with an average of 98% achieved during the reported period. In Q1 2016, all the anodes within the original EW house were replaced with new ones of superior design and quality.

Leaching of Dump 5 commenced in late Q1 2016 and early results indicate good solution returns and leach rates in accordance with expectations.

Following the organic reagent loss incident at Kounrad in June 2015, an insurance claim was submitted. In March 2016, the Group received notification that the merits of the claim had been accepted and negotiations are ongoing as to the quantum. No receivable was recognised for the claim at 30 June 2016.

#### **Kounrad Stage 2 Expansion and Lake Balkhash Pipeline project**

During H1 2016, construction of the buildings, collector trenches, ponds and pipeline infrastructure to connect the SX-EW plant to the Western Dumps area progressed on schedule and under budget.

Installation of the 12km 10kV overhead power-line was completed, which has enabled site construction power to be provided by the permanent supply rather than generators. Construction of the main buildings consisting of pump houses and a boiler house is completed, with boilers in position and the chimney erected. Three solution ponds have been excavated and lined, whilst the installation of the 24km solution transfer pipeline infrastructure for pregnant leach solution ("PLS") and raffinate is progressing well.

CAML completed an access ramp to the top of the Initial Leach Area (45 metre height), which has enabled dozer preparation and levelling works to commence in readiness for the installation of the irrigation system.

The water pipeline that will supply water to the site from Lake Balkhash is complete and commissioning is underway.

The scheduled completion date of the Stage 2 Expansion remains Q4 2016, with leaching operations on the Western Dumps planned to commence in Q2 2017. Completion of this project will extend the life of the Kounrad operation beyond 2030. Due primarily to the devaluation of the Kazakhstan Tenge, the cost of completion of the overall project including the Lake Balkhash water pipeline is now expected to be approximately 25% below the original \$19.5 million budget.

#### **Corporate and Social Responsibility ("CSR")**

In H1 2016, CAML recorded no Lost Time Injuries ("LTI") with the total LTI free man hours now exceeding one million. During the reporting period, CAML increased its focus on embedding the concept of risk within the workforce, ensuring that all safety risks are recognised and mitigated as necessary and that there is an overall drive to continue to improve the safety culture.

In conjunction with SRK Consulting, a further programme of environmental and hydrogeological site investigations focussed on the Western Dumps commenced in H1 2016. The studies included a programme of surface geophysics to identify the subsurface geology in specific areas, core drilling and the drilling of 40 monitoring holes that will be used for future environmental checks once leaching commences in this area.

Several routine state inspections relating to health and safety and environmental aspects of the operations were undertaken during the period, with the outcome being that CAML adheres to all relevant regulations at Kounrad.

The Company continues to actively engage with the local community, with the focus remaining on health and education, particularly with regards to children, and charitable organisations based in Kounrad and Balkhash.

## **Operations outside of Kazakhstan**

### **Copper Bay Project - Chile**

The definitive feasibility study (“DFS”) on the Copper Bay project that commenced in H2 2015 is on track for completion in Q4 2016. Results from additional infill drilling have been incorporated into resource and reserve estimates, geotechnical studies and mine design and scheduling. Each component of the DFS is being carried out by appropriate independent consultants and engineers, and the overall study is being managed in-house through a dedicated project management team.

If the results of the DFS are positive, a decision whether or not to advance the project to construction will be made taking into account both the fundamental outlook for the copper market and the availability of capital for construction.

## **Business Development**

Business development activities continue with regular review of merger and acquisition opportunities in the context of prevailing market conditions. CAML continues to seek transactions that are attractive from a growth and value perspective, predominantly in commodities such as copper and base metals that fall within the team’s core areas of expertise.

## **Financial Review**

### **Overview**

CAML’s financial performance during the period demonstrated the Company’s resilience to the weakening copper price. Despite the copper price falling by 17% compared to the first six months of 2015, the Company continued to be highly profitable through its Kounrad operation due to sustained low costs of copper production.

Despite the weaker copper price environment, the Group generated EBITDA of \$17.4 million (H1 2015: \$16.0 million), representing an EBITDA margin of 56% (H1 2015: 53%) for the six month period ended 30 June 2016. The strong financial performance during the reported period combined with a robust balance sheet and reducing capital commitments means the Company is well positioned to both maintain its dividend policy and to look for attractive growth opportunities.

### **Income statement**

Net profit after tax from continuing operations increased to \$10.6 million (H1 2015: \$6.0 million) primarily as a result of a reduction in the Group’s depreciation charge and the benefits of the local currency devaluation. Earnings per share increased to 9.50 cents (H1 2015: 4.88 cents), an increase of 95%.

### **Revenue**

A total of 6,250 tonnes (H1 2015: 4,938 tonnes) of copper cathode from Kounrad were sold as part of the Company’s off-take arrangements with Traxys and a further 105 tonnes (H1 2015: 182 tonnes) were sold locally. Total sales at Kounrad were 6,355 tonnes (H1 2015: 5,120 tonnes) representing a 24% increase in volumes.

As mentioned above, while copper cathode sales volumes have increased when compared to H1 2015, Group revenue was adversely impacted by the decline in copper prices and an average selling price of \$4,903 per tonne was achieved (H1 2015: \$5,936 per tonne) representing a 17% decrease in prices. This generated gross revenues for the Group of \$30.9 million (H1 2015: \$30.3 million).

The commercial terms of the off-take contract have been agreed and fixed for a three year period through to 31 December 2018. This provided additional cost savings in the reporting period due to a marked reduction in the cost per tonne of exporting the copper cathode from the site at Kounrad. The contractual commitment is for a minimum of 90% of the Kounrad copper cathode production.

### **Cost of sales**

Cost of sales for the period was \$8.3 million (H1 2015: \$13.4 million) representing a decrease of \$5.1 million. \$1.2 million of this reduction is due to lower costs associated with the production of copper cathode at Kounrad primarily due to savings associated with the Kazakhstan Tenge currency devaluation.

\$3.9 million of this reduction is due to changes to the depreciation policy. Total depreciation and amortisation charges recognised within cost of sales for the period were \$2.2 million (H1 2015: \$6.1 million). Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment and the fair value uplift on the Kounrad Transaction. The original estimate of 10 years useful economic life has now been increased through to 2034 which represents the end of the subsoil use licence. This change in estimate was applied from 1 January 2016 and has resulted in a reduction in the depreciation and amortisation charge of \$3.9 million for H1 2016 compared to H1 2015.

The above reduction in the depreciation charge has also been affected by the devaluation in the local currency. This significant devaluation has effectively halved the US Dollar value of the balance sheet assets.

### **C1 cash cost of production**

The C1 cash cost of production is now reported using the Wood Mackenzie industry definition which excludes all local taxes including mineral extraction tax, but includes local administrative expenses. CAML started reporting its C1 cash cost of production under this definition for the year ending 31 December 2015. The C1 cash cost of production reported for the six months ended 30 June 2015 was \$0.74 per pound and this has now been recalculated as \$0.67 per pound using the revised industry definition.

Kounrad's C1 cash costs of production remain in the lowest quartile on the industry cost curve at \$0.40 per pound (H1 2015: \$0.67 per pound). This represents a 40% decrease from the prior period primarily as a result of cost savings from the local currency devaluation, increased production volumes and the reduction in off-take costs.

The Group's fully inclusive unit costs for the period, including depreciation and amortisation charges, all local taxes including mineral extraction tax and corporate overheads associated with the Kounrad project, were \$0.97 per pound (H1 2015: \$1.87 per pound). The prior period includes a one-off charge of \$0.7 million, equating to \$0.06 per pound, arising from the write-off of organic inventory. The reduction in the fully inclusive unit cost is due to the lower C1 cash costs and depreciation and amortisation charges as explained above.

### **Administrative expenses**

During the period, administrative expenses were \$5.9 million (H1 2015: \$5.6 million). The Group recognised a share based payment charge of \$1.4 million (H1 2015: \$1.1 million) in relation to the Company's Share Option Schemes.

### **Discontinued operations**

The Group continues to hold for sale the assets it owns in Mongolia. These assets were fully written off in prior periods.

### **Kazakhstan Tenge devaluation**

The Tenge devalued in August 2015 resulting in a total devaluation during 2015 of approximately 85%. The Board's response was to increase salaries for staff at Kounrad by 25% from 1 January 2016 to compensate for the devaluation.

Given that the Group's operations in Kazakhstan generate income in US Dollars ("USD") through the export of copper cathode, the immediate financial impact is positive as approximately 60% of the total cost base in Kazakhstan is denominated in Tenge and 70% of C1 cash costs are Tenge ("KZT") denominated. The average exchange rate for the six month period ended 30 June 2016 was 346 KZT/USD (H1 2015: 186 KZT/USD), representing an 86% devaluation, which equates to US Dollar equivalent savings of 46% on Tenge denominated costs.

There has been a desire on the part of Kazakhstan Government to contain any inflationary pressures caused by the devaluation. The official rate of inflation for the first six months of 2016 was published at 4.4%, which is a reduction from the 2015 official rate of 13.6%. It is expected that some of the cost benefits seen during the first six months of 2016 may be eroded by potential inflationary pressures during H2 2016.

### **Balance sheet**

During the period, there were additions to property, plant and equipment of \$9.6 million (H1 2015: \$6.6 million). The majority of this expenditure was incurred on the construction work at Kounrad for the Stage 2 Expansion, which is due to be completed in early Q4 2016. A further \$0.8 million was capitalised in relation to exploration and evaluation costs incurred on the Copper Bay project.

As at 30 June 2016, current trade and other receivables were \$3.1 million (31 December 2015: \$2.6 million) and non-current trade and other receivables were \$2.1 million (31 December 2015: \$4.3 million).

In February 2016, the Kazakhstan authorities refunded a portion of outstanding VAT totalling \$1.7 million. As at 30 June 2016, a total of \$3.8 million (31 December 2015: \$4.4 million) of VAT receivable was still owed to the Group relating to historical expenditure on site at Kounrad. A further \$1.9 million was refunded in August 2016 bringing the total VAT successfully refunded in 2016 to \$3.6 million.

The \$1.9 million refunded after the reporting date is classified within current receivables as at 30 June 2016. The Group still remains confident about its prospects to recover the remaining portion outstanding of \$1.9 million and is working closely with its advisers and local partners to achieve this. The planned means of recovery will be through a combination of the local sales of copper cathode to effectively offset VAT liabilities and by a successful appeal to the authorities.

As at 30 June 2016, current trade and other payables were \$4.2 million (31 December 2015: \$6.3 million).

The Group had cash of \$30.2 million on 30 June 2016 (31 December 2015: \$42.0 million) and no debt.

### **Cash flows**

The continued strong operational performance of the Kounrad project and the associated low costs of production resulted in robust cash flows for the Group. Cash generated from operations increased to \$13.8 million (H1 2015: \$7.4 million) and during the period \$12.5 million was returned to shareholders as dividends (H1 2015: \$12.8 million) and a further \$9.6 million was invested in the Kounrad Stage 2 Expansion project and sustaining capital expenditure (H1 2015: \$7.2 million).

\$3.6 million of Kazakhstan corporate income tax was paid during the period (H1 2015: \$5.7 million). Payments made during 2016 included \$3.1 million towards the 2016 corporate income tax liability and \$0.5 million of 2015 corporate income tax paid in April 2016.

### **Dividend**

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

The CAML Board has declared an interim dividend for the period of 5.5 pence per ordinary share. The interim dividend equates to approximately 26% of the gross revenue for the period and will be payable on 28 October 2016 to shareholders registered on 7 October 2016.

**CONDENSED INTERIM INCOME STATEMENT (unaudited)**  
**for the six months period ended 30 June 2016**

	Note	Six months ended	
		30-Jun-16 \$'000	30-Jun-15 \$'000
<b>Continuing operations</b>			
Gross revenue	5	30,884	30,323
Revenue		29,728	29,035
Cost of sales		(8,309)	(13,356)
<b>Gross profit</b>		<b>21,419</b>	<b>15,679</b>
Distribution and selling costs		(341)	(133)
Administrative expenses		(5,911)	(5,616)
Inventory write-off		-	(715)
Other income		72	8
Foreign exchange rate (loss)/gain		(246)	1,091
<b>Operating profit</b>		<b>14,993</b>	<b>10,314</b>
Finance income		39	21
Finance costs		(71)	(257)
<b>Profit before income tax</b>		<b>14,961</b>	<b>10,078</b>
Income tax		(4,331)	(4,093)
Profit from continuing operations		10,630	5,985
<b>Discontinued operations</b>			
Loss from discontinued operations		(77)	(112)
Profit for the period		10,553	5,873
<b>Profit attributable to:</b>			
- Non-controlling interests		(46)	431
- Owners of the parents		10,599	5,442
	5	10,553	5,873
<b>Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the period (expressed in cents per share)</b>			
<b>Basic earnings/(loss) per share</b>		<b>\$ cents</b>	<b>\$ cents</b>
From continuing operations	6	9.57	4.98
From discontinued operations		(0.07)	(0.10)
<b>From profit for the period</b>		<b>9.50</b>	<b>4.88</b>
<b>Diluted earnings/(loss) per share</b>			
From continuing operations	6	9.35	4.86
From discontinued operations		(0.07)	(0.10)
<b>From profit for the period</b>		<b>9.28</b>	<b>4.76</b>

The comparative figures for the six months ended 30 June 2015 include a reclassification of land rental, property tax and contractual payments under the subsoil use contract incurred at Kounrad from administrative expenses to cost of sales totalling \$442,000.

The comparative figures for earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent for the six months ended 30 June 2015 have been amended to exclude profit attributable to non-controlling interests (see note 6).

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (unaudited)**  
**for the six months period ended 30 June 2016**

	Six months ended	
	30-Jun-16	30-Jun-15
	\$'000	\$'000
Profit for the period	10,553	5,873
<b>Other comprehensive income/(expense):</b>		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	405	(1,258)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>405</b>	<b>(1,258)</b>
<b>Total comprehensive income for the period</b>	<b>10,958</b>	<b>4,615</b>
<b>Attributable to:</b>		
- Non-controlling interests	(46)	431
- Owners of the parents	11,004	4,184
<b>Total comprehensive income for the period</b>	<b>10,958</b>	<b>4,615</b>
Total comprehensive income/(expense) attributable to equity shareholders arises from:		
- Continuing operations	11,035	4,727
- Discontinued operations	(77)	(112)
	<b>10,958</b>	<b>4,615</b>



**CONDENSED INTERIM BALANCE SHEET**  
as at 30 June 2016

		Unaudited 30-Jun-16	Audited 31-Dec-15	Unaudited 30-Jun-15
	Note	\$'000	\$'000	\$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	49,145	40,800	75,061
Intangible assets	8	40,178	40,267	78,290
Other non-current receivables	9	2,127	4,250	7,100
		<b>91,450</b>	<b>85,317</b>	<b>160,451</b>
<b>Current assets</b>				
Inventories		4,110	3,031	3,755
Trade and other receivables	9	3,131	2,648	7,070
Restricted cash		94	494	569
Cash and cash equivalents		30,107	41,502	35,206
		<b>37,442</b>	<b>47,675</b>	<b>46,600</b>
Assets of the disposal group classified as held for sale		72	83	109
		<b>37,514</b>	<b>47,758</b>	<b>46,709</b>
<b>Total assets</b>		<b>128,964</b>	<b>133,075</b>	<b>207,160</b>
<b>Equity attributable to owners of the parent</b>				
Ordinary shares	10	1,121	1,121	1,121
Share premium	10	-	-	-
Treasury shares	10	(7,810)	(7,810)	(8,146)
Other reserves		(88,064)	(88,469)	(12,375)
Retained earnings		206,240	209,120	199,239
		<b>111,487</b>	<b>113,962</b>	<b>179,839</b>
<b>Non-controlling interests</b>		<b>218</b>	<b>264</b>	<b>431</b>
<b>Total equity</b>		<b>111,705</b>	<b>114,226</b>	<b>180,270</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred income tax liability		10,258	10,240	20,562
Provision for other liabilities and charges		2,398	1,916	2,306
		<b>12,656</b>	<b>12,156</b>	<b>22,868</b>
<b>Current liabilities</b>				
Trade and other payables		4,166	6,261	3,572
		<b>4,166</b>	<b>6,261</b>	<b>3,572</b>
Liabilities of disposal group classified as held for sale		437	432	450
		<b>4,603</b>	<b>6,693</b>	<b>4,022</b>
<b>Total liabilities</b>		<b>17,259</b>	<b>18,849</b>	<b>26,890</b>
<b>Total equity and liabilities</b>		<b>128,964</b>	<b>133,075</b>	<b>207,160</b>

**CONDENSED INTERIM STATEMENT OF CHANGES OF EQUITY (unaudited)**  
**for the six months period ended 30 June 2016**

	Ordinary Shares	Share Premium	Treasury Shares	Other Reserves	Retained Earnings	Total	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2015</b>	<b>1,121</b>	<b>-</b>	<b>(7,810)</b>	<b>(88,469)</b>	<b>209,120</b>	<b>113,962</b>	<b>264</b>	<b>114,226</b>
Profit/(loss) for the period	-	-	-	-	10,599	10,599	(46)	10,553
Other comprehensive income – currency translation differences	-	-	-	405	-	405	-	405
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405</b>	<b>10,599</b>	<b>11,004</b>	<b>(46)</b>	<b>10,958</b>
<b>Transactions with owners</b>								
Share based payments	-	-	-	-	1,392	1,392	-	1,392
Exercise of options	-	-	-	-	(2,349)	(2,349)	-	(2,349)
Dividends	-	-	-	-	(12,522)	(12,522)	-	(12,522)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,479)</b>	<b>(13,479)</b>	<b>-</b>	<b>(13,479)</b>
<b>At 30 June 2016</b>	<b>1,121</b>	<b>-</b>	<b>(7,810)</b>	<b>(88,064)</b>	<b>206,240</b>	<b>111,487</b>	<b>218</b>	<b>111,705</b>

	Ordinary Shares	Share Premium	Treasury Shares	Other Reserves	Retained Earnings	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2014</b>	<b>1,121</b>	<b>67,079</b>	<b>(9,644)</b>	<b>(11,117)</b>	<b>140,484</b>	<b>-</b>	<b>187,923</b>
Profit for the period	-	-	-	-	5,873	-	5,873
Other comprehensive income – currency translation differences	-	-	-	(1,258)	-	-	(1,258)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,258)</b>	<b>5,873</b>	<b>-</b>	<b>4,615</b>
<b>Transactions with owners</b>							
Capital reduction (note 10)	-	(67,079)	-	-	67,079	-	-
Share based payments	-	-	-	-	1,110	-	1,110
Exercise of options	-	-	1,327	-	(1,189)	-	138
Sales of EBT shares	-	-	171	-	(171)	-	-
Dividends	-	-	-	-	(12,787)	-	(12,787)
Copper Bay acquisition	-	-	-	-	(1,160)	431	(729)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>(67,079)</b>	<b>1,498</b>	<b>-</b>	<b>52,882</b>	<b>431</b>	<b>(12,268)</b>
<b>At 30 June 2015</b>	<b>1,121</b>	<b>-</b>	<b>(8,146)</b>	<b>(12,375)</b>	<b>199,239</b>	<b>431</b>	<b>180,270</b>

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited)**  
**for the six months period ended 30 June 2016**

	Note	Six months ended	
		30-Jun-15 \$'000	30-Jun-15 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	17,395	13,250
Income tax paid		(3,602)	(5,739)
Interest paid		(2)	(134)
Net cash generated from operating activities		13,791	7,377
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(9,596)	(7,197)
Purchase of intangible assets		(780)	(159)
Interest received		39	21
Acquisition of subsidiary net of cash acquired		-	1,053
Discontinued operations		-	(40)
Net cash used in investing activities		(10,337)	(6,322)
<b>Cash flows from financing activities</b>			
Dividend paid to owners of the parent		(12,522)	(12,787)
(Settlement)/receipt on exercise of share options		(2,349)	125
Restricted cash decrease/(increase)		400	(421)
Net cash used in financing activity		(14,471)	(13,083)
Effect of foreign exchange (losses)/gains on cash and cash equivalents		(390)	1,090
Net decrease in cash and cash equivalents		(11,407)	(10,938)
<b>Cash and cash equivalents at 1 January</b>		<b>41,524</b>	<b>46,159</b>
<b>Cash and cash equivalents at 30 June</b>		<b>30,117</b>	<b>35,221</b>

Cash and cash equivalents at 30 June 2016 includes cash at bank on hand included in assets held for sale of \$10,000 (30 June 2015: \$15,000).

**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
**For the six months period ended 30 June 2016**

## **1. General information**

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

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

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

The condensed consolidated interim financial information incorporate the results of Central Asia Metals plc and its subsidiary undertakings as at 30 June 2016 and was approved by the Directors for issue on 12 September 2016. This condensed interim financial information does not constitute accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015 were approved by the Board of Directors on 8 April 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified.

The condensed consolidated interim financial information has not been audited.

## **2. Basis of preparation**

The condensed interim financial information for the six months ended 30 June 2016 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS.

## **3. Accounting policies**

The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are the same as those used in the Group’s audited financial statements for the year ended 31 December 2015.

After review of the Group’s operations, financial position and forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the unaudited interim financial information.

## **4. Estimates**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

## **5. Segmental information**

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

The Group had two business segments consisting of an SX-EW copper plant at Kounrad in Kazakhstan and the Copper Bay project in Chile. The Group operations are controlled from a head office in London, UK but this does not represent a separate business segment.

The Board assesses the performance of the Kounrad project based on a number of key operational and financial measures which relate to copper production output, revenues from the sales of copper and the overall costs of producing the copper.

The segments results for the period ended 30 June 2016 are as follows:

	Unaudited			
	Kounrad	Copper Bay	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Gross revenue	30,884	-	-	30,884
Off-take buyers' fees	(1,156)	-	-	(1,156)
<b>Revenue</b>	<b>29,728</b>	<b>-</b>	<b>-</b>	<b>29,728</b>
<b>Kounrad EBITDA</b>	<b>22,168</b>	<b>-</b>	<b>-</b>	<b>22,168</b>
Copper Bay administrative expenses	-	(449)	-	(449)
Unallocated costs including corporate	-	-	(4,303)	(4,303)
<b>Group continuing operations EBITDA</b>	<b>22,168</b>	<b>(449)</b>	<b>(4,303)</b>	<b>17,416</b>
Depreciation and amortisation	(2,207)	-	(42)	(2,249)
Foreign exchange rate gain/(loss)	31	62	(339)	(246)
Other income	72	-	-	72
Finance income	5	-	34	39
Finance costs	(71)	-	-	(71)
<b>Profit before income tax</b>	<b>19,998</b>	<b>(387)</b>	<b>(4,650)</b>	<b>14,961</b>
Income tax	(4,331)	-	-	(4,331)
<b>Profit for the period after taxation from continuing operations</b>	<b>15,667</b>	<b>(387)</b>	<b>(4,650)</b>	<b>10,630</b>
Loss from discontinued operations				(77)
<b>Profit for the period</b>				<b>10,553</b>

The comparative segmental results for the six months period ended 30 June 2015 do not include the results of the Copper Bay project which was consolidated from 30 June 2015 following the increase in CAML's shareholding from 50% to 75%. The segments results for the period ended 30 June 2015 are as follows:

	Unaudited		
	Kounrad	Unallocated	Total
	\$'000	\$'000	\$'000
Gross revenue	30,323	-	30,323
Off-take buyers' fees	(1,288)	-	(1,288)
<b>Revenue</b>	<b>29,035</b>	<b>-</b>	<b>29,035</b>
<b>Kounrad EBITDA</b>	<b>20,509</b>	<b>-</b>	<b>20,509</b>
Unallocated costs including corporate	-	(4,524)	(4,524)
<b>Group continuing operations EBITDA</b>	<b>20,509</b>	<b>(4,524)</b>	<b>15,985</b>
Depreciation and amortisation	(6,033)	(22)	(6,055)
Inventory write-off	(715)	-	(715)
Foreign exchange rate gain	197	894	1,091
Other income	8	-	8
Finance income	14	7	21
Finance costs	(257)	-	(257)
<b>Profit before income tax</b>	<b>13,723</b>	<b>(3,645)</b>	<b>10,078</b>
Income tax	(4,093)	-	(4,093)
<b>Profit for the period after taxation from continuing operations</b>	<b>9,630</b>	<b>(3,645)</b>	<b>5,985</b>
Loss from discontinued operations			(112)
<b>Profit for the period</b>			<b>5,873</b>

Group segmental assets and liabilities for the six months ended 30 June 2016 are as follows:

	Segmental Assets		Segmental Liabilities	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
	\$'000	\$'000	\$'000	\$'000
Kounrad	100,856	94,666	(15,954)	(15,536)
Copper Bay	5,061	5,369	(271)	(330)
Assets held for sale	72	83	(437)	(432)
Corporate	22,975	32,957	(597)	(2,551)
<b>Total</b>	<b>128,964</b>	<b>133,075</b>	<b>(17,259)</b>	<b>(18,849)</b>

## 6. Earnings per share

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 period excluding Ordinary Shares purchased by the Company and held as treasury shares.

### (a) Basic

	Six months ended	
	30-Jun-16	30-Jun-15
	\$'000	\$'000
Profit from continuing operations attributable to owners of the parent	10,676	5,554
Loss from discontinued operations attributable to owners of the parent	(77)	(112)
<b>Total</b>	<b>10,599</b>	<b>5,442</b>
Weighted average number of Ordinary Shares in issue	111,558,091	111,558,091
<b>Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the period (expressed in \$ cents per share)</b>	<b>\$ cents</b>	<b>\$ cents</b>
From continuing operations	9.57	4.98
From discontinued operations	(0.07)	(0.10)
From profit for the period	9.50	4.88

The comparative figures for the six months ended 30 June 2015 have been amended to exclude non-controlling interests from profit from continuing operations attributable to owners of the parent.

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.

### (b) Diluted

	Six months ended	
	30-Jun-16	30-Jun-15*
	\$'000	\$'000
Profit from continuing operations attributable to owners of the parent	10,676	5,554
Loss from discontinued operations attributable to owners of the parent	(77)	(112)
<b>Total</b>	<b>10,599</b>	<b>5,442</b>
Weighted average number of ordinary shares in issue	111,558,091	111,558,091
Adjusted for:		
- Share Options	2,643,025	2,736,700
Weighted average number of ordinary shares for diluted earnings per share	114,201,116	114,294,791
<b>Diluted earnings per share</b>	<b>\$ cents</b>	<b>\$ cents</b>
From continuing operations	9.35	4.86
From discontinued operations	(0.07)	(0.10)
From profit for the period	9.28	4.76

## 7. Property, plant and equipment

Group	Construction in progress \$'000	Plant and equipment \$'000	Motor vehicles and office equipment		Total \$'000
			Mining assets \$'000	\$'000	
<b>Cost</b>					
<b>At 1 January 2015</b>	<b>7,683</b>	<b>81,990</b>	-	<b>1,715</b>	<b>91,388</b>
Additions	6,416	935	-	486	7,837
Disposals	-	(76)	-	(65)	(141)
Change in estimate – asset retirement obligation	-	207	-	-	207
Transfers	(9,668)	9,658	-	10	-
Acquisition of Copper Bay	-	3	-	-	3
Transfer from intangible assets	-	-	1,601	-	1,601
Exchange differences	(2,428)	(43,309)	-	(845)	(46,582)
<b>At 31 December 2015</b>	<b>2,003</b>	<b>49,408</b>	<b>1,601</b>	<b>1,301</b>	<b>54,313</b>
Additions	9,291	226	-	79	9,596
Disposals	-	(223)	-	(3)	(226)
Change in estimate – asset retirement obligation	-	150	-	-	150
Transfers	(1,360)	1,356	-	4	-
Exchange differences	171	51	3	3	228
<b>At 30 June 2016</b>	<b>10,105</b>	<b>50,968</b>	<b>1,604</b>	<b>1,384</b>	<b>64,061</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2015</b>	-	<b>16,000</b>	-	<b>727</b>	<b>16,727</b>
Provided during the year	-	7,630	-	164	7,794
Disposals	-	(69)	-	(56)	(125)
Transfer from intangible assets	-	-	62	-	62
Exchange differences	-	(10,608)	-	(337)	(10,945)
<b>At 31 December 2015</b>	-	<b>12,953</b>	<b>62</b>	<b>498</b>	<b>13,513</b>
Provided during the period	-	1,497	19	72	1,588
Disposals	-	(223)	-	(3)	(226)
Exchange differences	-	31	-	10	41
<b>At 30 June 2016</b>	-	<b>14,258</b>	<b>81</b>	<b>577</b>	<b>14,916</b>
Net book value at 31 December 2015	2,003	36,455	1,539	803	40,800
<b>Net book value at 30 June 2016</b>	<b>10,105</b>	<b>36,710</b>	<b>1,523</b>	<b>807</b>	<b>49,145</b>

Following receipt of the regulatory approvals required for the Kounrad Stage 2 Expansion in November 2015, management has extended the useful economic lives of certain property, plant and equipment and the fair value uplift on the Kounrad Transaction. The original estimate of 10 years useful economic life has now been increased through to 2034 which represents the end of the subsoil user licence. This change in estimate was applied from 1 January 2016 and has resulted in a reduction in the Group depreciation charge.

The change in estimate in relation to the asset retirement obligation of \$150,000 is as a result of adjusting the provision recognised to take into account the expansion of the SX-EW plant at Kounrad. The net present value of future expected costs has been calculated using an inflation rate of 5.68% (H1 2015: 4.30%) and discount rate of 7.27% (H1 2015: 8.07%) representing the risk free rate (pre-tax) for Kazakhstan.

The fall in value of the Tenge during 2015 resulted in non-cash foreign exchange losses within property, plant and equipment for the year ended 31 December 2015. This is due to the translation on consolidation of the Group's Kazakhstan based subsidiaries

whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge.

## 8. Intangible assets

Group	Goodwill	Exploration and evaluation costs	Mining licences and permits	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
<b>At 1 January 2015</b>	<b>20,291</b>	<b>2,805</b>	<b>60,399</b>	<b>55</b>	<b>83,550</b>
Additions	-	542	-	14	556
Transfers to property, plant and equipment	-	(1,601)	-	-	(1,601)
Acquisition of Copper Bay	-	1,641	(3,222)	-	(1,581)
Exchange differences	(10,185)	(1,348)	(26,546)	(31)	(38,110)
<b>At 31 December 2015</b>	<b>10,106</b>	<b>2,039</b>	<b>30,631</b>	<b>38</b>	<b>42,814</b>
Additions	-	763	4	13	780
Exchange differences	18	-	(114)	-	(96)
<b>At 30 June 2016</b>	<b>10,124</b>	<b>2,802</b>	<b>30,521</b>	<b>51</b>	<b>43,498</b>
<b>Accumulated amortisation</b>					
<b>At 1 January 2015</b>	-	<b>64</b>	<b>1,850</b>	<b>31</b>	<b>1,945</b>
Provided during the year	-	41	2,668	11	2,720
Transfers to property, plant and equipment	-	(62)	-	-	(62)
Exchange differences	-	(43)	(1,994)	(19)	(2,056)
<b>At 31 December 2015</b>	-	-	<b>2,524</b>	<b>23</b>	<b>2,547</b>
Provided during the period	-	-	758	11	769
Exchange differences	-	-	4	-	4
<b>At 30 June 2016</b>	-	-	<b>3,286</b>	<b>34</b>	<b>3,320</b>
Net book value at 31 December 2015	10,106	2,039	28,107	15	40,267
<b>Net book value at 30 June 2016</b>	<b>10,124</b>	<b>2,802</b>	<b>27,235</b>	<b>17</b>	<b>40,178</b>

The fall in value of the Tenge during 2015 has resulted in non-cash foreign exchange losses within intangible assets for the year ended 31 December 2015. This is due to the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the Tenge as well as the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction which are denominated in Tenge.



## 9. Trade and other receivables

	30-Jun-16	31-Dec-15
	\$'000	\$'000
<b>Current receivables</b>		
Trade receivables	14	-
Prepayments	645	836
VAT receivable	2,441	1,769
Other receivable	31	43
	<b>3,131</b>	<b>2,648</b>
<b>Non-current receivables</b>		
Prepayments	221	1,493
VAT receivable	1,906	2,757
	<b>2,127</b>	<b>4,250</b>

In February 2016, the Kazakhstan authorities refunded a portion of outstanding VAT totalling \$1.7 million. As at 30 June 2016, a total of \$3.8 million (31 December 2015: \$4.4 million) of VAT receivable was still owed to the Group relating to historical expenditure on site at Kounrad. A further \$1.9 million was refunded in August 2016 bringing the total VAT successfully refunded in 2016 to \$3.6 million.

The \$1.9 million refunded after the reporting date is classified within current receivables as at 30 June 2016. The Group still remains confident about its prospects to recover the remaining portion outstanding of \$1.9 million and is working closely with its advisers and local partners to achieve this. The planned means of recovery will be through a combination of the local sales of copper cathode to effectively offset VAT liabilities and by a successful appeal to the authorities.

## 10. Share capital and premium

	Number of Shares	Ordinary Shares	Share Premium	Treasury Shares
	No	\$'000	\$'000	\$'000
<b>At 1 January 2015</b>	<b>112,069,738</b>	<b>1,121</b>	<b>67,079</b>	<b>(9,644)</b>
Capital reduction	-	-	(67,079)	-
Exercised options	-	-	-	1,663
Sales of EBT shares	-	-	-	171
<b>At 31 December 2015 / 30 June 2016</b>	<b>112,069,738</b>	<b>1,121</b>	<b>-</b>	<b>(7,810)</b>

On 13 May 2015, the Company completed a Court approved capital reduction scheme, which resulted in \$67.1 million being transferred from the share premium account to distributable reserves. There were no movements in share capital and premium during the six months ended 30 June 2016.

## 11. Cash generated from operations

	Six months ended	
	30-Jun-16	30-Jun-15
	\$'000	\$'000
<b>Profit before income tax including discontinued operations</b>	<b>14,884</b>	9,966
Adjustments for:		
Depreciation	1,361	4,620
Amortisation	888	1,434
Change in provision for doubtful receivables	-	(2)
Foreign exchange loss/(gain)	246	(1,091)
Share based payments	1,392	1,110
Write-off of inventory	-	715
Finance income	(39)	(21)
Finance costs	71	257
<b>Charges in working capital:</b>		
Inventories	(1,079)	(416)
Trade and other receivables	1,640	(3,723)
Trade and other payables	(1,969)	400
Movement in provisions	-	1
<b>Cash generated from operations</b>	<b>17,395</b>	13,250

## 12. Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	30-Jun-16	30-Jun-15
	\$'000	\$'000
Property, plant and equipment	309	298
Intangible assets	-	108
Other	1,269	1,454
<b>Total</b>	<b>1,578</b>	1,860

## 13. Dividend per share

An interim dividend of 5.5 pence per ordinary share (2015: 4.5 pence per share) was declared by the CAML Board on 12 September 2016.

## 14. Related party transactions

During the six month period ending 30 June 2016, the Group had no transactions with related parties with the exception of the Company's subsidiaries.

Mr Kenges Rakishev became a major shareholder of CAML on 23 May 2014 following completion of the Kounrad Transaction. He was appointed to the CAML Board on 9 December 2013 following the completion of the first part of the transaction. Consequently, Kenges Rakishev is considered a related party in any dealings he has with the Group. As part of the obligations on Kenges Rakishev for completing the Kounrad Transaction, he signed a relationship agreement with CAML setting out the terms of the relationship between himself and the Group.

Kenges Rakishev is the chairman of the board of directors of JSC Kazkommertsbank ("KKB") and has full control over the voting and other rights of a combined 71.31% stake in KKB's issued and outstanding share capital, made up of shares in KKB held by Kenges

Rakishev directly and indirectly. The Group uses the facilities of KKB within Kazakhstan for its normal day-to-day banking and has insurance agreements with a subsidiary of KKB. As at 30 June 2016, the Group held \$5,290,000 with KKB (31 December 2015: \$6,107,000).

## **15. Events after the reporting period**

### **VAT recoverability**

The Group's main receivable is the VAT incurred on purchases within Kazakhstan as explained in note 9. As at 30 June 2016 a total of \$3.8 million (31 December 2015: \$4.4 million) of VAT receivable was still owed to the Group by the Kazakhstan authorities. An amount of \$1.9 million was refunded from the authorities in August 2016 and has been reclassified from non-current to current trade and other receivables as at 30 June 2016.