19 September 2018

Central Asia Metals plc

(the 'Group', the 'Company' or 'CAML')

Interim Results for the Six Months Ended 30 June 2018

Central Asia Metals plc (AIM: CAML) is pleased to announce its unaudited interim results for the six months ended 30 June 2018 ('H1 2018' or the 'Period').

Financial summary

- H1 2018 dividend of 6.5 pence per share (H1 2017: 6.5 pence)
- Group gross revenue of $102.4 million (H1 2017: $38.6 million)
- Kounrad C1 copper cash cost of $0.53 per pound (H1 2017: $0.45 per pound)
- Sasa C1 zinc equivalent cash cost of $0.44 per pound (FY 2017: $0.44 per pound)
- Group EBITDA of $64.6 million (H1 2017: $24.3 million), margin of 63% (H1 2017: 63%)
- Profit before tax of $38.4 million (H1 2017: $20.7 million)
- EPS from continuing operations of 16.37 cents per share (H1 2017: 13.77 cents per share)
- Group cash balance as at 30 June 2018 of $40.4 million (31 December 2017: $45.8 million)
- Group net debt as at 30 June 2018 of $125.2 million (31 December 2017: $136.1 million)

Operational summary

- Kounrad copper production of 6,747 tonnes (H1 2017: 7,027 tonnes)
- Kounrad copper sales of 6,044 tonnes (H1 2017: 6,870 tonnes)
- Sasa zinc in concentrate production of 11,020 tonnes, payable sales of 9,256 tonnes
- Sasa lead in concentrate production of 14,386 tonnes, payable sales of 13,701 tonnes
- 2018 Shuak exploration programme commenced in May, core hydrotransport ('CHT') drilling programme complete in August 2018

Outlook

- On course to achieve 2018 base metal production guidance of:
  - 13,000 - 14,000 tonnes of copper
  - 21,000 - 23,000 tonnes of zinc
  - 28,000 - 30,000 tonnes of lead
- Shuak diamond drilling and induced polarisation ('IP') geophysical survey commenced, to be completed in H2 2018 and announced in Q1 2019

Nigel Robinson, Chief Executive Officer, commented:

"We have today reported another strong financial performance for the CAML Group, which highlights the quality of our business. These results reflect a full six-month period of operations at Sasa, and I believe they clearly demonstrate our rationale for acquiring the mine, which was to provide CAML with a second low cost, cash generative base metals operation, as well as commodity and geographical diversification.

"We are pleased to declare a 6.5 pence per share interim dividend, which is in line with our payment for the first half of 2017 and our newly implemented dividend policy.

"We are disappointed to report four lost time injuries ('LTIs') during H1 2018, with two at each of our sites. We take our health and safety responsibilities very seriously and have, during the period, appointed a Group Health and Safety Manager and a Safety Engineer at Sasa.

"In April 2018, I was appointed Chief Executive Officer, Gavin Ferrar was appointed Chief Financial Officer and, in addition, Scott Yelland joined us as Chief Operating Officer. These changes have provided continuity to our team, while positioning the Company for its next stage of development.

"In terms of outlook, the prices of copper, zinc and lead have been under considerable pressure since June over fears for global growth as a result of trade disputes. While we cannot control the prices of our metal products, we can control our costs and our output, and we are pleased to remain a low cost base metals producer with two operations that are on track to deliver 2018 annual production guidance.

"Given that our Sasa integration process is now largely complete, we are once again actively looking for additional growth opportunities."

Analyst conference call

There will be an analyst conference call on Wednesday 19 September 2018 at 09:30 (BST) at the offices of Peel Hunt. The call can be accessed by dialling 0808 109 0700 and quoting the confirmation code 'CAML Interim Results'. The presentation will be available on the Company's website and there will be a replay of the call available following the presentation at www.centralasiametals.com.

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Note to editors:

Central Asia Metals plc, an AIM-listed UK company based in London, owns the Kounrad SX-EW copper project in central Kazakhstan and the Sasa zinc-lead mine in Macedonia. The Company also owns 80% of the Shuak copper exploration property in northern Kazakhstan. For further information, please visit www.centralasiametals.com.

Chief Executive Officer Review

The CAML Board of Directors is pleased to declare an interim dividend of 6.5 pence per ordinary share, which is in line with the stated policy. This is to be paid on 26 October 2018.

At Kounrad, copper production was slightly below that of H1 2017 due to a particularly cold winter in Kazakhstan, and sales were also below those achieved during the same period due to a temporary increase in the inventory of cathode on site awaiting dispatch. However, the average copper price received at $6,672 per tonne was approximately $1,000 higher than that received in H1 2017, which resulted in increased revenue of $40.5 million at Kounrad versus $38.6 million for H1 2017. C1 cash costs remained low by industry standards at $0.53 per pound and Kounrad remains one of the lowest cost copper producers in the world. This operational performance ensured a strong financial result from Kounrad, with H1 2018 EBITDA of $29.2 million and a margin of 72%.

Sasa's H1 2018 production demonstrates that the mine is on track to deliver the Company's annual zinc and lead production guidance. With C1 zinc equivalent cash costs that are in line with 2017 (CAML owned Sasa for only two months of that year) at $0.44 per pound (2017: $0.44 per pound), Sasa is also a highly profitable operation, and has delivered revenue of $61.9 million and EBITDA of $41.7 million with a margin of 67% for the reported period.

These operational results have delivered a 166% increase in H1 2018 Group EBITDA to $64.6 million versus H1 2017, which largely reflects the addition of Sasa into the Group, plus improved copper prices. CAML EPS growth of 19% to 16.37 cents per share also demonstrates the accretive nature of the Sasa acquisition.

CAML is disappointed to report that after over three years with no LTIs, the Company suffered four in H1 2018. The two injured Kounrad employees have recovered and are back at work. In Macedonia, two sub-contractors who were assisting with the construction of the new tailings storage facilities ('TSF4') were injured on Sasa property. A Group Health and Safety Manager has since been appointed to oversee both operations, as well as a Safety Engineer at Sasa.

At Shuak, the second exploration season commenced in May 2018 and, since then, the 19,467 metre CHT drilling programme has been completed, plus 1,050 metres of diamond drilling. An IP survey is also underway. The Kyzyl-Sor prospect has been identified as the key area of interest in terms of oxide mineralisation, with the northern area of the licence showing the most promise for sulphide mineralisation.

In addition to the senior management changes announced at the time of the 2017 results, during H1 2018 the CAML Board was pleased to announce the appointment of Scott Yelland as Chief Operating Officer. Scott has already made a positive impact on the business. In May 2018, Oleg Telnoi, who was one of two General Directors at Kounrad, assumed the role of General Director of the Sasa mine. Oleg was instrumental in establishing Kounrad as the well-structured operation it is today.

With a strong leadership team and two reliable low cost operations, CAML's future looks positive producing three important base metals with strong fundamentals in both Kazakhstan and Macedonia.

Operational Review

Kounrad

Operations

CAML is pleased to report a period of strong operational performance at Kounrad, with copper cathode production of 6,747 tonnes for the first six months of 2018 (H1 2017: 7,027 tonnes). While output was slightly below that achieved in H1 2017 due to the particularly cold winter in Kazakhstan, the Company remains on course to achieve its full year 2018 copper production guidance of between 13,000 tonnes and 14,000 tonnes. During the period, leaching was undertaken on both the Eastern Dumps and Western Dumps, with 4,312 tonnes of copper, equating to 64% of production, having been leached from the Western Dumps.

Copper sales during H1 2018 were 6,044 tonnes and 763 tonnes were in stock as at 30 June 2018. The cathode was sold predominantly through CAML's offtake partner, Traxys, and the technical quality of the copper cathode remains high at 99.998% and continues to meet the requirements of CAML's customers.

During the reported period, the Kounrad team undertook a cathode refurbishment programme and also focussed on strengthening the trench walls around the Western Dumps Initial Leaching Area ('ILA').

Utilisation of the SX-EW facility remained high throughout H1 2018, with an average of 99.4% achieved during the reported period.

Corporate and Social Responsibility ('CSR')

It is disappointing to report two lost time injuries at Kounrad during H1 2018. In April, an employee fell and broke his arm in the SX-EW processing facility and, in May, an employee trapped and broke his finger, also in the processing plant. Both employees have recovered and are now back at work. The total LTI free man hours worked was reset to the most recent incident and currently stands at 77,626 hours. CAML has since employed a Group Health and Safety Manager to ensure that operations are managed to the highest standards.

During 2017, the site team set up the Kounrad Charitable Foundation, which has a mandate to make appropriate social donations to enhance the lives of those in the local communities of Kounrad and Balkhash. CAML intends to fund the foundation with 0.25% of its Kounrad revenue annually, which equates to approximately $0.2 million. In H1 2018, the team was approached with 29 requests for funds and is currently actioning five of these, which include the construction of new recreational areas and playgrounds in Kounrad, repairs to the roof of one of the local schools and purchase of school supplies for underprivileged children.

In terms of environmental protection, the team continues with routine inspections of the site and borehole tests and, to date, there has been no contamination identified in any of the boreholes surrounding the ILA. By the end of 2018, there will be in the order of 255 boreholes being monitored around the Western Dumps.

Sasa

Operations

Sasa delivered a strong production performance during H1 2018, which demonstrates that the Company is on track to meet its 2018 zinc and lead production guidance of between 21,000 and 23,000 tonnes of zinc and between 28,000 and 30,000 tonnes of lead. In H1 2018, total ore mined was 390,932 tonnes and ore processed was 393,605 tonnes. The average mill head grades for H1 2018 were 3.34% for zinc and 3.91% for lead. The average H1 2018 metallurgical recoveries were 83.8% for zinc and 93.5% for lead.

Sasa produces a zinc concentrate and a separate lead concentrate that contains silver. Total H1 2018 production was 22,624 tonnes of zinc concentrate at an average grade of 48.7% and 19,712 tonnes of lead concentrate at an average grade of 73.0%.

Sasa typically receives from smelters approximately 85% of the value of its zinc in concentrate and approximately 95% of the value of its lead in concentrate. Accordingly, H1 2018 payable production of zinc was 9,211 tonnes and of lead was 13,666 tonnes. Payable base metal in concentrate sales for the six month period were 9,256 tonnes of zinc and 13,701 tonnes of lead. During H1 2018, Sasa sold 180,233 ounces of payable silver. Due to an existing streaming agreement with Osisko Gold Royalties, CAML's silver production has been pre-sold.

	Units	H1 2018	H1 2017*
Ore mined	t	390,932	391,043
Plant feed	t	393,605	392,257
Zinc grade	%	3.34	3.20
Zinc recovery	%	83.8	85.6
Lead grade	%	3.91	4.00
Lead recovery	%	93.5	94.6
Zinc concentrate	t (dry)	22,624	21,719
- Grade	%	48.7	49.5
- Contained zinc	t	11,020	10,739
Lead concentrate	t (dry)	19,712	20,301
- Grade	%	73.0	73.3
- Contained lead	t	14,386	14,879

*H1 2017 Sasa production pre-dates CAML ownership

During H1 2018, construction of TSF4 continued with completion achieved of the river diversion tunnel, water channel and starter dam. Subject to final approvals from the relevant authorities, the Company remains on track for completion of this new facility by the end of 2018.

After consultation with its key site trade union in April 2018, Sasa offered an average pay rise of 16% to the workforce, which was well received.

In H1 2018, a review and audit of the processing plant was undertaken and several areas identified for incremental performance improvement. The results of these studies are currently being implemented. In April 2018, Sasa took delivery of a stirred media detritor ('SMD') mill that was ordered by the previous owners with the expectation of improved zinc recoveries, which replaced the existing zinc regrind mill. The mill was installed with some metallurgical successes, although its inclusion in the processing plant has not, as yet, resulted in a consistently improved performance. Zinc recoveries will be monitored during H2 2018.

In Q2 2018, CAML commenced a 'Life of Mine Study' for Sasa, which comprises a full review of appropriate mining methods, processing plant capacity and geological potential for the future, with a view to optimising mine production.

<u>CSR</u>

The Directors are disappointed to report that there were two lost time injuries at Sasa during H1 2018. Both incidents were injuries to sub-contractors working on the construction of TSF4 - one contractor fell and broke his arm in February, while the other injured his thumb while installing the power line in June.

In addition to the employment of the Group Health and Safety Manager, Sasa has also appointed a Safety Engineer with initial responsibility primarily for the tailings dam construction phase.

In April 2018, the Macedonian State Environmental Inspectorate undertook an official inspection at Sasa and there were no identified non-compliances. In addition, an ISO 14001 external inspection in Q1 2018 also demonstrated that Sasa is in full compliance with its environmental obligations.

In Q1 2018, Sasa opened a Community Relations Office in the local town, Makedonska Kamenica, which enables local residents to talk to mine personnel face-to-face. During the reported period, over $0.1 million was spent on community development, including sponsorship and support to various clubs and sporting facilities for local residents, as well as local community events.

Shuak

CAML's second exploration season at Shuak commenced in May 2018 and, since then, the 19,467 metre CHT drilling programme has been completed. Kyzyl-Sor has been identified as the key prospect of interest for oxide mineralisation and this was the main area of focus for CHT drilling.

In addition, a diamond drilling programme commenced in August 2018 in this area and, to date, 1,050 metres have been drilled. An IP geophysical survey that will focus on deeper sulphide mineral potential has recently commenced. 77 kilometres have been surveyed, with an additional 7-10 kilometres planned during H2 2018.

Financial Review

Overview

CAML has reported a strong set of financial results, with increased revenue and EBITDA compared to H1 2017 predominantly due to the acquisition of Sasa on 6 November 2017 as well as higher copper prices received for the cathode produced at Kounrad.

The Group generated H1 2018 EBITDA of $64.6 million (H1 2017: $24.3 million), representing an increase of 166% from the prior corresponding period, and an EBITDA margin of 63% (H1 2017: 63%). EBITDA for Kounrad was $29.2 million, with a margin of 72% and for Sasa was $41.7 million, with a margin of 67%.

Income statement

Group profit after tax from continuing operations increased by 88% to $28.8 million (H1 2017: $15.3 million), primarily as a result of increased revenue following the acquisition of Sasa. Earnings per share from continuing operations also increased by 19% to 16.37 cents (H1 2017: 13.77 cents), which highlights the accretive nature of the Sasa acquisition.

Revenue

The Group generated H1 2018 gross revenue of $102.4 million (H1 2017: $38.6 million), which is reported after deduction of treatment charges but before deductions of off-takers fees, smelter adjustments, silver purchases for the silver stream and freight. Sasa has an existing streaming agreement with Osisko Gold Royalties where approximately $5 per ounce is received for its silver production for the life of the mine.

The Group reports both a gross revenue and a net revenue line, which in part reflects the deduction of the directly attributable off-takers fee. During H1 2018, the fee for Kounrad was $1.1 million (H1 2017: $1.3 million) and for Sasa the fee was $0.7 million (H1 2017: $nil).

Kounrad

A total of 5,972 tonnes (H1 2017: 6,813 tonnes) of copper cathode from Kounrad were sold as part of the Company's off-take arrangements with metals trader, Traxys, and a further 72 tonnes (H1 2017: 57 tonnes) were sold locally. Total Kounrad copper sales were 6,044 tonnes (H1 2017: 6,870 tonnes), representing a 12% decrease in sales volumes and resulted in a temporary increase of cathode in stock awaiting dispatch.

While copper cathode sales volumes decreased when compared to H1 2017, revenue benefited from an 18% increase in the average copper price received, which was $6,672 per tonne in H1 2018 (H1 2017: $5,659 per tonne). This generated gross revenue for Kounrad of $40.5 million (H1 2017: $38.6 million).

CAML's copper off-take arrangement with Traxys has been fixed through to September 2022 and the commitment is for a minimum of 95% of the Kounrad copper cathode production.

Sasa

A total of 9,256 tonnes of payable zinc in concentrate and 13,701 tonnes of payable lead in concentrate were sold during H1 2018. The average zinc price achieved was $3,256 per tonne and for lead this was $2,478 per tonne. After deduction of treatment charges of $4.7 million, Sasa's base metal production generated gross revenues of $61.9 million.

Zinc and lead concentrate marketing agreements have been arranged with Traxys though to December 2022 for 100% of Sasa production.

Cost of sales

Group cost of sales for the period was $38.0 million (H1 2017: $10.4 million) which is significantly greater than H1 2017 due to the inclusion of Sasa cost of sales and an increase in depreciation and amortisation recognised in relation to the impact of the fair value uplift of Sasa amounting to $5.6 million. The total Group depreciation and amortisation amounted to $17.3 million (H1 2017: $3.3 million).

Kounrad

Kounrad's H1 2018 cost of sales was $11.0 million (H1 2017: $10.4 million). Cost of sales increased due to recognising a full period relating to the Western Dumps leaching process, which commenced in April 2017. Cost of sales also includes depreciation charges and mineral extraction tax ('MET') incurred from selling copper.

Sasa

As a result of the Sasa acquisition, Group cost of sales has increased significantly due to higher sales volumes of base metals incurred recognising depreciation, staff salaries, reagents and materials, royalties and consulting costs.

Sasa's cost of sales for the period was $27.0 million, which includes the fair value uplift depreciation charges and the revenue-based concession fee payable in Macedonia, which amounted to $1.5 million. This is calculated at the rate of 2% on the value of metal recovered during the period.

C1 cash cost of production

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

Kounrad

Kounrad's C1 cash cost of copper production remains firmly in the lowest quartile of the industry cost curve for copper production at $0.53 per pound (H1 2017: $0.45 per pound). The increase in C1 cash costs is as a result of leaching operations at the Western Dumps for a full six month period, which resulted in slightly higher electricity and reagent costs, as well as labour charges.

Sasa

Sasa's C1 zinc equivalent cash cost of production for H1 2018 was $0.44 per pound, which was at the lower end of the second quartile of the zinc industry cost curve. 2017 Sasa C1 zinc equivalent cash cost was also $0.44 per pound.

Group

Following the acquisition of the Sasa mine, CAML reports its C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa. CAML's H1 2018 C1 copper equivalent cash cost was $0.79 per pound. This number is calculated based on Sasa's six month 2018 zinc and lead payable production which equates to 9,294 copper equivalent tonnes (based on H1 2018 average commodity prices achieved) added to Kounrad's H1 2018 copper production of 6,747 tonnes.

In addition to the C1 cash cost of copper equivalent production, CAML also reports a fully inclusive cost that includes capital expenditure, local taxes including MET and concession fees, interest on loans and corporate overheads associated with the Kounrad and Sasa projects. In prior periods, CAML reported its fully inclusive unit cost to include depreciation but exclude capital expenditure. As of H1 2018, this methodology has been adopted as the Group believes that this is a better representation of the cost to the Company of operating its two assets. This is primarily due to the significant fair value uplift depreciation charge for Sasa. The Group's fully inclusive copper equivalent unit cost for the period was $1.51 per pound (H1 2017: $1.08 per pound).

The fully inclusive unit cost has increased as expected due to the acquisition of Sasa in 2017, with additional capital expenditure during the period for Sasa, including the construction of TSF4, additional finance costs that have arisen with the debt borrowings and the concession fee recognised on sales of zinc and lead payable in Macedonia.

<u>Administrative expenses</u>

During the period, administrative expenses were $11.2 million (H1 2017: $5.8 million). The increase was as a result of the enlarged Group size following the Sasa acquisition last year and the Group recognising a share based payment charge of $3.1 million (H1 2017: $1.2 million) in relation to the Company's Share Option Schemes awarded upon successful acquisition of Sasa which vested on issue amounting to $1.9 million.

<u>Discontinued operations</u>

The assets and liabilities of the Copper Bay entities are presented as held for sale on the consolidated balance sheet following the decision of the CAML Board to sell the project. The financial results of the Copper Bay entities for H1 2018 and the comparative period for H1 2017 are shown within discontinued operations in the consolidated income statement. An advisor to dispose of this asset was appointed in H1 2018.

The Group exited its position in Mongolian company, Zuunmod UUL LLC, in April 2018.

Balance sheet

During the period, there were additions to property, plant and equipment of $8.2 million (H1 2017: $1.2 million). The additions were a combination of $1.0 million Kounrad sustaining capital expenditure, $3.3 million sustaining Sasa capital expenditure and costs associated with the construction of TSF4 amounting to $3.9 million.

As at 30 June 2018, current trade and other receivables were $13.3 million (31 December 2017: $13.7 million) which include offtake sales receivable. Non-current trade and other receivables were $2.5 million (31 December 2017: $2.5 million) which relate to VAT recoverable in Kounrad. The current trade and other payables were $24.9 million (31 December 2017: $22.4 million), including deferred consideration of $12.0 million payable in relation to the Sasa acquisition.

As at 30 June 2018, non-current and current borrowings were $123.8 million and $41.9 million respectively. These borrowings are comprised of two loan facilities. The first is a project finance facility provided to Sasa by Societe Generale and Investec prior to the acquisition, and the second is an acquisition finance facility provided to CAML by Traxys. The Group also has short term borrowings with Macedonian based Ohridska Bank. The Traxys debt financing has monthly repayments of $2.0 million and the Sasa debt facility has $2.5 million repayments due quarterly. During the period, repayments of $18.2 million were made to reduce the borrowings with interest paid totalling $6.0 million. More details are included in the notes to the financial statements.

Cash flows

The strong operational performance of both Kounrad and Sasa resulted in robust cash flows for the Group during the period, with net cash generated from operating activities increasing to $40.8 million (H1 2017: $17.4 million).

Taking into account capital expenditure, CAML's free cash flow for H1 2018 was $32.3 million. (H1 2017: $15.7 million)

During the period, $24.7 million (H1 2017: $13.5 million) was returned to shareholders as the final 2017 dividend.

<u>Kounrad</u>

$7.4 million of Kazakhstan corporate income tax was paid during the period (H1 2017: $5.8 million). Payments made during H1 2018 included $6.1 million towards the 2018 corporate income tax liability and $1.3 million of 2017 corporate income tax paid in April 2018.

<u>Sasa</u>

$6.3 million of Macedonia corporate income tax was paid during the period. Payments made during H1 2018 included $1.8 million towards the 2018 corporate income tax liability and $4.5 million of 2017 corporate income tax paid in April 2018.

<u>Dividend</u>

The Company's dividend policy is that it will return to shareholders a target range of between 30% and 50% of free cash flow, defined as net cash generated from operating activities less capital expenditure. The CAML Board has declared an interim dividend for the period of 6.5 pence per ordinary share in line with this policy. This will be payable on 26 October 2018 to shareholders registered on 5 October 2018.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

a) the condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

b) These interim results include a fair review of the information required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial information; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- DTR 4.2.8R of the Disclosure and Transparency Rules, being related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period; and any changes in the related parties' transactions described in the last annual report that could do so.

On behalf of the Board

Gavin Ferrar

Chief Financial Officer

Independent review report to Central Asia Metals plc

Report on the condensed Interim financial information

Our conclusion

We have reviewed Central Asia Metals plc's condensed interim financial information (the "interim financial statements") in the Interim Results of Central Asia Metals plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 30 June 2018;
- the condensed consolidated interim income statements and condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the condensed consolidated interim financial information and the review

Our responsibilities and those of the directors

The Interim Results, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the Interim Results in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

London

19 September 2018

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

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (unaudited)
for the six months period ended 30 June 2018

	Note	Six months ended 30-Jun-18 $'000	30-Jun-17 $'000
Continuing operations			
Revenue		**96,598**	37,180
Presented as:			
Gross revenue		**102,412**	38,580
Less: Off-take buyer's fees		**(1,826)**	(1,260)
Selling and distribution		**(929)**	(140)
Silver purchases		**(3,059)**	-
Revenue		**96,598**	37,180
Cost of sales		**(38,039)**	(10,374)
Gross profit		**58,559**	26,806
Administrative expenses		**(11,168)**	(5,830)
Other income		**109**	106
Foreign exchange rate loss		**(2,948)**	(354)
Operating profit		**44,552**	20,728
Finance income		**114**	80
Finance costs		**(6,259)**	(92)
Profit before income tax		**38,407**	20,716
Income tax	6	**(9,609)**	(5,411)
Profit for the period from continuing operations		**28,798**	15,305
Discontinued operations			
Loss for the period from discontinued operations		**(392)**	(218)
Profit for the period		**28,406**	15,087
Profit attributable to:			
- Non-controlling interests		**(98)**	(49)
- Owners of the parent		**28,504**	15,136
	5	**28,406**	15,087

Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the period (expressed in cents per share)		**$ cents**	$ cents
Basic earnings/(loss) per share			
From continuing operations	7	**16.37**	13.77
From discontinued operations		**(0.22)**	(0.20)
From profit for the period		**16.15**	13.57
Diluted earnings/(loss) per share			
From continuing operations	7	**16.02**	13.41
From discontinued operations		**(0.22)**	(0.20)
From profit for the period		**15.80**	13.21

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the six months period ended 30 June 2018

	Six months ended	
	30-Jun-18	30-Jun-17
	$'000	$'000
Profit for the period	**28,406**	15,087
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(11,005)**	3,443
Other comprehensive income for the period, net of tax	**(11,005)**	3,443
Total comprehensive income for the period	**17,401**	18,530
Attributable to:		
- Non-controlling interests	**(98)**	(49)
- Owners of the parents	**17,499**	18,579
Total comprehensive income for the period	**17,401**	18,530
Total comprehensive income/(expense) attributable to equity shareholders arises from:		
- Continuing operations	**17,784**	18,748
- Discontinued operations	**(383)**	(218)
	17,401	18,530

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (unaudited)
as at 30 June 2018

		Unaudited	Audited	Unaudited
		30-Jun-18	31-Dec-17	30-Jun-17
	Note	**$'000**	$'000	$'000
Assets				
Non-current assets				
Property, plant and equipment	8	**440,578**	460,952	50,361
Intangible assets	9	**67,225**	70,321	41,761
Other non-current receivables	11	**2,485**	2,519	2,653
		510,288	533,792	94,775
Current assets				
Inventories	10	**7,792**	6,998	4,406
Trade and other receivables	11	**13,328**	13,738	975
Restricted cash		**2,769**	2,812	122
Cash and cash equivalents		**37,674**	43,022	41,580
		61,563	66,570	47,083
Assets of the disposal group classified as held for sale		**4,300**	4,516	-
		65,863	71,086	47,083
Total assets		**576,151**	604,878	141,858
Equity attributable to owners of the parent				
Ordinary shares		**1,765**	1,765	1,121
Share premium		**191,184**	191,184	-
Treasury shares		**(6,710)**	(7,780)	(7,780)
Currency translation reserve		**(90,451)**	(79,446)	(83,992)
Retained earnings:				
At 1 January		**231,295**	215,479	215,479
Profit for the period attributable to the owners		**28,504**	36,369	15,136
Other changes in retained earnings		**(22,765)**	(20,553)	(13,602)
		237,034	231,295	217,013
		332,822	337,018	126,362
Non-controlling interests		**(43)**	55	42
Total equity		**332,779**	337,073	126,404
Liabilities				
Non-current liabilities				
Borrowings	14	**123,807**	141,839	-
Deferred revenue		**16,634**	17,621	-
Other non-current payables	12	**-**	8,000	-
Deferred income tax liability	13	**28,775**	30,361	8,661
Provision for other liabilities and charges		**5,158**	5,319	2,023
		174,374	203,140	10,684
Current liabilities				
Borrowings	14	**41,851**	40,075	-
Deferred revenue		**2,187**	2,056	-
Trade and other payables	12	**24,924**	22,398	4,770
Provisions for other liabilities and charges		**5**	46	-
		68,967	64,575	4,770
Liabilities of disposal group classified as held for sale		**31**	90	-
		68,998	64,665	4,770
Total liabilities		**243,372**	267,805	15,454
Total equity and liabilities		**576,151**	604,878	141,858

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES OF EQUITY (unaudited)
for the six months period ended 30 June 2018

	Ordinary shares	Share premium	Treasury shares	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2017	**1,765**	**191,184**	**(7,780)**	**(79,446)**	**231,295**	**337,018**	**55**	**337,073**
Profit/(loss) for the period	-	-	-	-	28,504	28,504	(98)	28,406
Other comprehensive income – currency translation differences	-	-	-	(11,005)	-	(11,005)	-	(11,005)
Total comprehensive income	**-**	**-**	**-**	**(11,005)**	**28,504**	**17,499**	**(98)**	**17,401**
Transactions with owners								
Share based payments	-	-	-	-	3,059	3,059	-	3,059
Disposal of Zuunmod UUL LLC	-	-	-	-	(73)	(73)	-	(73)
Exercise of options	-	-	1,070	-	(1,053)	17	-	17
Dividends	-	-	-	-	(24,698)	(24,698)	-	(24,698)
Total transactions with owners, recognised directly in equity	**-**	**-**	**1,070**	**-**	**(22,765)**	**(21,695)**	**-**	**(21,695)**
At 30 June 2018	**1,765**	**191,184**	**(6,710)**	**(90,451)**	**237,034**	**332,822**	**(43)**	**332,779**

	Ordinary shares	Treasury shares	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2016	**1,121**	**(7,780)**	**(87,435)**	**215,479**	**121,385**	**91**	**121,476**
Profit/(loss) for the period	-	-	-	15,136	15,136	(49)	15,087
Other comprehensive income – currency translation differences	-	-	3,443	-	3,443	-	3,443
Total comprehensive income	**-**	**-**	**3,443**	**15,136**	**18,579**	**(49)**	**18,530**
Transactions with owners							
Share based payments	-	-	-	1,235	1,235	-	1,235
Disposal of Monresources LLC	-	-	-	161	161	-	161
Exercise of options	-	-	-	(1,492)	(1,492)	-	(1,492)
Dividends	-	-	-	(13,506)	(13,506)	-	(13,506)
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**(13,602)**	**(13,602)**	**-**	**(13,602)**
At 30 June 2017	**1,121**	**(7,780)**	**(83,992)**	**217,013**	**126,362**	**42**	**126,404**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)
for the six months period ended 30 June 2018

		Six months ended	
		30-Jun-18	30-Jun-17
	Note	**$'000**	$'000
Cash flows from operating activities			
Cash generated from operations	15	**60,712**	23,122
Corporate income tax paid		**(13,693)**	(5,766)
Interest paid		**(6,186)**	(4)
Net cash generated from operating activities		**40,833**	17,352
Cash flows from investing activities			
Purchases of property, plant and equipment	8	**(8,234)**	(1,177)
Purchase of intangible assets	9	**(202)**	(447)
Proceeds from sale of property, plant and equipment		**-**	76
Balancing receipt from acquisition		**3,300**	-
Interest received		**114**	80
Restricted cash decrease / (increase)		**43**	(4)
Net cash used in investing activities		**(4,979)**	(1,472)
Cash flows from financing activities			
Dividend paid to owners of the parent		**(24,698)**	(13,506)
Proceeds from borrowings		**1,745**	-
Repayment of borrowings		**(18,224)**	-
Receipt / (settlement) on exercise of share options		**17**	(1,492)
Net cash used in financing activity		**(41,160)**	(14,998)
Effect of foreign exchange (losses) / gains on cash and cash equivalents		**(103)**	440
Net (decrease) / increase in cash and cash equivalents		**(5,409)**	1,322
Cash and cash equivalents at 1 January		43,173	40,258
Cash and cash equivalents at 30 June		**37,764**	41,580

Cash and cash equivalents at 30 June 2018 includes cash at bank on hand included in assets held for sale of $90,000 (30 June 2017: $nil).

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 Macedonia and a parent holding company based in England 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 Macedonia. CAML owns 100% of the Kounrad SX-EW copper project in Kazakhstan and 100% of the Sasa zinc-lead mine in Macedonia. The Company also owns 80% of the Shuak copper exploration property in northern Kazakhstan. During the period, the Group held for sale its 75% equity interest in Copper Bay Limited, which is a private company that has conducted a definitive feasibility study at its copper project in Chañaral Bay, 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 2018 and was approved by the Directors for issue on 19 September 2018. These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the board of directors on 12 April 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial information have been reviewed, not audited.

2. Basis of preparation

The condensed interim financial information for the six months ended 30 June 2018 has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Report Standards ('IFRS') as adopted by the European Union.

Principal risks and uncertainties

In preparing the condensed interim financial information management is required to consider the principal risks and uncertainties facing the Group. In management's opinion the principal risks and uncertainties facing the Group are unchanged since the preparation of the consolidated financial statements for the year ended 31 December 2017. Those risks and uncertainties, together with management's response to them are described in the Principal Risks and Uncertainties section of the 2017 Annual Report and Accounts.

Held for sale

The assets and liabilities of the Copper Bay entities have been presented as held for sale in the statement of financial position following the decision of the CAML Board to sell the project in August 2017. The results of the Copper Bay entities for the period ended 30 June 2018 and the comparative period are showing within discontinued operations in the consolidated income statement and therefore the comparative numbers have been amended accordingly.

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 2017.

Going concern

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. Although the Group is currently in a current liability position this is expected to be temporary while the Group refinances its borrowings.

Business combinations
As permitted by IFRS 3 Business combinations, the business combination accounted for at 31 December 2017 was accounted for using provisional amounts. If applicable, any adjustments to the provisional amounts to reflect new information that was in existence at acquisition date including the fair value of silver stream will be made at year end as no items were identified as at 30 June 2018. As at the date of this interim financial information the Group is working on finalising the purchase price allocation.

Taxation
Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Changes in accounting policies
IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been applied from 1 January 2018. There has been no material impact in the interim financial information following the adoption of IFRS 9. Management have assessed silver stream arrangement following adoption of IFRS 15 and identified a financing component. The impact on transition and on interim financial information is not material.

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 2017.

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 mining project perspective.

The Group has business segments consisting of an SX-EW copper plant at Kounrad in Kazakhstan, zinc-lead mine in Macedonia, and the Shuak exploration project in Kazakhstan. 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 projects based on a number of key operational and financial measures which relate to copper and zinc-lead production output, revenues from the sales of copper and zinc-lead and the overall costs of producing the copper and zinc-lead.

The segments results for the six months ended 30 June 2018 are as follows:

					Unaudited
	Kounrad	**Sasa**	**Shuak**	**Unallocated**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Gross revenue	**40,512**	**61,900**	**-**	**-**	**102,412**
Silver purchases for silver stream	**-**	**(3,059)**	**-**	**-**	**(3,059)**
Freight cost	**(105)**	**(824)**	**-**	**-**	**(929)**
Off-take buyers' fees	**(1,105)**	**(721)**	**-**	**-**	**(1,826)**
Revenue	**39,302**	**57,296**	**-**	**-**	**96,598**
EBITDA	**29,190**	**41,691**	**-**	**(6,233)**	**64,648**
Depreciation and amortisation*	**(3,258)**	**(13,972)**	**-**	**(27)**	**(17,257)**
Foreign exchange rate (loss)/gain	**(88)**	**(2,838)**	**(51)**	**29**	**(2,948)**
Other income	**95**	**14**	**-**	**-**	**109**
Finance income	**6**	**1**	**-**	**107**	**114**
Finance costs	**(74)**	**(2,319)**	**(2)**	**(3,864)**	**(6,259)**
Profit before income tax					**38,407**
Income tax					**(9,609)**
Profit for the period after taxation from continuing operations					**28,798**
Loss from discontinued operations					**(392)**
Profit for the period					**28,406**

* Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of $6.6 million.

The segments results for the six months ended 30 June 2017 are as follows:

				Unaudited
	Shuak	Kounrad	Unallocated	Total
	$'000	$'000	$'000	$'000
Gross revenue	-	38,580	-	38,580
Off-take buyers' fees	-	(1,260)	-	(1,260)
Selling and distribution	-	(140)	-	(140)
Revenue	-	37,180	-	37,180
Kounrad EBITDA	-	29,323	-	29,323
Shuak administrative expenses	(96)	-	-	(96)
Unallocated costs including corporate	-	-	(4,915)	(4,915)
EBITDA	(96)	29,323	(4,915)	24,312
Depreciation and amortisation*	-	(3,273)	(63)	(3,336)
Foreign exchange rate loss	(3)	(251)	(100)	(354)
Other income	-	106	-	106
Finance income	-	4	76	80
Finance costs	(2)	(88)	(2)	(92)
Profit before income tax	(101)	25,821	(5,004)	20,716
Income tax				(5,411)
Profit for the period after taxation from continuing operations				15,305
Loss from discontinued operations				(218)
Profit for the period				15,087

* Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Kounrad of $1.0 million.

Group segmental assets and liabilities for the as at the 30 June 2018 are as follows:

	Segmental Assets		Segmental Liabilities	
	30-Jun-18	31-Dec-17	**30-Jun-18**	31-Dec-17
	$'000	$'000	**$'000**	$'000
Sasa	**454,186**	477,657	**(114,394)**	(122,975)
Kounrad	**93,987**	99,872	**(12,114)**	(13,953)
Shuak	**1,821**	1,475	**(43)**	(71)
Assets held for sale	**4,300**	4,516	**(31)**	(90)
Unallocated including corporate	**21,857**	21,358	**(116,790)**	(130,716)
Total	**576,151**	604,878	**(243,372)**	(267,805)

6. Income tax

	Six months ended	
	30-Jun-18	30-Jun-17
	$'000	$'000
Current tax on profits for the year	**10,398**	5,608
Deferred tax credit (note 13)	**(789)**	(197)
Income tax expense	**9,609**	5,411

Corporate income tax is calculated at 19.0% (H1 2017: 19.5%) of the assessable profit for the year for the UK parent company and 20% for the operating subsidiaries in Kazakhstan (H1 2017: 20%) and 10% for the operating subsidiaries in Macedonia.

Deferred tax assets have not been recognised on tax losses primarily at the parent company and Copper Bay subsidiaries as it remains uncertain whether these entities will have sufficient taxable profits in the future to utilise these losses.

7. 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-18	30-Jun-17
	$'000	$'000
Profit from continuing operations attributable to owners of the parent	**28,896**	15,354
Loss from discontinued operations attributable to owners of the parent	**(392)**	(218)
Total	**28,504**	15,136
Weighted average number of Ordinary Shares in issue	**176,498,266**	111,558,091
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the period (expressed in $ cents per share)	**$ cents**	**$ cents**
From continuing operations	**16.37**	13.77
From discontinued operations	**(0.22)**	(0.20)
From profit for the period	**16.15**	13.57

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-18	30-Jun-17
	$'000	$'000
Profit from continuing operations attributable to owners of the parent	**28,896**	15,354
Loss from discontinued operations attributable to owners of the parent	**(392)**	(218)
Total	**28,504**	15,136
Weighted average number of ordinary shares in issue	**176,498,266**	111,558,091
Adjusted for:		
- Share Options	**3,832,431**	3,033,290
Weighted average number of ordinary shares for diluted earnings per share	**180,330,697**	114,591,381
Diluted earnings per share	**$ cents**	**$ cents**
From continuing operations	**16.02**	13.41
From discontinued operations	**(0.22)**	(0.20)
From profit for the period	**15.80**	13.21

8. Property, plant and equipment

Group	Construction in progress $'000	Plant and equipment $'000	Mining assets $'000	Motor vehicles and office equipment $'000	Land $'000	Mineral rights $'000	Total $'000
Cost / fair value							
At 1 January 2017	**3,199**	**61,109**	**1,631**	**1,542**	**-**	**-**	**67,481**
Additions	1,030	22	-	125	-	-	1,177
Disposals	-	(104)	-	(21)	-	-	(125)
Change in estimate – asset retirement obligation	-	(230)	-	-	-	-	(230)
Transfers	(2,331)	2,310	-	21	-	-	-
Exchange differences	137	1,812	60	50	-	-	2,059
At 30 June 2017	**2,035**	64,919	1,691	1,717	-	-	70,362
At 1 January 2018	**11,038**	**115,183**	**1,636**	**1,703**	**664**	**356,640**	**486,864**
Additions	7,883	129	-	222	-	-	8,234
Disposals	-	(20)	-	(33)	-	-	(53)
Change in estimate – asset retirement obligation	-	11	-	-	-	-	11
Transfer to stock	(501)	-	-	-	-	-	(501)
Transfers	(3,119)	3,119	-	-	-	-	-
Exchange differences	(311)	(2,586)	(42)	(46)	(19)	(9,607)	(12,611)
At 30 June 2018	**14,990**	**115,836**	**1,594**	**1,846**	**645**	**347,033**	**481,944**
Accumulated depreciation							
At 1 January 2017	**-**	**16,365**	**100**	**692**	**-**	**-**	**17,157**
Provided during the period	-	2,476	20	90	-	-	2,586
Disposals	-	(102)	-	(18)	-	-	(120)
Exchange differences	-	356	4	18	-	-	378
At 30 June 2017	**-**	**19,095**	**124**	**782**	**-**	**-**	**20,001**
At 1 January 2018	**-**	**22,211**	**169**	**789**	**-**	**2,743**	**25,912**
Provided during the period	-	6,597	47	106	-	8,988	15,738
Disposals	-	(10)	-	(28)	-	-	(38)
Exchange differences	-	(222)	(6)	(18)	-	-	(246)
At 30 June 2018	**-**	**28,576**	**210**	**849**	**-**	**11,731**	**41,366**
Net book value at 30 June 2017	2,035	45,824	1,567	935	-	-	50,361
Net book value at 30 June 2018	**14,990**	**87,260**	**1,384**	**997**	**645**	**335,302**	**440,578**

The reduction in estimate in relation to the asset retirement obligation of $11,000 (H1 2017: $230,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 5.56% (H1 2017: 5.56%) and discount rate of 8.07% (H1 2017: 8.07%) representing the risk-free rate (pre-tax) for Kazakhstan 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 and the estimated useful life of mine to 2034.

The depreciation for the period relating to the historical cost of the property, plant and equipment with no fair value uplift amounted to $9.1 million (H1 2017: $2.1 million)

As at 30 June 2018 there are no indications of impairment with the fair value of the assets exceeding the net book value.

9. Intangible assets

Group	Goodwill $'000	Exploration and evaluation costs $'000	Mining licences and permits $'000	Computer software and website $'000	Total $'000
Cost / fair value					
At 1 January 2017	**10,293**	**3,600**	**30,951**	**58**	**44,902**
Additions	-	438	-	9	447
Exchange differences	379	-	1,083	-	1,462
At 30 June 2017	**10,672**	**4,038**	**32,034**	**67**	**46,811**
At 1 January 2018	**32,626**	**1,244**	**41,730**	**514**	**76,114**
Additions	-	179	-	23	202
Disposals	-	-	-	(6)	(6)
Exchange differences	(866)	-	(1,003)	(2)	(1,871)
At 30 June 2018	**31,760**	**1,423**	**40,727**	**529**	**74,439**
Accumulated amortisation					
At 1 January 2017	**-**	**-**	**4,108**	**35**	**4,143**
Provided during the period	-	-	823	2	825
Exchange differences	-		82	-	82
At 30 June 2017	**-**	**-**	**5,013**	**37**	**5,050**
At 1 January 2018	**-**	**-**	**5,728**	**65**	**5,793**
Provided during the period	-	-	1,112	407	1,519
Disposals	-	-	-	(6)	(6)
Exchange differences	-	-	(78)	(14)	(92)
At 30 June 2018	**-**	**-**	**6,762**	**452**	**7,214**
Net book value at 30 June 2017	10,672	4,038	27,021	30	41,761
Net book value at 30 June 2018	**31,760**	**1,423**	**33,965**	**77**	**67,225**

As at 30 June 2018 there are no indications of impairment with the fair value of the assets exceeding the net book value.

10. Inventories

	30-Jun-18	31-Dec-17
	$'000	$'000
Raw materials	**5,973**	6,440
Finished goods	**1,819**	558
	7,792	6,998

11. Trade and other receivables

Current receivables	**30-Jun-18** **$’000**	31-Dec-17 $’000
Trade receivables	**6,211**	6,254
Prepayments	**3,425**	2,367
VAT receivable	**1,105**	1,563
Other receivable	**2,587**	3,554
	13,328	13,738
Non-current receivables		
Prepayments	**31**	39
VAT receivable	**2,454**	2,480
	2,485	2,519

As at 30 June 2018, the total Group VAT receivable was $3,559,000 (31 December 2017: $4,043,000) which included an amount of $2,923,000 (31 December 2017: $2,703,000) of VAT owed to the Group by the Kazakhstan authorities. The Kazakhstan authorities refunded $0.2 million during the period and further receivable amounts were deducted against VAT payable amounts payable during the period. The Group is working closely with its advisors to recover the remaining VAT, a portion of which will be recovered through local sales of copper cathode to offset VAT liabilities.

12. Trade and other payables

Current payables	**30-Jun-18** **$’000**	31-Dec-17 $’000
Trade and other payables including accruals	**8,417**	10,626
Deferred consideration	**12,000**	4,000
Corporation tax, social security and other taxes	**4,507**	7,772
	24,924	22,398
Other non-current payables		
Deferred consideration	**-**	8,000
	-	8,000

13. Deferred income tax liability

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

	At 1 January 2018 $’000	Currency translation differences $’000	Credit to income statement $’000	**At 30 June 2018** **$’000**
Other timing differences	(121)	-	33	**(88)**
Deferred tax liability on fair value adjustment on Kounrad Transaction	(8,103)	200	193	**(7,710)**
Deferred tax liability on fair value adjustment on Lynx acquisition	(22,137)	597	563	**(20,977)**
Deferred tax liability, net	**(30,361)**	**798**	**789**	**(28,775)**

Taxable temporary difference have arisen as a result of the Lynx and Kounrad Transaction, 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 $789,000 to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets during the period.

	At 1 January 2017 $'000	Currency translation differences $'000	Credit to income statement $'000	At 30 June 2017 $'000
Other timing differences	(82)	-	-	(82)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(8,459)	(317)	197	(8,579)
Deferred tax liability, net	(8,541)	(317)	197	(8,661)

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.

14. Borrowings

	30-Jun-18	31-Dec-17
	$'000	$'000
Secured: Non-current		
Bank loans	**123,807**	141,839
Secured: Current		
Bank loans	**41,851**	40,075
	165,658	181,914

The carrying amounts of loans approximates fair value:

	Carrying amount		Fair value	
	30-Jun-18	31-Dec-17	**30-Jun-18**	31-Dec-17
	$'000	$'000	**$'000**	$'000
Ohridska Banka AD Skopje	**5,851**	5,539	**5,851**	5,539
Sasa Facility	**57,885**	62,664	**57,885**	62,664
Traxys	**101,922**	113,711	**101,922**	113,711
	165,658	181,914	**165,658**	181,914

Current and non-current borrowings includes the long-term loan that was issued for an amount of $75,000,000 from Societe Generale and Investec (the Sasa Facility) obtained in October 2016 with an interest rate of 3 month LIBOR plus 5.0%, maturing on 30 September 2023. There are quarterly repayments of $2.5 million in relation to this loan.

Bank borrowings from Ohrdiska Bank represents a 4.5% interest rate rollover credit facility of up to MKD 307,500,000, which was drawn in four separate tranches:

- $2,430,000 (MKD 123,200,000) maturing on 30 June 2018, repaid on 1 July 2018;
- $600,000 (MKD 30,747,150) maturing on 5 September 2018;
- $1,199,000 (MKD 61,483,000) maturing on 30 November 2018;
- $1,745,460 (MKD 92,069,850) maturing on 13 April 2019.

The cash consideration payable for the acquisition of Lynx Resources was partly financed by $120,000,000 in new secured debt facilities provided by Traxys and is repayable on 22 September 2022. The debt financing agreement forms part of a pre-payment arrangement between the Group and Traxys under which Traxys is advancing funds in expectation of acquiring production from the Group's Kounrad operations. There are monthly repayments of $2 million per month with additional cash sweeps equal to 33% of Kounrad free cash-flow less $1 million per quarter.

During the period, there were total repayments of borrowings principal amounting to $18.2 million plus $6.0 million interest.

The fair value of borrowings has been calculated by discounting the expected future cash flows at contracted interest rates.

15. Cash generated from operations

Adjustments for:	Six months ended 30-Jun-18 $'000	30-Jun-17 $'000
Profit before income tax including discontinued operations	**38,015**	20,498
Adjustments for:		
Depreciation and amortisation	**17,257**	3,336
Amortisation of deferred revenue – received advances for silver delivery	**(856)**	-
Loss / (gain) on disposal of property, plant and equipment	**15**	(71)
Foreign exchange loss	**2,948**	373
Share based payments	**3,059**	1,235
Finance income	**(114)**	(80)
Finance costs	**6,259**	92
Charges in working capital:		
Inventories	**(293)**	(1,085)
Trade and other receivables	**597**	41
Trade and other payables	**(5,888)**	(1,217)
Provisions for other liabilities and charges	**(287)**	-
Cash generated from operations	**60,712**	23,122

16. Commitments

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

	30-Jun-18 $'000	31-Dec-17 $'000
Property, plant and equipment	**2,642**	762
Other	**140**	154
Total	**2,782**	916

17. Dividend per share

An interim dividend of 6.5 pence per ordinary share (H1 2017: 6.5 pence per ordinary share) was declared by the CAML Board on 19 September 2018.

18. Subsequent events

In July, the Macedonian Public Revenue Office established that withholding tax amounting to $5.9 million including interest is due on income from payments relating to 2016 and 2017 which has now been paid in full. This withholding tax charge is currently being appealed by the Group with the Macedonian Public Revenue Office.