

17 September 2019

Central Asia Metals plc
(the 'Group', the 'Company' or 'CAML')

Interim Results for the Six Months Ended 30 June 2019

Central Asia Metals plc (AIM: CAML) is pleased to announce its unaudited interim results for the six months ended 30 June 2019 ('H1 2019' or the 'Period').

Financial summary

- H1 2019 dividend of 6.5 pence per share (H1 2018: 6.5 pence)
- Group gross revenue¹ of \$89.9 million (H1 2018: \$102.4 million)
- Sasa C1 zinc equivalent cash cost² of \$0.47 per pound (H1 2018: \$0.44 per pound)
- Kounrad C1 copper cash cost² of \$0.51 per pound (H1 2018: \$0.53 per pound)
- Group EBITDA¹ of \$56.7 million (H1 2018: \$64.6 million), a margin of 63% (H1 2018: 63%)
- Profit before tax of \$35.5 million (H1 2018: \$38.4 million)
- EPS from continuing operations of 15.42 cents per share (H1 2018: 16.37 cents per share)
- Group cash balance as at 30 June 2019 of \$30.2 million³ (31 December 2018: \$39.0 million)
- H1 2019 debt repayments of \$19.2 million
- Group net debt¹ as at 30 June 2019 of \$100.4 million (31 December 2018: \$110.3 million)
- Free cash flow¹ of \$35.5 million (H1 2018: \$32.4 million)

Operational summary

- H1 2019, one lost time injury ('LTI') at Sasa (H1 2018: four)
 - H1 2019 lost time injury frequency rate ('LTIFR') of 0.89 (H1 2018: 3.78)
- Sasa zinc in concentrate production of 11,517 tonnes (H1 2018: 11,020 tonnes)
 - Payable zinc sales of 9,708 tonnes (H1 2018: 9,256 tonnes)
- Sasa lead in concentrate production of 14,357 tonnes (H1 2018: 14,386 tonnes)
 - Payable lead sales of 13,731 tonnes (H1 2018: 13,701 tonnes)
- Kounrad copper production of 6,594 tonnes (H1 2018: 6,747 tonnes)
 - Copper sales of 6,461 tonnes (H1 2018: 6,044 tonnes)

Outlook

- On course to achieve 2019 base metal production guidance of:
 - 12,500 - 13,500 tonnes of copper
 - 22,000 - 24,000 tonnes of zinc
 - 28,000 - 30,000 tonnes of lead

¹ Gross revenue, EBITDA, net debt and free cash flow are non-IFRS financial measures and are explained in the financial review section

² C1 cash costs are explained in the financial review section

³ The cash balance figure disclosed includes restricted cash balance

Nigel Robinson, Chief Executive Officer, commented:

"We have today released a strong set of financial results, reflecting our reliable metal output and demonstrating that we have maintained our low costs of production. We were pleased to have sustained the EBITDA margin of 63% and to have generated an increased free cash flow of 10% period on period.

“Despite a period of weak commodity prices leading to a 12% reduction in revenue when compared to H1 2018, we have delivered earnings per share (‘EPS’) of 15.42 cents, only 6% lower than the previous corresponding period.

“We are today announcing a 6.5 pence interim dividend, which represents 40% of our H1 2019 free cash flow. During H1 2019, we have also added value for shareholders in repaying over \$19 million of our borrowings, ending the period with net debt of \$100.4 million.

“While our business development activities have continued during H1 2019, we aim to strike the right balance for our shareholders in terms of capital allocation. Therefore, deleveraging and continuing to pay the sector leading dividends, for which we have become known, is a priority.”

Analyst conference call

There will be an analyst conference call on Tuesday 17 September 2019 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'. Additionally, the presentation can be viewed via a live webcast using the following link <https://webcasting.brrmedia.co.uk/broadcast/5d726e14276017390800a3bc>. The webcast and the Company’s corporate presentation will be available on the CAML website at www.centralasiametals.com.

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Note to editors:

Central Asia Metals, an AIM-listed UK company based in London, owns 100% of the Kounrad SX-EW copper project in central Kazakhstan and the Sasa zinc-lead mine in North Macedonia.

For further information, please visit www.centralasiametals.com and follow CAML on <https://twitter.com/CamlMetals>

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 Company's stated policy and consistent with the previous corresponding period. This will be paid on 25 October 2019 to shareholders registered on 4 October 2019.

From an operational perspective, the first six months of 2019 have been very positive for CAML, with zinc and lead production from Sasa in North Macedonia and copper production from Kounrad, in Kazakhstan, on track to meet the Company's full year guidance.

Zinc and lead production at Sasa were 11,517 tonnes and 14,357 tonnes, respectively. Payable zinc sales for the period were 9,708 tonnes, and for lead were 13,731 tonnes, and H1 2019 gross revenue from these metal concentrates was \$49.9 million. This was 19% lower than H1 2018 due to significantly lower commodity prices during the recent period, with the zinc price received being on average 18% lower than the previous corresponding period and the lead price 22% lower. Sasa's costs of production are low by industry standards at \$0.47 per pound of zinc and this resulted in a Sasa H1 2019 EBITDA of \$31.7 million.

Kounrad produced 6,594 tonnes of copper cathode during the period and sold 6,461 tonnes, generating gross revenue of \$39.9 million from an average copper price received of \$6,191 per tonne, 7% lower than that received in H1 2018. With a C1 cost of copper production that is amongst the lowest in the world at \$0.51 per pound, Kounrad generated EBITDA of \$28.7 million.

H1 2019 CAML Group EBITDA was \$56.7 million. While this result was 12% below that of H1 2018 due to weak commodity prices, the margin of 63% was maintained, reflecting lower Kounrad and corporate costs and well controlled Sasa costs. EPS of 15.42 pence was only 6% below the previous corresponding period. Importantly, the company generated \$35.5 million of free cash flow, some 10% higher than that generated in H1 2018.

While the CAML Board appreciates that workplace injuries are never acceptable, mines are inherently challenging environments in which to operate, and the Directors were encouraged that the number of LTIs recorded for H1 2019 reduced to one from four when compared to H1 2018. The underground operator injured at Sasa has now fully recovered and returned to work. CAML's H1 2019 LTIFR is 0.89 and its total recordable injury frequency rate ('TRIFR') is 1.78 which is an improvement on the previous corresponding period.

CAML has spent \$0.1 million in social contributions at Sasa and has funded the Kounrad Foundation with a total of \$0.2 million, of which \$0.1 million has been spent during the first six months of the year. The Company continues to support many worthy causes close to both operations, with particular emphasis on support for children, education and sporting initiatives. In particular, the new facilities purchased by the Kounrad Foundation for the Kind Heart Centre for disabled children in Balkhash, Kazakhstan, were renovated and an official opening ceremony held in April 2019.

Business development activities have continued during the period with 17 opportunities screened, six non-disclosure agreements signed, and two site visits undertaken. Reflecting the opportunities recently reviewed, and cognisant of current market sentiment, the Group is not currently in any advanced discussions in this regard.

While the long-term outlook for the base metals produced is compelling, there may continue to be short term weakness in commodity prices given current global uncertainties. While this has undoubtedly affected the Company's market valuation, CAML remains in a strong position in the short and long term due to its long-life assets, low production costs and ability to generate significant free cash flow. This underscores CAML's continued ability to deleverage and pay sector leading dividends, while appraising projects which could add value for shareholders in the future.

Operational Review

Sasa

Operations

Production

Sasa delivered a strong production performance during H1 2019 and is on track to meet its 2019 zinc and lead production guidance of between 22,000 and 24,000 tonnes of zinc and between 28,000 and 30,000 tonnes of lead.

In H1 2019, total ore mined was 400,251 tonnes and ore processed was 404,540 tonnes. The average mill head grades for H1 2019 were 3.28% for zinc and 3.76% for lead. The average H1 2019 metallurgical recoveries were 86.7% for zinc and 94.4% for lead.

These recovery results represent a marked improvement for both zinc and lead. For zinc, the stirred media detritor ('SMD') mill that was installed in Q2 2018 has been modified and is now delivering broadly consistent recovery results and, in addition, a lead re-grind mill has been included in the circuit, which has aided the rejection of zinc from the lead circuit.

Sasa produces a zinc concentrate and a separate lead concentrate that contains silver. Total H1 2019 production was 23,306 tonnes of zinc concentrate at an average grade of 49.4% and 19,720 tonnes of lead concentrate at an average grade of 72.8%.

Sasa typically receives from smelters approximately 84% of the value of its zinc in concentrate and approximately 95% of the value of its lead in concentrate. Accordingly, H1 2019 payable production of zinc was 9,652 tonnes and of lead was 13,639 tonnes. Given that deliveries from Sasa to the smelters occur on a regular basis, payable base metal in concentrate sales for the six-month period were similar at 9,708 tonnes of zinc and 13,731 tonnes of lead.

During H1 2019, Sasa delivered 169,623 ounces of payable silver to Osisko Gold Royalties, in accordance with its streaming agreement.

	Units	H1 2019	H1 2018
Ore mined	t	400,251	390,932
Plant feed	t	404,540	393,605
Zinc grade	%	3.28	3.34
Zinc recovery	%	86.7	83.8
Lead grade	%	3.76	3.91
Lead recovery	%	94.4	93.5
Zinc concentrate	t (dry)	23,306	22,624
- Grade	%	49.4	48.7
- Contained zinc	t	11,517	11,020
Lead concentrate	t (dry)	19,720	19,712
- Grade	%	72.8	73.0
- Contained lead	t	14,357	14,386

Tailings

During H1 2019, construction of Tailings Storage Facility 4 ('TSF4') continued, with the construction of the dam materially completed during the period. Post the period end, lining of the facility was completed, which was a requirement of the North Macedonian authorities. Commissioning of the facility is expected during Q4 2019.

In February 2019, CAML instructed Golder Associates, global tailings dam experts, to perform a review of the current Sasa tailings storage facility 3.2 ('TSF3.2'). This work concluded that there are no high-risk areas, and that the dam is unlikely to fail due to liquefaction, a common cause of tailings dam failure, as the cycloned material is not saturated. Other risks, which are typical of similar tailings facilities, are being effectively managed by the Sasa team. The dam is of 'downstream' construction, which is widely viewed as the safest design.

During H1 2019, the Church of England Pensions Board sent letters to many mining companies requesting information on tailings storage facilities following the January 2019 Brumadinho disaster in Brazil. CAML has fully complied with this disclosure request, which can be found at <https://www.centrasiametals.com/corporate-social-responsibility/tailings>.

Sasa's future

In 2018, Sasa initiated a 'Life of Mine Study', in order to review current mining practices and identify opportunities. In particular, the study has been focussing on the optimisation of metal production through consideration of alternative mining methods, processing technologies and modern safe working practices. The study is scheduled for completion at the end of 2019.

In order to ascertain the most appropriate approach to mining and processing, including the potential to increase production, a review of current and historical extraction and mining practices has been undertaken.

During H1 2019, the operations team has been focussed on improving mine planning, including updating 2D paper and spreadsheet-based systems with 3D design and scheduling according to international best practice. As part of this work, geotechnical mapping and rock mass characterisation is being revisited, including updating of ground support standards and the introduction of more effective support systems such as cable bolts and wet mix shotcrete.

While studies have been underway, positive changes already implemented or agreed underground include:

- Remote control loader units have been purchased and will be commissioned in Q4 2019
- Explosive cartridge loaders have been introduced
- Telescopic jumbo feeds have been introduced for in-cycle support installation
- Underground drainage has been reviewed and additional pumps ordered
- Optimised side loading has been introduced

In addition, 3D geological modelling using Leapfrog software has also been introduced on site. Post the period end, an experienced Group geologist has been hired, who will assist with geology as and where required at Kounrad and for business development, but whose primary responsibility will be at Sasa.

Independent ventilation studies have also been undertaken, to ensure optimal solutions for moving to deeper areas of the mine in the future, plus potentially increasing production. Going forward, ventilation will also be modelled in 3D software.

In terms of metallurgy, CAML has, in H1 2019, instigated some new initiatives on site. The purchase of a new tertiary crusher at a capital cost of approximately \$0.6 million has been approved, which will generate a finer grained product from the crushing circuit and should therefore allow for increased throughput capacity.

A study is underway into the viability for Sasa producing dry stack tailings in the future. This is in part related to good industry practice from a safety and environmental perspective, but also due to the longer-term downstream constraints on Sasa's tailings disposal post c.2026.

In H1 2019, Sasa's metallurgical laboratory has been significantly modernised, enabling opportunities within the processing plant to be better evaluated. Throughout 2018 and 2019, Sasa has employed new processing operators and engineers in order to fulfil operational objectives and also with the aim of further improving metallurgical recoveries.

Sustainability

Health and safety

The Directors are disappointed to report that there was one lost time injury at Sasa during H1 2019. This has resulted in a LTIFR at Sasa for the reported period of 1.42. The lost time injury occurred in January 2019 and involved an employee sustaining bruising to his chest due to an incident with an underground machine. He has now fully recovered and is back at work.

Sasa's TRIFR for H1 2019 was 2.83, representing two incidents. The other reportable medical treatment incident ('MTI') in addition to the LTI was a miner with an injured leg. No occupational health issues were identified during H1 2019.

There have been many positive recent health and safety initiatives at Sasa during H1 2019. A fully equipped mine rescue team comprising 29 underground employees has been re-formed and a rescue centre constructed. During the period, the team has been trained internally by the Group Health and Safety Manager and, post H1 2019, nine of the team members have been trained externally by a mine rescue specialist, with plans in place to train the remaining members during H2 2019.

New underground self-rescuers have been purchased to replace in full the old equipment, and employees have been trained to use them. A review of the emergency underground procedures identified that the mine required six underground refuge chambers, and to date two of these have been constructed and are currently being commissioned.

Environment

During Q1 2019, Sasa had an external audit to check its adherence to ISO 14001 (an international standard for environmental management systems) and had an external state inspection. The results of both were that the site was in full compliance, and only a small number of recommendations for improvements were made, with all but one minor suggestion actioned within Q2 2019.

During H1 2019, the Sasa team began to use water from the 830 level adit in the processing facilities, which would otherwise drain into the rivers downstream of the mine. This has meant that a reduced volume of water is extracted from the rivers and streams in the catchment area.

In June 2019, Sasa planted 30 trees at the Sasa site to celebrate World Environment Day, with employees and pupils from the local senior school also participating.

Social development

The Sasa team started the New Year with a community stakeholder meeting to ascertain the needs of the community and to receive requests for funding. Projects are then internally reviewed and the most appropriate prioritised. One of the key H1 2019 community projects was to install a modern heating system in the local health centre which has previously relied upon portable electric heaters.

During H1 2019, a training centre has been renovated. The purpose of this building is to train to Sasa standards qualified electrical and mechanical engineers in a three-month training programme.

The North Macedonian state will support these adult students through their programme, while Sasa is responsible for the building and providing the training team. The mine is then obliged to hire a minimum of 50% of the trainees.

Kounrad

Operations

CAML is pleased to report a period of strong operational performance at Kounrad, with copper cathode production of 6,594 tonnes for the first six months of 2019 (H1 2018: 6,747 tonnes). The Company is on course to achieve its full year 2019 copper production guidance of between 12,500 tonnes and 13,500 tonnes.

During the period, leaching was undertaken on both the Eastern Dumps and Western Dumps, with 4,738 tonnes of copper, equating to approximately 70% of the amount plated, having been leached from the Western Dumps.

During the period, irrigation rates to the dumps were closely controlled and kept at optimum rates of below the limit of three litres per square metre per hour ($l/m^2/hr$) as this application rate has been demonstrated to result in optimum leaching rates of the dump materials. As the mineralogy of the Western Dumps contains more sulphide mineralisation (primarily pyrites and chalcopyrite), there has been an increase in the soluble iron content of the pregnant leach solution ('PLS') entering the solvent extraction ('SX') plant. However, the quality of cathode produced remains excellent, at a purity level of 99.998% and continues to meet the requirements of CAML's customers.

Copper sales during H1 2019 were 6,461 tonnes (H1 2018: 6,044 tonnes) and 160 tonnes (H1 2018: 763 tonnes) were in stock as at 30 June 2018. The cathode was sold predominantly to CAML's offtake partner, Traxys.

During Q1 2019, both of the electrowinning ('EW') tank houses were cleaned of accumulated sludge, which is now an annual standard procedure which has been shown to maintain plant efficiency and the quality of the cathodes. Taking into account a 12-hour planned maintenance shutdown to prepare for the summer production ramp-up, utilisation during H1 2019 was excellent at 99.6%.

During H1 2019, capital projects, which were on schedule and within budget, were mainly related to only modest maintenance of existing facilities. The two main activities were renewal of floor protection in the EW sections and a 1.2 kilometre extension of the interceptor trench around Dump 21 at the Western Dumps area.

During the period, a decision was taken to modify the diameter of a two kilometre section of the pipeline running between the Western Dumps and the processing facility, which should result in an increased flow rate capacity from 750 cubic metres per hour (m^3/hr) to $1,000m^3/hr$. This work should be completed during 2020. This is being undertaken to off-set the expected reduction in PLS grades in the medium term.

Sustainability

Health and safety

CAML is pleased to report zero lost time injuries at Kounrad during H1 2019. This compares to two LTIs which occurred during H1 2018. Kounrad's H1 2019 LTIRF is therefore zero, and its TRIFR is also zero. There have now been 409 days since Kounrad's last LTI. No occupational health issues were identified during H1 2019.

Environment

During the reported period, there were no environmental inspections. Environmental activities undertaken were routine, and the monitoring network of boreholes was extended further around the initial leaching area ('ILA'), moving north around the Western Dumps as leaching activities progress.

Social development

Since setting up the Kounrad Foundation, which became operational in early 2018, CAML has continued to support the many worthy causes in the local village, Kounrad, and local town, Balkhash, through this charity structure. CAML funds the foundation with 0.25% of its Kounrad revenue annually, which equates to approximately \$0.2 million. During H1 2019, \$0.1 million was spent by the foundation.

The largest donation that the Kounrad Foundation has made to date is that of the purchase and refurbishment of a building used to house the Kind Heart Centre for disabled children in Balkhash. The opening ceremony was on 3 April 2019 and was attended by the senior Kounrad team and by CAML CEO, Nigel Robinson. H1 2019 spend on the Kind Heart Centre was \$0.1 million. The Kounrad Foundation has also committed to develop a garden and outdoor play area for this centre, which has been completed post the period end in H2 2019.

During H1 2019, the Kounrad Foundation has also supported the local 'Crisis Centre', which provides refuge for women and children that are in need of a temporary home, and is currently evaluating the possibility of increasing support for this worthy cause in the future.

In May 2019, Kounrad hosted a site visit for children attending the local Kounrad schools, where they learned how copper is produced from CAML's facilities. Educational items such as whiteboards and project equipment were purchased for the Balkhash boarding school.

Financial Review

Overview

CAML is pleased to report a strong set of financial results, which demonstrate consistent operational performance and effective cost control. However, the results also reflect a period of relatively weak commodity prices, with gross revenue and EBITDA lower than the previous corresponding period.

The Group generated H1 2019 EBITDA of \$56.7 million (H1 2018: \$64.6 million), representing a decrease of 12% from the prior corresponding period due to the decline in commodity prices. The EBITDA margin however remained stable at 63% (H1 2018: 63%), which reflects the Group's ability to maintain low costs across the operations as well as a reduction in corporate administrative expenses. Sasa EBITDA was \$31.7 million (H1 2018: \$41.7 million), with a margin of 63% (H1 2018: 67%) and Kounrad EBITDA was \$28.7 million (H1 2018: \$29.2 million), with a margin of 72% (H1 2018: 72%).

Income statement

Group profit before tax from continuing operations decreased by 8% to \$35.5 million (H1 2018: \$38.4 million). This was primarily as a result of decreased revenue due to falling commodity prices as low costs of production were maintained. Earnings per share from continuing operations decreased by 6% to 15.42 cents (H1 2018: 16.37 cents).

Revenue

CAML generated H1 2019 gross revenue of \$89.9 million (H1 2018: \$102.4 million), which is reported after deduction of treatment charges, but before deductions of off-taker's fees, smelter adjustments, silver purchases for the silver stream and freight.

Net revenue after these deductions was \$84.7 million (H1 2018: \$96.6 million). During H1 2019, the off-taker's fee for Kounrad was \$1.1 million (H1 2018: \$1.1 million) and for Sasa the fee was \$0.6 million (H1 2018: \$0.7 million).

Sasa

Sasa typically receives from smelters approximately 84% of the value of its zinc in concentrate and approximately 95% of the value of its lead in concentrate. Operationally, Sasa performed strongly with a total of 9,708 tonnes (H1 2018: 9,256 tonnes) of payable zinc in concentrate and 13,731 tonnes (H1 2018: 13,701 tonnes) of payable lead in concentrate sold during H1 2019.

The zinc price achieved declined by 18% to an average of \$2,676 per tonne (H1 2018: \$3,256 per tonne) and, for lead, the price declined by 22% to an average of \$1,930 per tonne (H1 2018: \$2,478 per tonne), leading to a reduction in gross revenue generated from the mine. Revenue also declined due to higher treatment charges during the period of \$6.2 million (H1 2018: \$4.7 million), which reflects the change in market conditions for zinc concentrates in particular. Sasa generated H1 2019 gross revenue of \$49.9 million (H1 2018: \$61.9 million).

Zinc and lead concentrate sales agreements have been arranged with Traxys through to 31 December 2022 for 100% of Sasa production. Sasa has an existing silver streaming agreement with Osisko Gold Royalties whereby Sasa receives approximately \$5 per ounce from its silver production for the life of the mine.

Kounrad

A total of 6,125 tonnes (H1 2018: 5,972 tonnes) of copper cathode from Kounrad were sold to metals trader, Traxys, for which the sales agreement has been fixed through to October 2022. The commitment is for a minimum of 95% of Kounrad's annual production. A further 336 tonnes (H1 2018: 72 tonnes) were sold locally. Total Kounrad copper sales were 6,461 tonnes (H1 2018: 6,044 tonnes), representing a 7% increase in sales volumes. This was due to logistical issues during H1 2018 resulting in 763 tonnes being held in inventory, whereas stocks at the end of H1 2019 were 160 tonnes.

While copper cathode sales volumes increased when compared to H1 2018, revenue declined due to a 7% decrease in the average copper price received, which was \$6,191 per tonne in H1 2019 (H1 2018: \$6,672 per tonne). This generated gross revenue for Kounrad of \$39.9 million (H1 2018: \$40.5 million).

Cost of sales

Group cost of sales for the period was \$36.0 million (H1 2018: \$38.0 million), which has decreased primarily due to a lower depreciation and amortisation charge for the Group totalling \$15.3 million (H1 2018: \$17.3 million). This has reduced as a result of certain assets being fully depreciated at the end of last year.

Sasa

Sasa's cost of sales for the period was lower than the previous corresponding period at \$25.4 million (H1 2018: \$27.0 million). These costs reflect a lower depreciation and amortisation charge as explained above of \$12.3 million (H1 2018: \$13.2 million), and lower concession fees amounting to \$1.3 million (H1 2018: \$1.5 million). This tax is calculated at the rate of 2% on the value of metal recovered during the period.

Certain production related costs have increased compared to H1 2018, such as an increase in payroll costs of \$0.5 million due to an agreed average 5% pay-rise for employees.

Kounrad

Kounrad's H1 2019 cost of sales was \$10.6 million (H1 2018: \$11.0 million) which is lower than H1 2018. This decrease was primarily due to a weaker Kazakhstan Tenge, which averaged 379 KZT/USD during H1 2019 (H1 2018: 326 KZT/USD). Tenge denominated costs such as payroll and electricity reduced by around \$0.6 million,

while additional costs were incurred for increased reagents such as Escaid, and increased coal consumption due to a colder than usual Q2. Kounrad also agreed an average pay rise of 6% for its employees, which equated to an increase of \$0.4 million versus the previous corresponding 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 (reagents, power, production labour and materials, as well as realisation charges such as freight and treatment charges) in addition to local administrative expenses. Royalties, depreciation and amortisation charges are excluded from C1 cash cost.

	H1 2019	H1 2018
Sasa zinc equivalent C1 cash cost (\$/lb)	0.47	0.44
Kounrad copper C1 cash cost (\$/lb)	0.51	0.53
Cu equivalent production (t)	15,072	16,041
Group Cu equivalent C1 cost (\$/lb)	0.90	0.79
Fully inclusive Cu equivalent cost of production (\$/lb)	1.44	1.51

Sasa

Sasa's C1 zinc equivalent cash cost of production for H1 2019 was \$0.47 per pound (H1 2018: \$0.44 per pound), which is at the lower end of the second quartile of the zinc industry cost curve. The reason for the \$0.03 per pound increase was primarily due to the increased zinc treatment charges for H1 2019 otherwise the C1 cash costs have remained static which reflects the Company's ability to control costs in production. This is reflected in on-site costs that amount to \$35.4 per tonne (H1 2018: \$35.2 per tonne)

Kounrad

Kounrad's C1 cash cost of production remains firmly in the lowest quartile of the copper industry cost curve at \$0.51 per pound (H1 2018: \$0.53 per pound) and is lower than the previous corresponding period. The decrease in C1 cash cost is largely due to tight cost control and as a result of the devaluation of the Kazakhstan Tenge.

Group

CAML reports its C1 cash cost on a copper equivalent basis, incorporating the production costs at Sasa. The H1 2019 C1 copper equivalent cash cost was \$0.90 per pound (H1 2018: \$0.79 per pound). This is a significant increase against the comparative period with an additional \$0.07 per pound from the decrease in zinc and lead commodity prices reducing the copper equivalent tonnes in the calculation and \$0.03 per pound due to the increased treatment charges of zinc. This number is calculated based on Sasa's H1 2019 zinc and lead payable production, which equates to 8,478 copper equivalent tonnes (H1 2018: 9,294 copper equivalent tonnes) added to Kounrad's H1 2019 copper production of 6,594 tonnes (H1 2018: 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 Mineral Extraction Tax ('MET') and concession fees, interest on loans and corporate overheads associated with the Kounrad and Sasa projects. The Group's fully inclusive copper equivalent unit cost for the period reduced to \$1.44 per pound (H1 2018: \$1.51 per pound), due primarily to lower capital expenditure of \$5.2 million (H1 2018: \$8.2 million).

Administrative expenses

During the period, administrative expenses were significantly lower at \$7.3 million (H1 2018: \$11.2 million), largely due to a reduced share-based payment charge of only \$0.5 million (H1 2018: \$3.1 million). Terms and conditions have been amended in relation to the Company's Share Option Schemes, resulting in a change in the vesting date, plus there was a one-off issue awarded upon the successful acquisition of Sasa, which vested on issue amounting to \$1.9 million in the previous corresponding period.

Balance sheet

During the period, there were additions to property, plant and equipment of \$5.2 million (H1 2018: \$8.2 million). The additions were a combination of \$0.6 million (H1 2018: \$1.0 million) Kounrad sustaining capital expenditure, \$2.7 million (H1 2018: \$3.3 million) Sasa sustaining capital expenditure and costs associated with the construction of TSF4, amounting to \$1.1 million (H1 2018: \$3.9 million). Due to a change in accounting policy following the adoption of IFRS 16 Leases, a further \$0.8 million has been capitalised in respect of finance leases. See note 3 for details.

As at 30 June 2019, current trade and other receivables were \$8.2 million (31 December 2018: \$10.1 million), which includes the off-take sales receivable. Non-current trade and other receivables relating to VAT recoverable in Kazakhstan were \$2.7 million (31 December 2018: \$2.1 million). Current trade and other payables were \$10.9 million (31 December 2018: \$20.9 million). This significant decrease primarily reflects the fact that the comparative period included a \$6.5 million payable in relation to the Sasa acquisition (the 'deferred consideration') which has now been settled.

As at 30 June 2019, non-current and current borrowings were \$88.0 million (31 December 2018: \$106.5 million) and \$38.4 million (31 December 2018: \$38.4 million) respectively. The borrowings were consolidated into one loan facility with Traxys in December 2018 and require monthly principal repayments of \$3.2 million. During the period, debt repayments of \$19.2 million were made, plus interest paid totalling \$5.2 million (H1 2018: \$6.1 million). More details are included in the notes to the condensed consolidated financial information.

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 of \$40.0 million (H1 2018: \$40.8 million).

Taking into account capital expenditure, CAML's free cash flow for H1 2019 was \$35.5 million. (H1 2018: \$32.4 million)

During the period, \$18.2 million (H1 2018: \$24.7 million) was returned to shareholders as the final 2018 dividend.

Sasa

\$4.1 million (H1 2018: \$6.3 million) of North Macedonia corporate income tax was paid during the period. Payments made during H1 2019 included \$2.1 million (H1 2018: \$1.8 million) towards the 2019 corporate income tax liability and \$2.0 million (H1 2018: \$4.5 million) of 2018 corporate income tax paid in April 2019.

Kounrad

\$6.8 million (H1 2018: \$7.4 million) of Kazakhstan corporate income tax was paid during the period. Payments made during H1 2019 include \$5.8 million (H1 2018: \$6.1 million) towards the 2019 corporate income tax liability and \$1.0 million (H1 2018: \$1.3 million) of 2018 corporate income tax paid in April 2019.

Debt

During the period \$19.2 million (H1 2018: \$18.2 million) of Group debt was repaid. The debt is subject to financial covenants which include the monitoring of gearing and leverage ratios which have been complied with.

Dividend

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

The final dividend for the year ended 31 December 2018 of 8 pence per ordinary share was paid to shareholders on 20 May 2019 amounting to \$18.2 million (H1 2018: \$24.7 million).

In conjunction with CAML's H1 2019 results, the CAML Board has declared an interim dividend for the period of 6.5 pence per ordinary share (H1 2018: 6.5 pence) in line with this policy. This will be paid on 25 October 2019 to shareholders registered on 4 October 2019. This latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the 2010 IPO to \$176.4 million.

Tax settlement

In April 2019, a settlement agreement with the previous owners of CMK Resources Limited was finalised in respect of the \$5.9 million withholding tax liability in North Macedonia paid in the prior year. The liability related to activities of CMK Europe prior to CAML's ownership. The settlement amounted to \$5.5 million and accordingly, during H1 2019, CAML paid the balancing \$6.5 million due in respect of the \$12.0 million deferred consideration owed to the previous owners.

Non-IFRS financial measures

The following non-IFRS alternative performance financial measures are used in this report:

EBITDA

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

	Six months ended	
	30-Jun-19	30-Jun-18
	\$'000	\$'000
Profit for the period	27,558	28,406
Plus/(less):		
Income tax expense	8,202	9,609
Depreciation and amortisation	15,320	17,257
Foreign exchange loss	12	2,948
Other income	(151)	(109)
Finance income	(159)	(114)
Finance costs	6,208	6,259
(Profit) / loss from discontinued operations	(272)	392
EBITDA	56,718	64,648

Gross revenue

Gross revenue is presented as the total revenue received from sales of all commodities after deducting the directly attributable treatment charges associated for the sale of zinc, lead and silver. This figure is presented as it reflects the total revenue we have received in respect of the zinc and lead concentrate.

Net debt

Net debt is calculated as the total of the borrowings held with Traxys Europe S.A. less the cash and cash equivalents held at the end of the period. This balance does not include the restricted cash balance held:

	30-Jun-19	31-Dec-18
	\$'000	\$'000
Borrowings	126,360	144,949
Cash and cash equivalents	(25,998)	(34,649)
Net debt	100,362	110,300

Free cash flow

Free cash flow is a non-IFRS financial measure of the cash from operations less the capital expenditure and is presented as it is a key figure for the dividend policy of the Group and is calculated as follows:

	Six months ended	
	30-Jun-19	30-Jun-18
	\$'000	\$'000
Net cash generated from operations	39,955	40,833
Less: Purchase of property, plant and equipment	(4,437)	(8,234)
Less: Purchase of intangible assets	(18)	(202)
Free cash flow	35,500	32,397

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge, the interim financial information has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and the AIM Rules for Companies, and that the interim results include a fair review of the information required.

On behalf of the Board

Gavin Ferrar
Chief Financial Officer
17 September 2019

Independent review report to Central Asia Metals plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Central Asia Metals plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Central Asia Metals plc for the 6 month period ended 30 June 2019 (the 'Interim Results'). 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 2019;
- the condensed consolidated interim income statement 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 interim financial statements 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

17 September 2019

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (unaudited)
for the six months period ended 30 June 2019

	Note	Six months ended	
		30-Jun-19 \$'000	30-Jun-18 \$'000
Continuing operations			
Revenue		84,682	96,598
Presented as:			
Gross revenue		89,881	102,412
Less: Off-take buyer's fees		(1,685)	(1,826)
Distribution and selling costs		(882)	(929)
Silver stream purchases		(2,632)	(3,059)
Revenue		84,682	96,598
Cost of sales		(36,028)	(38,039)
Gross profit		48,654	58,559
Administrative expenses		(7,256)	(11,168)
Other income		151	109
Foreign exchange loss		(12)	(2,948)
Operating profit		41,537	44,552
Finance income		159	114
Finance costs		(6,208)	(6,259)
Profit before income tax		35,488	38,407
Income tax	6	(8,202)	(9,609)
Profit for the period from continuing operations		27,286	28,798
Discontinued operations			
Profit/(loss) for the period from discontinued operations		272	(392)
Profit for the period		27,558	28,406
Profit attributable to:			
- Non-controlling interests		66	(98)
- Owners of the parent		27,492	28,504
	5	27,558	28,406
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	15.42	16.37
From discontinued operations		0.15	(0.22)
From profit for the period		15.57	16.15
Diluted earnings/(loss) per share			
From continuing operations	7	15.00	16.02
From discontinued operations		0.15	(0.22)
From profit for the period		15.15	15.80

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the six months period ended 30 June 2019

	Six months ended	
	30-Jun-19 \$'000	30-Jun-18 \$'000
Profit for the period	27,558	28,406
Other comprehensive (expense)/income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(2,903)	(11,005)
Other comprehensive (expense)/income for the period, net of tax	(2,903)	(11,005)
Total comprehensive income for the period	24,655	17,401
Attributable to:		
- Non-controlling interests	66	(98)
- Owners of the parents	24,589	17,499
Total comprehensive income for the period	24,655	17,401
Total comprehensive income/(expense) attributable to equity shareholders arises from:		
- Continuing operations	24,383	17,784
- Discontinued operations	272	(383)
	24,655	17,401

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (unaudited)
as at 30 June 2019

		Unaudited	Audited
		30-Jun-19	31-Dec-18
	Note	\$'000	\$'000
Assets			
Non-current assets			
Property, plant and equipment	8	418,316	429,601
Intangible assets	9	60,257	61,311
Deferred tax asset		413	-
Other non-current receivables	11	2,723	2,120
		481,709	493,032
Current assets			
Inventories	10	6,819	7,529
Trade and other receivables	11	8,177	10,078
Restricted cash		4,206	4,376
Cash and cash equivalents		25,998	34,649
		45,200	56,632
Assets of the disposal group classified as held for sale		77	61
		45,277	56,693
Total assets		526,986	549,725
Equity attributable to owners of the parent			
Ordinary shares		1,765	1,765
Share premium		191,184	191,184
Treasury shares		(6,526)	(6,526)
Currency translation reserve		(92,357)	(89,454)
Retained earnings:			
At 1 January		230,281	231,241
Profit for the period attributable to the owners		27,492	48,024
Dividends and other changes in retained earnings		(18,171)	(48,984)
		239,602	230,281
		333,668	327,250
Non-controlling interests		(1,318)	(1,384)
Total equity		332,350	325,866
Liabilities			
Non-current liabilities			
Borrowings	14	87,960	106,549
Silver streaming commitment		21,660	22,905
Deferred income tax liability	13	27,300	27,670
Lease liability		598	-
Provision for other liabilities and charges		5,380	5,069
		142,898	162,193
Current liabilities			
Borrowings	14	38,400	38,400
Silver streaming commitment		2,382	2,263
Trade and other payables	12	10,898	20,916
Provisions for other liabilities and charges		25	47
		51,705	61,626
Liabilities of disposal group classified as held for sale		33	40
		51,738	61,666
Total liabilities		194,636	223,859
Total equity and liabilities		526,986	549,725

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES OF EQUITY (unaudited)
for the six months period ended 30 June 2019

	Ordinary shares	Share premium	Treasury shares	Currency translation reserve	Retained earnings	Total	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2019	1,765	191,184	(6,526)	(89,454)	230,281	327,250	(1,384)	325,866
Profit for the period	-	-	-	-	27,492	27,492	66	27,558
Other comprehensive income – currency translation differences	-	-	-	(2,903)	-	(2,903)	-	(2,903)
Total comprehensive income	-	-	-	(2,903)	27,492	24,589	66	24,655
Transactions with owners								
Share based payments	-	-	-	-	529	529	-	529
Exercise of options	-	-	-	-	(536)	(536)	-	(536)
Dividends	-	-	-	-	(18,164)	(18,164)	-	(18,164)
Total transactions with owners, recognised directly in equity	-	-	-	-	(18,171)	(18,171)	-	(18,171)
Balance as at 30 June 2019	1,765	191,184	(6,526)	(92,357)	239,602	333,668	(1,318)	332,350

	Ordinary shares	Share premium	Treasury shares	Currency translation reserve	Retained earnings	Total	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018 (restated*)	1,765	191,184	(7,780)	(79,166)	231,241	337,244	55	337,299
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 Zuumod 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)
Balance as at 30 June 2018 (restated*)	1,765	191,184	(6,710)	(90,171)	236,980	333,048	(43)	333,005

* The comparative balances brought forward as at 1 January 2018 have been restated to reflect the finalisation of the acquisition accounting of CMK Resources Limited under IFRS 3. This exercise was completed during the second half of 2018 and disclosed in the Group's audited financial statements for the year ended 31 December 2018.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)
for the six months period ended 30 June 2019

	Note	Six months ended	
		30-Jun-19	30-Jun-18
		\$'000	\$'000
Cash flows from operating activities			
Cash generated from operations	15	56,095	60,712
Corporate income tax paid		(10,897)	(13,693)
Interest paid		(5,243)	(6,186)
Net cash generated from operating activities		39,955	40,833
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(4,437)	(8,234)
Purchase of intangible assets	9	(18)	(202)
Proceeds from sale of property, plant and equipment		1	-
Balancing receipt from acquisition		-	3,300
Deferred consideration paid	15	(6,500)	-
Interest received		159	114
Decrease in restricted cash		170	43
Net cash used in investing activities		(10,625)	(4,979)
Cash flows from financing activities			
Dividend paid to owners of the parent		(18,164)	(24,698)
Proceeds from borrowings		-	1,745
Repayment of borrowings		(19,200)	(18,224)
(Settlement)/receipt on exercise of share options		(536)	17
Net cash used in financing activity		(37,900)	(41,160)
Effect of foreign exchange losses on cash and cash equivalents		(68)	(103)
Net decrease in cash and cash equivalents		(8,638)	(5,409)
Cash and cash equivalents at 1 January		34,707	43,173
Cash and cash equivalents at 30 June		26,069	37,764

Cash and cash equivalents at 30 June 2019 includes cash at bank on hand included in assets held for sale of \$71,000 (30 June 2018: \$90,000). The consolidated statement of cash flows does not include the restricted cash balance of \$4,206,000 (30 June 2018: \$2,769,000).

Note 15 includes disclosures of major non-cash flows during the period relating to investing activities.

1. General information

Central Asia Metals plc ('CAML' or the 'Company') and its subsidiaries (the 'Group') are a mining and exploration organisation with operations primarily in Kazakhstan and North Macedonia and a parent holding company based in 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 North Macedonia. CAML owns 100% of the Kounrad SX-EW copper project in Kazakhstan and 100% of the Sasa zinc-lead mine in North Macedonia. The Company also owns two further operations which are currently held for sale and this includes 80% of the Shuak copper exploration property in northern Kazakhstan and a 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 incorporates the results of Central Asia Metals plc and its subsidiary undertakings as at 30 June 2019 and was approved by the Directors for issue on 17 September 2019. 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 2018 were approved by the board of directors on 10 April 2019 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.

This condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018, 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 consolidated 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 2018. Those risks and uncertainties, together with management's response to them are described in the Principal Risks and Uncertainties section of the 2018 Annual Report and Accounts.

3. Accounting policies

The accounting policies, methods of computation and presentation used in the preparation of the condensed consolidated interim financial information are the same as those used in the Group's audited financial statements for the year ended 31 December 2018.

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 condensed consolidated interim financial information. The Group is currently in a current liability position however the Group currently has sufficient cash resources to facilitate the debt and a material income stream from the Kounrad and Sasa projects.

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 16 Leases has been applied from 1 January 2019. IFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group has reviewed all the leasing arrangements and contracts in light of the new standard to determine whether the arrangements fall under the definition of a lease per IFRS 16. The Group has applied the modified retrospective transition approach and has not restated comparative amounts for prior periods. The right-of-use assets for property leases have been measured on transition as if the new rules had always been applied and are capitalised amounting to \$0.8 million, see note 8. All other right-of-use assets will continue to be measured at the amount of the lease liability on adoption.

4. Estimates

The preparation of condensed consolidated 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 consolidated 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 2018 which can be obtained from www.centralasiametals.com

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 and the zinc-lead mine in North Macedonia. The Group's 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 segment results for the six months ended 30 June 2019 are as follows:

	Unaudited			
	Kounrad	Sasa	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Gross revenue	39,949	49,932	-	89,881
Silver purchases for silver stream	-	(2,632)	-	(2,632)
Distribution and selling costs	(81)	(801)	-	(882)
Off-take buyers' fees	(1,133)	(552)	-	(1,685)
Revenue	38,735	45,947	-	84,682
EBITDA	28,745	31,656	(3,683)	56,718
Depreciation and amortisation*	(2,718)	(12,482)	(120)	(15,320)
Foreign exchange rate (loss)/gain	(89)	63	14	(12)
Other income	65	32	54	151
Finance income	5	1	153	159
Finance costs	(54)	(320)	(5,834)	(6,208)
Profit before income tax	25,954	18,950	(9,416)	35,488
Income tax				(8,202)
Profit for the period after taxation from continuing operations				27,286
Loss from discontinued operations				272
Profit for the period				27,558

* Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of \$6.3 million.

The segment 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.

Group segmental assets and liabilities as at the 30 June 2019 are as follows:

	Segmental Assets		Non Current Asset additions		Segmental Liabilities	
	30-Jun-19	31-Dec-18	30-Jun-19	30-Jun-18	30-Jun-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kounrad	78,926	80,384	642	1,346	(11,831)	(11,666)
Sasa	426,853	450,495	3,806	6,902	(54,133)	(78,720)
Assets held for sale	249	61	-	179	(96)	(40)
Unallocated including corporate	20,958	18,785	778	9	(128,576)	(133,433)
Total	526,986	549,725	5,226	8,436	(194,636)	(223,859)

6. Income tax

	Six months ended	
	30-Jun-19	30-Jun-18
	\$'000	\$'000
Current tax on profits for the period	8,493	10,398
Deferred tax credit (note 13)	(291)	(789)
Income tax expense	8,202	9,609

Corporate income tax is calculated at 19% (H1 2018: 19%) of the assessable profit for the period for the UK parent company, 20% for the operating subsidiaries in Kazakhstan (H1 2018: 20%) and 10% (H1 2018: 10%) for the operating subsidiaries in North 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-19	30-Jun-18
	\$'000	\$'000
Profit from continuing operations attributable to owners of the parent	27,220	28,896
Profit/(loss) from discontinued operations attributable to owners of the parent	272	(392)
Total	27,492	28,504
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266
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	15.42	16.37
From discontinued operations	0.15	(0.22)
From profit for the period	15.57	16.15

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-19	30-Jun-18
	\$'000	\$'000
Profit from continuing operations attributable to owners of the parent	27,220	28,896
Profit/(loss) from discontinued operations attributable to owners of the parent	272	(392)
Total	27,492	28,504
Weighted average number of ordinary shares in issue	176,498,266	176,498,266
Adjusted for:		
- Share Options	4,943,720	3,832,431
Weighted average number of ordinary shares for diluted earnings per share	181,441,986	180,330,697
Diluted earnings per share	\$ cents	\$ cents
From continuing operations	15.00	16.02
From discontinued operations	0.15	(0.22)
From profit for the period	15.15	15.80

8. Property, plant and equipment

	Construction in progress	Plant and equipment	Mining assets	Motor vehicles and ROU assets	Land	Mineral rights	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
At 1 January 2019	17,317	113,232	1,415	1,947	634	350,333	484,878
Additions	4,138	211	-	859	-	-	5,208
Disposals	(103)	(69)	-	(9)	-	-	(181)
Change in estimate – asset retirement obligation	-	(20)	-	-	-	-	(20)
Transfer from stock	589	32	-	-	-	-	621
Transfers	(2,838)	2,831	-	7	-	-	-
Exchange differences	(65)	(47)	13	13	(5)	(2,381)	(2,472)
At 30 June 2019	19,038	116,170	1,428	2,817	629	347,952	488,034
Accumulated depreciation							
At 1 January 2019	-	32,996	225	852	-	21,204	55,277
Provided during the period	-	5,378	27	197	-	8,739	14,341
Disposals	-	(44)	-	(4)	-	-	(48)
Exchange differences	-	140	2	6	-	-	148
At 30 June 2019	-	38,470	254	1,051	-	29,943	69,718
Net book value at 30 June 2019	19,038	77,700	1,174	1,766	629	318,009	418,316

The depreciation for the period relating to the historical cost of the property, plant and equipment with no fair value uplift amounted to \$9.0 million (H1 2018: \$9.1 million).

The Group has reviewed all the leasing arrangements and contracts in light of adopting IFRS 16 – Leases and has capitalised \$0.8 million as right-of-use assets ('ROU') during the period and is included within additions. All right-of-use assets will continue to be measured at the amount of the lease liability on adoption.

As at 30 June 2019 there are no indications of impairment with the fair value of the assets exceeding the net book value.

9. Intangible assets

Group	Goodwill \$'000	Mining licences and permits \$'000	Computer software and website \$'000	Total \$'000
Cost				
At 1 January 2019	31,179	37,634	519	69,332
Additions	-	1	17	18
Disposals	-	-	(2)	(2)
Exchange differences	(58)	(5)	6	(57)
At 30 June 2019	31,121	37,630	540	69,291
Accumulated amortisation				
At 1 January 2019	-	7,537	484	8,021
Provided during the period	-	947	32	979
Disposals	-	-	(1)	(1)
Exchange differences	-	39	(4)	35
At 30 June 2019	-	8,523	511	9,034
Net book value at 30 June 2019	31,121	29,107	29	60,257

The Group acknowledge that forecasted commodity prices have declined since year end and therefore as at 30 June 2019 the Group reviewed and updated its assumptions within the net present value models for Sasa and Kounrad. The Group also reviewed for other indicators of impairment including discount rates, operating and capital expenditure and mineral reserves and resources estimated. As a result of the above, no impairment has been identified. The Group also applied the same sensitivities as disclosed in the 2018 annual report and none of the reasonable possible changes in key assumptions would result in an impairment.

10. Inventories

	30-Jun-19 \$'000	31-Dec-18 \$'000
Raw materials	6,163	6,901
Finished goods	656	628
	6,819	7,529

11. Trade and other receivables

	30-Jun-19	31-Dec-18
	\$'000	\$'000
Current receivables		
Trade receivables	1,686	3,746
Prepayments	1,544	1,463
VAT receivable	1,320	2,006
Other receivables	3,627	2,863
	8,177	10,078
Non-current receivables		
Prepayments	65	71
VAT receivable	2,658	2,049
	2,723	2,120

As at 30 June 2019, the total Group VAT receivable was \$4.0 million (31 December 2018: \$4.1 million) which included an amount of \$3.1 million (31 December 2018: \$2.8 million) of VAT owed to the Group by the Kazakhstan authorities. The Kazakhstan authorities refunded \$0.3 million after period end in August 2019. 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

	30-Jun-19	31-Dec-18
	\$'000	\$'000
Current payables		
Trade and other payables including accruals and lease liability	8,860	11,137
Deferred consideration	-	6,500
Corporation tax, social security and other taxes	2,038	3,279
	10,898	20,916

In April 2019, an agreement with the previous owners of CMK Resources Limited for receipt of \$5.5 million was finalised relating to the \$5.9 million withholding tax liability in North Macedonia that relates to the activities of CMK Europe prior to CAML ownership. The Company has now also paid the remaining \$6.5 million of deferred consideration.

During the period, a routine tax inspection of CMK Europe, for all periods until 31 December 2018 was carried out by the Public Revenue Office ('PRO') in North Macedonia. No issues were raised and no tax refunds or assessments were made.

13. Deferred income tax liability

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

	1-Jan-19 \$'000	Currency translation differences \$'000	(Debit)/ credit to income statement \$'000	30-Jun-19 \$'000
Deferred tax liability				
Other timing differences	(77)	-	(413)	(490)
Deferred tax on FV adjustment on Kounrad Transaction	(6,681)	(65)	154	(6,592)
Deferred tax on FV adjustment on CMK acquisition	(20,912)	144	550	(20,218)
Deferred tax liability	(27,670)	79	291	(27,300)

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-19 \$'000	31-Dec-18 \$'000
<i>Secured: Non-current</i>		
Bank loans	87,960	106,549
<i>Secured: Current</i>		
Bank loans	38,400	38,400
	126,360	144,949

The movement on the borrowings can be summarised as follows:

	\$'000
Balance at 1 January 2019	144,949
Repayment of borrowings	(19,200)
Finance charge interest	5,166
Finance charge unwinding of directly attributable fees	611
Interest paid	(5,166)
Balance at 30 June 2019	126,360

During the period, \$19.2 million of the principal amount of Group debt was repaid as well as a further \$5.2 million interest.

Under the secured debt financing agreement with Traxys Europe S.A. the amount of borrowings is repayable by 4 November 2022. Interest is payable at LIBOR plus 4.75%. Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts, the Traxys Kounrad off-take agreement as well as over the off-take agreement between CAML MK and Traxys Europe S.A. The fair value of borrowings has been calculated by discounting the expected future cash flows at contracted interest rates.

The debt is subject to financial covenants which include the monitoring of gearing and leverage ratios which have all been complied with. The refinance completed in 2018 lifted the security over Bermuda holding companies, enabling the Group to restructure its CMK Resources owned entities to CAML MK and this process was completed in Q1 2019.

15. Cash generated from operations

Adjustments for:	Six months ended	
	30-Jun-19 \$'000	30-Jun-18 \$'000
Profit before income tax including discontinued operations	35,760	38,015
Adjustments for:		
Depreciation and amortisation	15,320	17,257
Silver stream commitment	(1,126)	(856)
Loss on disposal of property, plant and equipment	132	15
Foreign exchange loss	12	2,948
Share based payments	529	3,059
Finance income	(159)	(114)
Finance costs	6,208	6,259
Changes in working capital:		
Inventories	89	(293)
Trade and other receivables	1,288	597
Trade and other payables	(1,912)	(5,888)
Provisions for other liabilities and charges	(46)	(287)
Cash generated from operations	56,095	60,712

Non-cash investing activities

In April 2019, a settlement agreement with the previous owners of CMK Resources Limited was finalised in respect of the \$5.9 million withholding tax liability in North Macedonia paid in the prior year. The liability related to activities of CMK Europe prior to CAML's ownership. The settlement amounted to \$5.5 million and accordingly, during H1 2019, CAML paid the balancing \$6.5 million due in respect of the \$12.0 million deferred consideration owed to the previous owners.

16. Dividend per share

An interim dividend of 6.5 pence per ordinary share (H1 2018: 6.5 pence per ordinary share) was declared by the CAML Board on 17 September 2019.

17. Related party disclosure

The Kounrad Foundation, a charitable foundation set up in the prior period, was advanced \$184,000 (H1 2018: nil) to formalise charitable donations to assist local causes. This is a related party by virtue of common Directors.

18. Subsequent events

No events have occurred subsequent to 30 June 2019 that require disclosure.