

30 March 2021

CENTRAL ASIA METALS PLC
(‘CAML’ or the ‘Company’)

2020 Full Year Results

Central Asia Metals plc (AIM: CAML) today announces its full year results for the 12 months ended 31 December 2020.

Financial highlights

- 2020 final dividend of 8 pence per share (2019: Nil)
 - 2020 full year dividend of 14 pence per share (2019: 6.5 pence per share)
 - Represents 57% of 2020 free cash flow¹ (‘FCF’)
 - Payable on 25 May 2021 to shareholders registered on 30 April 2021
- Group gross revenue^[1] of \$170.3 million (2019: \$180.8 million)
 - Group net revenue of \$160.1 million (2019: \$171.7 million)
- Group EBITDA¹ of \$95.7 million (2019: \$108.6 million)
- EBITDA margin¹ of 56% (2019: 60%)
- Group profit before tax of \$59.8 million (2019: \$67.8 million)
- Sasa C1 zinc equivalent cash cost of \$0.50 per pound (2019: \$0.47 per pound)
- Kounrad C1 copper cash cost of \$0.51 per pound (2019: \$0.52 per pound)
- EPS from continuing operations of 24.78 cents (2019: 29.36 cents)
- Group FCF of \$58.9 million (2019: \$69.8 million)
- Group net debt¹ as at 31 December 2020 of \$36.2 million (2019: \$80.2 million)
 - Cash in the bank as at 31 December 2020 of \$47.9 million² (2019: \$32.6 million)
 - 2020 gross debt repayments of \$38.4 million (2019: \$38.4 million)

Operational highlights

- Zero lost time injuries at either Sasa or Kounrad during 2020 (2019: one)
- Zinc in concentrate production of 23,815 tonnes (2019: 23,369 tonnes)
- Lead in concentrate production of 29,742 tonnes (2019: 29,201 tonnes)
- Copper production of 13,855 tonnes (2019: 13,771 tonnes)

2021 outlook

- Sasa production guidance
 - Zinc in concentrate, between 23,000 and 25,000 tonnes
 - Lead in concentrate, between 30,000 and 32,000 tonnes
- Kounrad copper production guidance, between 12,500 and 13,500 tonnes

¹ See Financial Review section for definition of non-IFRS alternative performance measures

² The cash balance figure disclosed includes restricted cash balance

Nigel Robinson, Chief Executive Officer, commented:

"I am pleased to report a strong set of operational and financial results for the 2020 financial year, despite some challenges. Group EBITDA of \$95.7 million at a margin of 56% was a commendable result given the weak commodity prices endured in particular during H1 2020 due to the COVID-19 pandemic.

"Costs at both operations were well controlled and, in particular, our capital expenditure was almost 30% below our initial guidance due to savings and deferrals made during the year with a view to conserving cash. We met all of our contractual debt repayment obligations and ended the year with a robust balance sheet and \$36.2 million of net debt.

"Following this strong performance, we are delighted to propose an eight pence per share final dividend, equating to a full year dividend of 14 pence per share. Once the final dividend is paid, the Company will have returned \$209.6 million to its shareholders in the last nine years. The full year dividend represents 57% of our 2020 FCF and is therefore above our stated policy of 30% to 50% of FCF. This demonstrates a strong end to 2020 for us and a positive start to 2021, particularly in terms of commodity prices.

"While the tailings storage facility 4 (‘TSF4’) leakage at Sasa was a notable negative for us, we dealt with this incident swiftly, appropriately and transparently. By the end of 2020, we had removed from the river an estimated 95% of the tailings that had spilled and our procedures to remove the remaining 5%, as well as focus on biodiversity and regeneration, are well advanced. We have also committed to develop a ‘Youth Park’ along the banks of the river during 2021, which will see us build walking trails, plant trees and flowerbeds, as well as construct fountains, a pagoda and a children’s play area as a fitting community project following this incident.

"We have continued our focus on other sustainability aspects, and we are on track to publish our second Sustainability Report in Q2 2021, our first to the Global Reporting Initiative (‘GRI’) standards (Core option).

"We move into 2021 in a strong position with significantly improved commodity prices, producing the base metals which are essential for modern living, profitably and in a safe and sustainable environment for all our stakeholders."

Analyst conference call and webcast

A live conference call and webcast hosted by Nigel Robinson (Chief Executive Officer) and Gavin Ferrar (Chief Financial Officer)

will take place at 09:30 (BST) on Tuesday 30 March 2021. The conference call can be accessed by dialling +44 (0) 330 336 9125 and quoting the confirmation code '8750617', and the webcast can be accessed using the link: <https://brrmedia.news/l37jm>. The presentation will be available on the Company's website and there will be a replay of the call available following the presentation at <https://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 100% of the Sasa zinc-lead mine in North Macedonia.

For further information, please visit www.centralasiametals.com and follow CAML on Twitter at @CamlMetals and on LinkedIn at Central Asia Metals Plc

Chairman's statement

I am pleased that we ended the year in a strong position. COVID-19 remains a very real risk for us all, but we believe we navigated these challenges as best as we could during 2020 and this, coupled with much improved H2 2020 metals prices, meant we ended the period with commendable financial results and a strong balance sheet.

2020

Despite the challenges of 2020, not least the weak H1 2020 commodity prices, we reported strong production from our operations, which led to CAML EBITDA of \$95.7 million and free cash flow of \$58.9 million. This has, in turn, meant we continued to deleverage, and we ended the year with gross debt of \$80.4 million, some \$28.4 million lower than 2019.

LOOKING BACK OVER A SUCCESSFUL DECADE AS AN AIM-LISTED COMPANY

We reached two significant milestones in 2020. In April, we produced our 100,000th tonne of copper cathode from Kounrad. This achievement was made possible due to the long-term dedication of General Director, Pavel Semenchenko, and his team, as well as Technical Director, Howard Nicholson, who took overall responsibility for the project's construction on time and below budget and who remains responsible for the technical aspects of Kounrad. We are proud that this copper has been produced from what was waste material, and at costs that are amongst the lowest in the world.

September 2020 marked 10 years as an AIM-listed company for CAML and we have enjoyed a very successful decade. We have grown our business from an exploration and development company with a suite of assets in central Asia at the time of listing, to a focused mining company, producing base metals which are essential for modern living, profitably and in a safe and sustainable environment for all our stakeholders.

We now employ over 1,000 people in Kazakhstan and North Macedonia and in 2020 produced some 13,855 tonnes of copper, 23,815 tonnes of zinc and 29,742 tonnes of lead with an annual gross revenue of \$170.3 million from our two projects. Our local suppliers are important to us, and many others in the local communities also depend on our operations for their livelihoods. We have a strong health and safety ethos and our operations have leading safety statistics. We are most proud to have now set up charitable foundations in both countries with clear mandates to support sustainable and long-term development around both of our operations. In the nine years since we commenced copper production at Kounrad, we will soon have returned to our supportive shareholders almost \$210 million in dividends. We believe that our alignment with our shareholders as well as other stakeholders in this regard sets us apart from many of our peers.

SUSTAINABILITY

We have continued to devote much of our time and energy to advancing our ESG and sustainability efforts during 2020. In Q2 2020, we published our first Sustainability Report, detailing our efforts and achievements in this key area, and this was very well received.

We advanced our approach in 2020, as we retained independent consultants, ERM, to undertake a stakeholder engagement exercise to revisit our material topics as previously defined by our desk-based assessment in 2019.

We were reassured to conclude that we had been focusing on the areas that are most important to our internal and external stakeholders and, crucially, we believe this additional analysis has given us the depth of understanding to align our next Sustainability report, which will be published in Q2 2021, to the Global Reporting Initiative's ('GRI') Core Standards.

Our September 2020 tailings storage facility 4 ('TSF4') leakage was a big disappointment for us and we have since made operational, monitoring and personnel changes at Sasa to try to ensure that this never happens again. I was, however, impressed with how the team dealt with this issue. We have been transparent and open with all of our stakeholders and we appointed the best consultants in their fields to help us with the tailings dam and the associated river remediation programme. Our CEO, Nigel Robinson, spent the majority of Q4 2020 in North Macedonia and held many meetings with local and national government officials in conjunction with the Sasa team to ensure our relationships in North Macedonia remain as strong now as they were before the incident.

GOVERNANCE

Non-Executive Directors Nigel Hurst-Brown and Robert Cathery have informed me that they plan to leave the CAML Board during 2021. I am delighted that Mike Prentis has agreed to join the CAML Board as an Independent Non-Executive Director, effective from 31 March 2021. Formerly a fund manager with BlackRock, Mike brings to the Board over 35 years of investment and capital markets experience and will be a great addition to the Group. Mike will join the Audit, Sustainability and Nomination Committees.

Since the escalation of the COVID-19 pandemic in March 2020, we have held weekly CAML Board gatherings as we felt that it was important to provide hands-on guidance and support to the Executive Directors and senior management team in what has arguably been the most unusual period in recent history. I believe that we have navigated this virus (and the unfortunate TSF4 incident) as well as possible and we look forward to a brighter 2021 with various vaccine programmes now being implemented.

ACKNOWLEDGEMENTS

I would like to thank the Board of Directors, our senior management team and all of our employees for their dedication to our business during 2020, in what was a particularly challenging year globally. Your efforts do not go unnoticed, and we very much

appreciate your hard work.

CEO's statement

We ended 2020 in a strong position, having overcome a number of difficulties during the year, in particular the impact of the COVID-19 pandemic. With zero LTIs at both of our operations, we met our increased production guidance at Kounrad and, at Sasa, we achieved our zinc guidance and came within 1% of our lead guidance, despite the TSF4 related shut-downs.

2020 OVERVIEW

Sasa produced 23,815 tonnes of zinc in concentrate and 29,742 tonnes of lead in concentrate at a C1 zinc equivalent cash cost of production of \$0.50 per pound. While these costs are above previous years, this is largely due to increased treatment charges globally as on-site costs remained low.

Our Kounrad operations continued to perform well, delivering copper cathode output within the increased production guidance range of 13,855 tonnes. Kounrad's 2020 C1 copper cash cost of production remained extremely low by global standards at \$0.51 per pound.

Despite the challenges of COVID-19 and weak H1 2020 metal prices, demand for copper, zinc and lead improved materially in H2 2020 and that, combined with our robust production, led to us reporting gross revenue of \$170.3 million. 2020 EBITDA was \$95.7 million, with an EBITDA margin of 56%.

We have continued to deleverage during 2020, having repaid a further \$38.4 million of corporate debt, ending the year in a net debt position of \$36.2 million, with cash in the bank of \$47.9 million (including restricted cash). We view this as significant progress given that CAML had debt of almost \$200 million on acquiring Sasa in November 2017.

The Group generated 2020 free cash flow of \$58.9 million, enabling us to recommend an eight pence per share final dividend. This equates to a full-year dividend of 14 pence per share, which represents 57% of 2020 free cash flow.

SUSTAINABILITY

This strong operational and financial performance underpins our business and we place significant emphasis on ensuring that we are sustainable for all stakeholders. To demonstrate our efforts and achievements in this area, we will soon be publishing our second Sustainability Report, our first to GRI standards, which will provide qualitative and quantitative data to support material sustainability topic areas for us and our external stakeholders.

We remain focused on safety and are pleased to report an excellent year with zero LTIs at either of our operations during 2020. We therefore report a 2020 LTIFR of 0.00, a marked improvement on the LTIFR of 0.42 that we reported in 2019. By the end of 2020, there had been 959 days since the last LTI at Kounrad and 702 days since the last LTI at Sasa. Effective safety training and supervision for our employees will always be a priority and are crucial to maintaining this positive trend into 2021.

We were disappointed to report a leakage at our TSF4 in September 2020. However, under the guidance of global tailings experts, Knight Piésold, we were able to swiftly repair the facility and make some engineering, operational and monitoring improvements for the future stability of the dam. Most importantly, we managed to maintain our strong government and local community relationships through our transparent and open approach to this issue, as well as our efforts in remediating the river.

It is estimated that, by 31 December 2020, in excess of 95% of the tailings deposited during the leakage had been removed from the river. Efforts to remove the remaining tailings will continue into 2021, with the necessary sediment traps already in place and collecting material. Biodiversity efforts can now accelerate in 2021, with revegetation and tree planting activities to be undertaken along the riverbanks, as well as the long-term monitoring of algae and macro-invertebrate regeneration.

During 2020, we spent \$0.5 million at Sasa and Kounrad, supporting the local communities and our host countries nationally as we played our part in helping to mitigate the negative health impacts of the COVID-19 pandemic. 60% of our community support budget was spent on COVID-19 related expenditure. In Kazakhstan, our Kounrad Foundation charity purchased a polymerase chain reaction ('PCR') machine for Balkhash Central Hospital to ensure timely virus testing for the local population. In North Macedonia, Sasa donated \$166,000 to provide support for hospitals (approximately 50% of funds), as well as providing help for the most vulnerable in the local community and contributing to the Government's Ministry of Health COVID-19 fund.

Supporting our local communities in general is a vital aspect of what we do in the areas close to the operations and, as a result, we enjoy good relations with our neighbours, and we believe we have brought some real, positive change. We established the Kounrad Foundation for charitable donations in 2018 and have recently completed the formation of a similar Sasa Foundation.

SASA

At Sasa, in addition to our efforts in broadly achieving our production goals despite TSF4 related production stoppages, we also completed our Life of Mine studies, the findings of which were announced with our interim results in September 2020. The Board recommends the transition of Sasa's Svinja Reka orebody from the current sub-level caving method to cut and fill stoping as this will not only result in maximum recovery of mineral resources but will also enable safer operating practices as well as longer-term improvements to tailings disposal. Implementation of the Cut and Fill Project has commenced, and a dedicated Capital Projects Team formed to ensure the delivery of this project.

KOUNRAD

During the year at Kounrad, leaching operations performed well, as did the SX-EW processing facilities which achieved availability of over 99%. We continued to develop more of the Western Dumps for future leaching operations, while focusing on maximising copper extraction in the Eastern Dumps. Capital expenditure remained very low at \$1.3 million, comprising some replacement anodes, plus increasing our footprint of leaching infrastructure and collector trenches around the Western Dumps.

MARKET PERFORMANCE

During 2020, the CAML share price closed on 31 December 2020 at £2.40, which represents a 9% increase on the 31 December 2019 closing price of £2.20. However, since the COVID-19 related share price low of £1.14 in March 2020, CAML shares appreciated by over 100% to the end of the year.

OUTLOOK

The outlook for 2021 is positive, and we look forward to the year ahead producing the base metals essential for modern living, for all stakeholders, in a safe and sustainable manner.

While we remain in the midst of the COVID-19 pandemic, we have gained confidence over the last 12 months in the measures we have put in place to try to manage, as best we can, infection rates on our sites. We no longer currently fear the forced shutdown or force majeure that we believed possible last year, and the 2021 roll-out of vaccine programmes around the world should soon result in a marked improvement in the health of the global population. Despite the COVID-19 impact, the Group did not access any financial support throughout the pandemic from the UK Government.

We start 2021 in a strong base metal price environment, with improving treatment charges and increased demand for the metals we produce. Our production guidance for Sasa is 825,000 to 850,000 tonnes of ore, which should lead to between 23,000 and 25,000 tonnes of zinc in concentrate and between 30,000 and 32,000 tonnes of lead in concentrate. At Kounrad, we expect to produce between 12,500 and 13,500 tonnes of copper.

Our focus at Sasa during 2021 and 2022 will be implementing the Cut and Fill Project. We now expect 2021 capital expenditure of \$22-23 million, higher than previously guided in the H1 2020 results announcement. This adjustment is due to an additional \$2-3 million in sustaining capital expenditure deferred from 2020 as well as a decision taken to bring forward from 2022 \$4-5 million of project capital expenditure due to the current strong commodity prices. We are progressing well and look forward to implementing this project which will see us extract the maximum resources in a safe, sustainable and efficient manner.

Operations review

Sasa

While 2020 has been dominated with the challenges of COVID-19 and the TSF4 issue, the mine has delivered strong production, good cost control and has commenced implementation of the Cut and Fill Project.

ZINC AND LEAD PRODUCTION AND SALES

2020 mined and processed ore was 826,421 tonnes and 820,215 tonnes respectively. The average head grades were 3.37% zinc and 3.85% lead. The average metallurgical recoveries were 86.1% for zinc and 94.3% for lead.

Sasa produces a zinc concentrate and a separate lead concentrate. In 2020, Sasa produced 47,583 tonnes of zinc concentrate at an average grade of 50.0% and 41,289 tonnes of lead concentrate at an average grade of 72.0%.

	Units	2020	2019	2018
Ore mined	t	826,421	817,714	803,101
Plant feed	t	820,215	820,491	804,749
Zinc grade	%	3.37	3.29	3.31
Zinc recovery	%	86.1	86.5	84.6
Lead grade	%	3.85	3.77	3.90
Lead recovery	%	94.3	94.5	93.6
Zinc concentrate	t (dry)	47,583	47,104	46,128
- Grade	%	50.0	49.6	48.9
- Contained zinc	t	23,815	23,369	22,532
Lead concentrate	t (dry)	41,289	40,366	40,317
- Grade	%	72.0	72.3	72.9
- Contained lead	t	29,742	29,201	29,388

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, 2020 payable production was 20,008 tonnes of zinc and 28,254 tonnes of lead.

Payable base metal in concentrate sales from Sasa were 19,930 tonnes of zinc and 28,218 tonnes of lead. During 2020 Sasa sold 341,633 ounces of payable silver to Osisko Gold Royalties in accordance with its streaming agreement.

MINING

A total of 826,421 tonnes of ore were mined using the sub-level caving method during the year from the 990m and 910m working areas, representing record underground production. The ore from the underground operations is trucked to surface via the XIV ramp (30%) and hoisted via the Golema Reka shaft (70%).

Total ore development during the year totalled 3,047 metres at an average combined grade of 7.22% zinc and lead. Waste development for the year totalled 1,869 metres for 56,977 tonnes of waste, providing internal ramp access and crosscuts to the mining areas below the 910m level. A total of 198 metres of vertical development was completed during the year, providing internal passes and ventilation raises.

Six new underground machines were purchased during the year (three loaders, two boomer drill rigs and one truck) following a review of the equipment and optimisation initiatives. During the year, a total of six boomers were equipped with telescopic drifters enabling mechanised 'in-cycle' support, eliminating the need for hand-held jack leg machines.

Remote loading and charging systems were introduced during the year, utilising a line of site remote control system on two of the ST7 loaders and the introduction of the Can Blast explosive loading system for charging production holes.

Underground communications were installed during the year and included:

- NewTrax equipment monitoring system, which enables more efficient analysis of utilisation and availability
- Battery backup in the event of power loss
- Bluetooth receivers
- CCTV cameras with recording capability were installed at key locations
- The IT team also commenced installation of a fibre network underground as well as 5GHz 802.11ac Wi-Fi access points throughout

PROCESSING

Despite periods of reduced personnel due to COVID-19, the Sasa processing facility processed a total of 820,215 tonnes of ore during the year with an availability of 96.3% (2019: 94.7%).

Commissioning of the tertiary crusher was completed in January 2020 and, since then, the crusher has operated well, producing a finer product size that will enable the grinding circuit to reach a capacity of 850,000 tonnes per year going forward.

The metallurgy team also reinstated a regrind mill for the lead circuit and this, coupled with minor changes in control philosophy has also aided recoveries.

Sasa's metallurgical laboratory has now been operating successfully for one year and has provided valuable support in optimising lead and zinc recoveries.

EXPLORATION

During 2020, CAML undertook diamond drilling at both Svinja Reka, the location of current Sasa mining operations, and Kozja Reka, which was mined between 1966 and 1989, and from where 3.2 million tonnes of ore at a combined zinc and lead grade of 10.5% was extracted. A total of 4,268 metres were drilled at Svinja Reka, with the aim of verifying previous exploration programmes and converting a portion of the Inferred Mineral Resources into the Indicated category.

Following the completion of the Svinja Reka infill drilling programme between the 830 and 750 levels and interpretation of the results, a Mineral Resource Estimate was completed at the end of June 2020 and a total of 710,367 tonnes of Inferred Resources were converted to Indicated Resources.

A total of 2,528 metres were drilled at Kozja Reka to explore the potential mineralisation below the 830 level. The drilling programme will continue in 2021, and, while mineralisation has been intersected, it is not expected that the findings of this initial programme will as yet form part of a Mineral Resource Estimate as additional work would be required.

There were no exploration activities at Golema Reka during 2020.

2021 PRODUCTION GUIDANCE

The 2021 production guidance for Sasa is for a mining rate of between 825,000 and 850,000 tonnes, resulting in metal output of between 23,000 and 25,000 tonnes of zinc and between 30,000 and 32,000 tonnes of lead in concentrate.

CUT AND FILL PROJECT

Overview

During the year, CAML completed its technical and financial analysis and the Board agreed to transition the Svinja Reka operations at Sasa from the current sub-level caving mining method to cut and fill stoping.

The cut and fill mining method involves filling mined voids with a backfill paste material containing tailings to provide support, rather than allowing the roof to cave as is the case with the current sub-level caving method. In order to achieve this, a backfill plant will be constructed, along with associated reticulation pipework to transport this material underground. This is then distributed underground to fill stopes.

Given that a major component of the backfill material will be tailings generated from the Sasa processing plant, it is estimated that in excess of 40% of Svinja Reka's life of mine tailings will be stored underground. Approximately 30% of tailings will be stored in the current TSF4, and CAML is advancing studies with a view to dry-stacking the remainder and therefore eliminating

the need to construct further tailings dams in the future.

In order to ensure efficient underground operations for the long term, a new decline will be developed from surface. The development of this decline, which was mentioned at the time of the H1 2020 results, has subsequently been approved by the Board. The decline will be larger than the current access route and would offer increased ventilation, easier access for reticulation infrastructure and the ability to increase ore production to 900,000 tonnes per year in the medium term, while removing the 'double handling' aspect of the tracked, shaft haulage and conveyor configuration of the current 830 haulage level. This will become particularly important once mining operations progress to below the 830 level.

A Capital Projects team has been formed at Sasa to ensure appropriate focus on this key project and ensure delivery.

Production profile

Cut and fill stoping will commence in H2 2022, with approximately 90% of ore being extracted using this method by 2024, by which point an underground production rate of 900,000 tonnes should be achieved. Production guidance should be maintained at current levels throughout the construction period. In order to increase plant throughput to 900,000 tonnes, modifications will be made to the processing facilities. Specific options are still being considered, with a likely approach being to add another smaller mill as well as additional flotation capacity.

Operating and capital costs

It is expected that operating costs will increase minimally, primarily as a result of the paste component of the operation, involving thickening of tailings, creation of paste and reticulation of the backfill product into the mined stopes. Once the ramp-up period commences in 2023, total site-based costs on a per tonne basis are likely to be in the order of 5% higher than that achieved in 2019.

In 2021 and 2022, project capital expenditure required to transition the mine is expected to be \$18-19 million.

Kounrad

The Kounrad team was proud to meet safety, cost and increased production targets despite the impacts that COVID-19 had on restricting personnel interactions for health measures. Additionally, the team was congratulated on achieving a significant milestone on 18 April 2020, when Kounrad's 100,000th tonne of copper was harvested.

2020 CATHODE PRODUCTION

During the year, the SX-EW plant produced 13,855 tonnes of copper cathode, a slight increase from the previous year of 13,771 tonnes. Total Kounrad copper production since operations commenced in April 2012 is now 110,100 tonnes, averaging over 1,058 tonnes per month since start-up.

During 2020, copper was leached from the Eastern and Western Dumps, with both areas performing in line with forecasts. This combined approach will continue into 2021, and from the end of that year onwards, the contribution from the Eastern Dumps will decline to approximately 20-25% of total output. Winter leaching of the Eastern Dumps was suspended in early December 2020 and will restart in April 2021 and, over the 2020/2021 winter period, copper production will be generated solely from the Western Dumps.

LEACHING OPERATIONS

Both the Eastern and Western Dumps were simultaneously leached during 2020, with the production split being 39% and 61% respectively. As well as leaching copper from the few remaining un-leached cells in the Eastern Dumps, the team also focused on irrigating previously leached blocks in order to maximise the recovery of copper. This technique was implemented on various blocks that had been allowed to rest for periods of, in some cases, almost two years. During this rest period, bacterial and chemical activity continued to solubilise copper mineralisation and this approach worked extremely well, resulting in total 2020 output from the Eastern Dumps of 5,355 tonnes. This takes the total quantity of copper recovered from this resource area, since operations commenced, to 77,731 tonnes or c.96% of that initially forecast at the time of the IPO. Typically, the daily average area under irrigation at the Eastern Dumps during the year was 28 hectares.

This approach of leaching and rotating around all the old, rested blocks will be undertaken going forward with at least a 0.4 grammes per litre copper pick-up being maintained for eight months each year.

During Q1 2021, an additional heavy-duty bulldozer will be purchased, which will be utilised in pushing down the Eastern inter-dump side walls and ripping the surface of the original access roads, after which irrigation piping will be laid. The Company estimates that these currently difficult-to-irrigate areas contain additional quantities of recoverable copper, from which we anticipate an extra 3,000 to 4,000 tonnes of copper in the years between 2021 and 2024. At the Western Dumps, the focus of irrigation remained on parts of Dump 16 and Dump 22 within the initial leach area ('ILA'). During 2020, 8,729 tonnes of copper were recovered from these areas, contributing approximately 63% of the total Kounrad copper production. The average daily area under irrigation on the Western Dumps was 33 hectares of both fresh and previously leached material.

With both dump areas simultaneously under active irrigation, the volume of raffinate pumped around the site averaged 1,334 cubic metres per hour ('m³/hr') versus 1,329 m³/hr in 2019. During the summer period, a proportion of the off-flow solutions from the Eastern Dumps was recycled across to the Western Dumps with the aim of maintaining broadly stable pregnant leach solution ('PLS') grades to the SX plant. This technique operated successfully and will be continued in 2021, as and when appropriate.

Given the planned switch to almost all leaching from the Western Dumps by 2024, engineering studies have been finalised to implement a split irrigation and solution collection system to allow the operation of an Intermediate Leach System ('ILS'), which should result in an increase in the copper grade of the PLS. Capital has been allocated to the first phase of this project in 2021, which will involve the installation of over 14 kilometres of water delivery pipeline and associated pumps. During 2022, the second phase will be completed in readiness for operations from Spring 2023 onwards. This involves the construction of various collection ponds and the installation of the top of the dump distribution and irrigation system.

Application rates of solution to the dumps were maintained at approximately 2.25 litres per square metre per hour ('l/m²/hr') throughout the year. Direct field experience has confirmed that materials in Dump 1A require a lower application rate of approximately 1.5l/m²/hr to achieve optimum solution penetration. Additionally, during 2021, a large-scale field test will be conducted with a low application rate of between 1.0 to 1.5l/m²/hr on Dump 2, in order to assess the potential exploitation of this fine and clay-rich material.

Significant levelling and shaping earthworks were undertaken for six months on Dump 21 in readiness for leaching starting in the Spring of 2021.

CAML's external metallurgical consultant, PCMETS, continued with its valuable technical oversight of the operation. With three and a half years of direct field data for analysis, it has been possible to confirm that leaching of the Western Dumps is materially in line with our original expectations. This data confirms the necessity of the ILS approach to the leaching cycle, coupled with the use of 'rest' periods as successfully proven at the Eastern Dumps.

SX-EW PLANT

The SX-EW plant continued to operate efficiently during 2020 and the overall operational availability throughout the year was in line with expectations at 99.5%.

With the average Western Dumps copper grade of around 0.1%, the average PLS grade for the year was 2.10gpl, approximately 3% less than in 2019. To off-set this reduction the volume of PLS treated through the SX circuit averaged 1,084m³/hr, compared to 985m³/hr achieved in 2019.

While the increased levels of iron in the Western Dumps generally has a positive impact on leaching, as previously mentioned, the impact of this increased iron typically causes a reduction in the current efficiency of the plating process. At an average of 8.75gpl of iron in the rich electrolyte, compared to 7.37gpl in 2019, power consumed per tonne of copper plated increased by 6% to 4,045 kWh per tonne.

During Q2 2020, 1,567 anodes were renewed in the EW1 building, with a further 415 pieces arriving in December for scheduled replacement in Q1 2021. A further 750 pieces will be ordered for replacement in the EW2 building during Q3 2021.

An extra 75m³ capacity tank was delivered to site in late December to enhance on-site storage capability for Escaid, which is a crucial reagent for the process.

The focus for the operations team has been on continued safe, efficient plant operations and the tight control of all operating costs.

COPPER SALES

Throughout the year, the quality of CAML's copper cathode product has once again been maintained at high levels both chemically and visually and there have been no negative quality claims. Regular in-house and independent metallurgical analyses have consistently reported 2020 copper purity of around 99.998%. The Company continues to sell the majority of copper production through its off-take arrangements with Traxys, the terms of which are fixed until October 2022.

2021 PRODUCTION GUIDANCE

The 2021 guidance for Kounrad's copper cathode production remains between 12,500 and 13,500 tonnes.

Financial Review

CAML is pleased to report a strong set of financial results, which demonstrate a strong operational performance and effective cost control. However, the results reflect weak zinc and lead prices, particularly during H1 2020, due to the COVID-19 pandemic, with gross revenue and EBITDA lower than the prior year.

Overview

The Group generated 2020 EBITDA of \$95.7 million (2019: \$108.6 million), representing a decrease of 12% from the prior year due to the decline in commodity prices and an increase in Sasa's concentrate treatment charges. The EBITDA margin however remained strong at 56% (2019: 60%) which, given the global conditions, reflects the Group's ability to maintain low costs across the operations.

Earnings per share ('EPS') from continuing operations was 24.78 cents (2019: 29.36 cents), 16% lower than the previous year.

CAML generated \$58.9 million (2019: \$69.8 million) of free cash flow. The Group has continued to deleverage, having repaid debt of \$38.4 million during the year (2019: \$38.4 million). As at 31 December 2020, drawn overdraft facilities totalled \$9.7 million (2019: \$0.9 million) resulting in net debt of \$36.2 million (2019: \$80.2 million).

Sasa's 2020 EBITDA was \$42.3 million (2019: \$59.6 million), with a margin of 51% (2019: 60%). Whilst sales volumes for both zinc and lead were higher during 2020 compared to 2019, zinc and lead prices declined during 2020 and treatment charges increased. Continued cost control has ensured that the mine continues to operate at approximately the 25th percentile of global producers on a C1 zinc equivalent cash cost basis.

Kounrad's EBITDA was \$65.5 million (2019: \$61.7 million), with a margin of 75% (2019: 76%). EBITDA increased year on year due to an increase in the average copper price received, effective cost control and a weakening of the local currency during the year. This enabled the operation to continue producing copper at costs well within the lowest industry quartile.

Income statement

Group profit before tax from continuing operations decreased by 12% to \$59.8 million (2019: \$67.8 million). This was primarily as a result of reduced revenue due to lower zinc and lead commodity prices and increased treatment charges, as low costs of production were maintained.

Revenue

CAML generated 2020 gross revenue of \$170.3 million (2019: \$180.8 million), which is reported after deduction of treatment charges, but before deduction of offtake buyer's fees and silver purchases for the silver stream. Net revenue after these deductions was \$160.1 million (2019: \$171.7 million).

Sasa

A total of 19,930 tonnes (2019: 19,697 tonnes) of payable zinc in concentrate and 28,218 tonnes (2019: 27,875 tonnes) of payable lead in concentrate were sold during 2020.

The zinc price achieved declined by 10% to an average of \$2,253 per tonne (2019: \$2,497 per tonne) and, for lead, the price achieved also declined by 10% to an average of \$1,791 per tonne (2019: \$2,001 per tonne), leading to a reduction in gross revenue generated from the mine. Revenue also declined due to higher treatment charges during the year of \$22.2 million (2019: \$13.6 million). Sasa generated 2020 gross revenue of \$82.7 million (2019: \$99.1 million). During 2020 the offtake buyer's fee for Sasa was \$0.9 million (2019: \$1.1 million).

Zinc and lead concentrate sales agreements have been arranged with Traxys through to 31 December 2022 for 100% of Sasa production. During 2020, additional smelters were identified in China and South Korea to diversify CAML's customer base. Through these concentrate sales to new smelters, Sasa is benefitting from reduced treatment charges. However, Group selling and distribution costs increased to \$2.6 million (2019: \$1.8 million) reflecting the increased international shipping costs.

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

Kounrad

A total of 13,763 tonnes (2019: 13,100 tonnes) of copper cathode from Kounrad were sold as part of the Company's offtake arrangement with Traxys which has been fixed through to October 2022. The commitment is for a minimum of 95% of Kounrad's annual production. A further 97 tonnes (2019: 500 tonnes) were sold locally, a reduction from the prior year due to lower local demand as a result of COVID-19. Total Kounrad copper sales were 13,860 tonnes (2019: 13,600 tonnes).

Revenue increased due to both higher sales volumes when compared to 2019 and a 4% increase in the average copper price received, which was \$6,267 per tonne in 2020 (2019: \$6,011 per tonne). This generated gross revenue for Kounrad of \$87.7 million (2019: \$81.7 million). During 2020, the offtaker's fee for Kounrad was \$2.5 million (2019: \$2.4 million).

2021 hedging

Given the increased capital expenditure required to deliver the Sasa Cut and Fill Project, CAML has subsequent to year end, put in place hedging arrangements for a portion of its 2021 metal production. Kounrad's Zero Cost Collar contract for 30% of copper production includes a put option of \$6,900 per tonne and a call option of \$8,380 per tonne. Sasa's zinc and lead arrangements are swap contracts, with 30% of Sasa's payable zinc production to be sold at \$2,804 per tonne and 30% of its payable lead production to be sold at \$2,022 per tonne.

These arrangements ensure that CAML retains its leverage to strong copper, zinc and lead prices, while protecting a meaningful proportion of revenues during the higher capital expenditure period and continuing to rapidly deleverage.

Cost of sales

Group cost of sales for the year was \$72.0 million (2019: \$73.1 million). This includes depreciation and amortisation charges of \$28.6 million (2019: \$29.5 million).

Sasa

Sasa's cost of sales for the year was lower than the previous year at \$51.0 million (2019: \$52.8 million) as spending was reduced where possible as commodity prices fell. During 2020, six new pieces of Epiroc underground equipment (three loaders, two boomers and a truck) arrived at site and this also resulted in lower expenditure on underground fleet materials such as spare parts and tyres. Cost of sales also reflects lower concession fees amounting to \$2.4 million (2019: \$2.6 million). This tax is calculated at the rate of 2% (2019: 2%) on the value of metal recovered during the year and the reduction resulted from the lower average zinc and lead prices during the year.

Kounrad

Kounrad's 2020 cost of sales was \$21.0 million (2019: \$20.3 million). This increase year on year was due to higher sales volumes and an increase in mineral extraction tax ('MET') paid. MET is charged by the Kazakhstan authorities at the rate of 5.7% (2019: 5.7%) on the value of metal recovered during the year. MET for the year was \$5.1 million (2019: \$4.7 million) and an increase resulted from the higher average copper price and higher sales volumes during the year.

During the year, the Kazakhstan Tenge depreciated against the US Dollar. The average exchange rate for the year was 413 KZT/USD (2019: 383 KZT/USD), with the Kazakhstan Tenge being worth on average 7% less in US Dollar terms in 2020 compared to 2019. This resulted in a benefit for the cost base, including lower depreciation and amortisation charges during the year of \$3.9 million (2019: \$4.4 million).

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 industry standard, CAML calculates C1 cash cost by including all direct costs of production at Kounrad and Sasa (reagents, power, production labour and materials, as well as realisation charges such as freight and treatment charges) in addition to local administrative expenses. Royalties, depreciation and amortisation charges are excluded from C1 cash cost.

	2020	2019
Sasa zinc equivalent C1 cash cost (\$/lb)	0.50	0.47
Kounrad copper C1 cash cost (\$/lb)	0.51	0.52
Cu equivalent production (t)	29,082	31,233
Group Cu equivalent C1 cost (\$/lb)	1.15	0.94
Fully inclusive Cu equivalent cost of production (\$/lb)	1.63	1.50

Sasa

Sasa's C1 zinc equivalent cash cost of production for 2020 was \$0.50 per pound (2019: \$0.47 per pound). The reason for the \$0.03 per pound increase was due to higher realisation costs at Sasa, primarily due to increased treatment charges for 2020. The on-site costs, over which CAML has more control, were lower than 2019 at \$39.2 per tonne (2019: \$40.3 per tonne) demonstrating continued cost management.

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 (2019: \$0.52 per pound). The decrease in C1 cash cost is largely due to tight cost control and as a result of the devaluation of the Kazakhstan Tenge. Approximately 70% of the C1 cash cost base in Kazakhstan is denominated in Tenge. The average C1 cash cost since production commenced in 2012 is \$0.55 per pound.

Group

CAML reports its Group C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa. The Group's 2020 C1 copper equivalent cash cost was \$1.15 per pound (2019: \$0.94 per pound). This number is calculated based on Sasa's 2020 zinc and lead payable production, which equated to 15,227 copper equivalent tonnes (2019: 17,462 copper equivalent tonnes) added to Kounrad's 2020 copper production of 13,855 tonnes (2019: 13,771 tonnes).

The Group C1 cash cost on a copper equivalent basis has increased largely as a result of higher realisation costs at Sasa, primarily due to increased treatment charges, and lower copper equivalent production units due to lower lead and zinc prices.

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. The Group's fully inclusive copper equivalent unit cost for the year increased to \$1.63 per pound (2019: \$1.50 per pound). The increase of \$0.13 per pound reflects the higher Group C1 cash cost as explained above, however the impact of this increase was countered by lower finance costs and capital expenditure.

Administrative expenses

During the year, administrative expenses were higher at \$19.0 million (2019: \$18.3 million), largely due to employee pay increases across the Group and an increase in Kazakhstan withholding taxes paid.

Finance costs

The interest payable on the debt financing with Traxys Europe S.A. reduced to LIBOR plus 4.00% with effect from 27 March 2020 (previously LIBOR plus 4.75%) and the 2020 average LIBOR rate also reduced to 0.63% (2019: 2.27%). The Group therefore incurred lower finance costs of \$6.7 million (2019: \$11.2 million) given the reducing debt balance and lower interest rate.

Taxation

While the Group profit before tax decreased in 2020, the group corporate income tax remained consistent at \$16.0 million (2019: \$15.9 million). This is due to higher tax paid in Kazakhstan in 2020 owing to an increase in profit before tax at Kounrad from improved copper commodity prices and cost control at a corporate income tax rate of 20%. The profit before tax at Sasa decreased significantly due to lower zinc and lead commodity prices and increased treatment charges in 2020 however North Macedonian corporate income tax is payable at a lower rate of 10% therefore this had less impact on total corporate income tax.

Discontinued operations

The Group continues to report the results of the Copper Bay entities within discontinued operations. These assets were fully written off in prior years.

In February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10%. The Group will not be required to contribute towards future costs of the project. Shuak BV was dissolved in April 2020.

Balance sheet

In reaction to the global market conditions, adjustments were made to the capital expenditure plan and savings and deferrals were identified. As a result, the initial 2020 capital expenditure guidance was reduced from \$12.0-\$14.0 million to \$9.0-\$11.0

million.

During the year, there were additions to property, plant and equipment of \$ 8.5 million (2019: \$12.1 million). The additions were a combination of \$1.3 million (2019: \$1.8 million) Kounrad sustaining capital expenditure and \$ 7.2 million (2019: \$7.5 million) Sasa sustaining capital expenditure. Sasa's TSF4 construction was completed in 2019 and therefore no construction costs were incurred during 2020 (2019: \$1.9 million).

During 2019, a full audit of Sasa's underground mobile fleet was undertaken and a decision was made to undergo a phased process of replacing the current underground mobile plant with a new optimised fleet. During 2020, six new pieces of Epiroc underground equipment (three loaders, two boomers and a truck) arrived at site.

As at 31 December 2020, current trade and other receivables were \$8.9 million (31 December 2019: \$6.3 million), which includes trade receivables from the offtake sales of \$1.9 million (31 December 2019: \$1.5 million) and \$2.6 million in relation to prepayments and accrued income (31 December 2019: \$2.2 million).

Non-current trade and other receivables were \$3.8 million (31 December 2019: \$3.4 million). As at 31 December 2020, a total of \$3.3 million (31 December 2019: \$3.1 million) of VAT receivable was still owed to the Group by the Kazakhstan authorities. Recovery is still expected through the local sales of cathode to offset these recoverable amounts.

As at 31 December 2020, current trade and other payables were \$ 12.9 million (31 December 2019: \$12.3 million).

As at 31 December 2020, non-current and current borrowings were \$32.3 million (31 December 2019: \$69.5 million) and \$48.1 million respectively (31 December 2019: \$39.3 million) comprising of \$70.7 million in corporate debt through Traxys Europe S.A. and the \$9.7 million of North Macedonian overdraft facilities. The reduction in total borrowings of \$28.4 million reflects debt repaid during the year of \$38.4 million, net drawdowns on overdrafts of \$8.0 million, finance charges of \$1.2 million unwinding directly attributable fees and foreign exchange of \$0.8 million on Macedonian Denar denominated overdrafts.

The debt financing agreement with Traxys Europe S.A. has a final maturity date of 4 November 2022. The monthly repayment schedule is \$3.2 million and interest is payable at LIBOR plus 4.00% with effect from 27 March 2020 (previously LIBOR plus 4.75%). Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts and the offtake agreements between Traxys and each operation. The financial covenants of the debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant with significant headroom.

The \$5.0 million overdraft facility previously agreed with Komercijalna Banka AD Skopje with a fixed interest rate of 3.8% denominated in Macedonian Denar has been extended to July 2021 with the fixed interest rate reduced to a range of 2.4% to 2.5% dependent on conditions. In June 2020, a new one-year \$5.0 million overdraft facility was agreed with Ohridska Banka A.D. Skopje with a fixed interest rate of 2.5% denominated in Macedonian Denar. Both facilities can be extended on an annual basis. These funds provide the Group with additional financial flexibility.

As of 31 December 2020, the Group had cash in the bank of \$ 47.9 million (31 December 2019: \$32.6 million).

During 2018, CMK Europe Limited ('CMK Europe'), paid \$5.9 million of withholding tax liability to the Public Revenue Office ('PRO') in North Macedonia. The liability related to the activities of CMK Europe prior to CAML's ownership. In June 2020, CMK Europe received a judgement from the Higher Administrative Court of North Macedonia accepting its appeal and overturning the PRO ruling. The Court judgement instructed the PRO to repeat the withholding tax inspection for the year 2015 to 2017 taking into consideration the findings of the Court judgement. Management believes that a favourable outcome is probable, however, the contingent asset has not been recognised as a receivable at 31 December 2020 as receipt of the amount is dependent on the outcome of the reinspection.

TSF4 incident

During 2020, \$0.7 million was incurred as an expense in relation to the Sasa TSF4 incident, comprising dam repairs to the facility, environmental aspects for riverbed remediation and includes a €65,000 fine for the environmental impact associated with the leakage. There was also \$0.2 million capitalised in respect of infrastructure work and engineering improvements. A further \$0.3 million is expected to be incurred in expenses to complete the remediation works during 2021.

Cash flows

The operational performance of both Kounrad and Sasa and the associated low costs of production resulted in strong cash flows for the Group in the context of the 2020 global health, economic and metal price challenges. Net cash flow generated from operations was \$67.4 million (2019: \$80.9 million).

During the year, corporate debt repayments of \$38.4 million were made (2019: \$38.4 million), plus Group interest paid totalling \$4.8 million (2019: \$9.4 million). Drawdowns on overdrafts during the year were \$8.0 million (2019: \$0.9 million).

\$1.6 million (2019: \$3.0 million) of North Macedonia corporate income tax was paid in cash during the year in addition to a \$4.0 million (2019: \$3.9 million) non-cash payment offset against VAT receivable and overpaid corporate income tax from the prior year. \$13.2 million (2019: \$13.3 million) of Kazakhstan corporate income tax was paid during the year.

Taking into account capital expenditure, CAML's free cash flow for 2020 was \$ 58.9 million (2019: \$69.8 million).

Dividend

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

In light of COVID-19, the CAML Board took the decision not to recommend a final 2019 dividend. Total dividends paid to shareholders during the year of \$13.9 million (2019: \$32.2 million) therefore relate to the interim dividend for the year ended 31 December 2020 of 6.0 pence per Ordinary Share, which was delayed to December 2020 due to the leakage from Sasa's TSF4.

In conjunction with CAML's 2020 annual results, the Board proposes a final 2020 dividend of eight pence per Ordinary Share, which represents 57% of free cash flow and is therefore above our stated policy. This demonstrates a strong end to 2020 for us and a positive start to 2021, particularly in terms of commodity prices. This brings total dividends (proposed and declared) for the year to 14 pence (2019: 6.5 pence) payable on 25 May 2021 to shareholders registered on 30 April 2021. This latest dividend will increase the amount returned to shareholders in dividends and share buy-backs since the 2010 IPO listing to \$209.6 million.

Going concern

The Group meets its day-to-day working capital through its profitable and cash generative operations at Kounrad and Sasa. The Group manages liquidity risk by maintaining adequate committed borrowing facilities and the Group has substantial cash balances as at 31 December 2020.

The prices of copper, zinc and lead were impacted in 2020 by concerns over global demand due to the outbreak of the COVID-19 pandemic. Looking forward, uncertainty remains regarding the global health and economic ramifications of COVID-19, although

metal prices have improved significantly from their lows of H1 2020 with various government COVID-19 vaccine programmes now being implemented and fiscal stimulus expected to drive demand for raw materials.

During 2020, both the Kounrad facility in Kazakhstan and the Sasa mine in North Macedonia continued to operate with no disruptions to production or sales volumes due to COVID-19. The Company put in place many measures during 2020 to try to ensure the health of its employees and contractors on both sites.

The CAML Board has considered and debated a substantial range of possible scenarios on the Group's operations, financial position and forecasts covering a period of at least the next 12 months. This analysis has considered potential impacts associated with a) operational disruption that may be caused by restrictions applied by governments, illness amongst the workforce and disruption to supply chain and offtake arrangements; b) market volatility in respect of commodity prices; c) availability of existing credit facilities. Management have performed reverse stress testing sensitivities to determine when profitability, liquidity or covenants break.

The likelihood of the stress test scenarios occurring is considered to be remote and therefore no material uncertainty is considered to exist and the Directors have a reasonable expectation that the Group has existence for the foreseeable future, accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Non-IFRS financial measures

The Group uses alternative performance measures, which are not defined by generally accepted accounting principles ('GAAP') such as IFRS. These measures are used by management, alongside the comparable GAAP measures, in evaluating the business performance. The measures are not intended as a substitute for GAAP measures and may not be comparable to similarly reported measures by other companies. The following non-IFRS alternative performance financial measures are used in this report:

EBITDA

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

	2020	2019
	\$'000	\$'000
Profit for the year	43,690	51,937
Plus/(less):		
Income tax expense	16,035	15,911
Depreciation and amortisation	29,148	30,080
Foreign exchange loss/(gain)	690	(377)
Other income	(535)	(212)
Other expenses	28	481
Finance income	(116)	(336)
Finance costs	6,673	11,153
Loss/(profit) from discontinued operations	70	(53)
EBITDA	95,683	108,584

Gross revenue

Gross revenue is presented as the total revenue received from sales of all commodities after deducting the directly attributable treatment charges associated for the sale of zinc, lead and silver. This figure is presented as it reflects the total revenue received in respect of the zinc and lead concentrate and is used to reflect the movement in commodity prices during the year. The Board considers gross revenue, together with the reconciliation to net IFRS revenue to provide valuable information on the drivers of IFRS revenue.

Net debt

Net debt is a measure used by the Board for the purposes of capital management and is calculated as the total of the borrowings held with Traxys Europe S.A. and bank overdrafts less the cash and cash equivalents held at the end of the year. This balance does not include the restricted cash balance of \$3.6 million (31 December 2019: \$4.0 million):

	31-Dec-20	31-Dec-19
	\$'000	\$'000
Borrowings	80,412	108,768
Cash and cash equivalents	(44,231)	(28,566)
Net debt	36,181	80,202

Free cash flow

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

	2020	2019
	\$'000	\$'000
Net cash generated from operating activities	67,439	80,853
Less: Purchase of property, plant and equipment	(8,497)	(11,042)
Less: Purchase of intangible assets	(2)	(21)
Free cash flow	58,940	69,790

On behalf of the Board
Gavin Ferrar
Chief Financial Officer
29 March 2021

Consolidated Income Statement for the year ended 31 December

	Note	2020 \$'000	2019 \$'000
Continuing operations			
Revenue	6	160,130	171,748
Presented as:			
Gross revenue ¹	6	170,335	180,815
Less:			
Silver stream purchases	6	(6,796)	(5,556)
Offtake buyers' fees	6	(3,409)	(3,511)
Revenue		160,130	171,748
Cost of sales	7	(72,037)	(73,098)
Distribution and selling costs	8	(2,566)	(1,823)
Gross profit		85,527	96,827
Administrative expenses	9	(18,992)	(18,323)
Other expenses	10	(28)	(481)
Other income	11	535	212
Foreign exchange (loss)/gain		(690)	377
Operating profit		66,352	78,612
Finance income	15	116	336
Finance costs	16	(6,673)	(11,153)
Profit before income tax		59,795	67,795
Income tax	17	(16,035)	(15,911)
Profit for the year from continuing operations		43,760	51,884
Discontinued operations			
(Loss)/profit for the year from discontinued operations	22	(70)	53
Profit for the year		43,690	51,937
Profit attributable to:			
- Non-controlling interests		20	60
- Owners of the parent		43,670	51,877
		43,690	51,937
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in cents per share)			
		\$ cents	\$ cents
Basic earnings per share			
From continuing operations	18	24.78	29.36
From discontinued operations		(0.04)	0.03
From profit for the year		24.74	29.39
Diluted earnings per share			
From continuing operations	18	24.07	28.54
From discontinued operations		(0.04)	0.03
From profit for the year		24.03	28.57

Group

¹ Gross revenue is a non-IFRS financial measure which is used by management, alongside the comparable GAAP measures, in evaluating the business performance. The measures are not intended as a substitute for GAAP measures and may not be comparable to similarly reported measures by other companies.

Consolidated Statement of Comprehensive Income

for the year ended 31 December

	Note	2020 \$'000	2019 \$'000
Profit for the year		43,690	51,937
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	27	26,975	(11,019)
Other comprehensive income/(expense) for the year, net of tax		26,975	(11,019)
Total comprehensive income for the year		70,665	40,918
Attributable to:			
- Non-controlling interests		20	60
- Owners of the parent		70,645	40,858
Total comprehensive income for the year		70,665	40,918
Total comprehensive income/(expense) attributable to equity shareholders arises from:			
- Continuing operations		70,735	40,865
- Discontinued operations		(70)	53
		70,665	40,918

	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Non-current assets					
Property, plant and equipment	19	418,045	406,387	638	838
Intangible assets	20	56,640	58,676	-	-
Deferred income tax asset	38	236	266	-	-
Investments	21	-	-	5,491	5,491
Other non-current receivables	23	3,842	3,389	-	-
		478,763	468,718	6,129	6,329
Current assets					
Inventories	24	7,830	7,283	-	-
Trade and other receivables	23	8,945	6,276	326,655	342,083
Restricted cash	25	3,641	4,013	3,441	3,824
Cash and cash equivalents	25	44,231	28,566	32,673	17,834
		64,647	46,138	362,769	363,741
Assets of disposal group classified as held for sale	22	58	219	-	-
		64,705	46,357	362,769	363,741
Total assets		543,468	515,075	368,898	370,070
Equity attributable to owners of the parent					
Ordinary shares	26	1,765	1,765	1,765	1,765
Share premium	26	191,537	191,184	191,537	191,184
Treasury shares	26	(3,840)	(6,526)	(3,840)	(6,526)
Currency translation reserve	27	(73,498)	(100,473)	-	-
Retained earnings		278,103	250,480	102,687	70,086
		394,067	336,430	292,149	256,509
Non-controlling interests	21	(1,315)	(1,324)	-	-
Total equity		392,752	335,106	292,149	256,509
Liabilities					
Non-current liabilities					
Borrowings	31	32,320	69,473	32,320	69,473
Silver streaming commitment	30	19,246	20,755	-	-
Deferred income tax liability	38	26,199	26,089	-	-
Lease liability		432	496	387	471
Provisions for other liabilities and charges	32	6,999	9,027	-	-
		85,196	125,840	32,707	69,944
Current liabilities					
Borrowings	31	48,092	39,295	38,400	38,400
Silver streaming commitment	30	1,573	2,140	-	-
Trade and other payables	29	12,895	12,305	5,424	4,965
Lease liability		248	252	218	252
Provisions for other liabilities and charges	32	2,687	46	-	-
		65,495	54,038	44,042	43,617
Liabilities of disposal group classified as held for sale	22	25	91	-	-
		65,520	54,129	44,042	43,617
Total liabilities		150,716	179,969	76,749	113,561
Total equity and liabilities		543,468	515,075	368,898	370,070

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company Income Statement or Statement of Comprehensive Income. The profit for the parent company for the year was \$48,526,000 (2019: \$38,637,000).

Consolidated Statement of Changes in Equity for the year ended 31 December

Attributable to owners of the parent	Note	Ordinary shares \$'000	Share premium \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance as at									
1 January									
2019		1,765	191,184	(6,526)	(89,454)	230,281	327,250	(1,384)	325,866
Profit for the year		-	-	-	-	51,877	51,877	60	51,937
Other comprehensive expense	27	-	-	-	(11,019)	-	(11,019)	-	(11,019)
currency translation differences		-	-	-	(11,019)	-	(11,019)	-	(11,019)
Total comprehensive income		-	-	-	(11,019)	51,877	40,858	60	40,918
Transactions with owners									
Share based payments	28	-	-	-	-	1,085	1,085	-	1,085
Exercise of options	28	-	-	-	-	(599)	(599)	-	(599)
Dividends	36	-	-	-	-	(32,164)	(32,164)	-	(32,164)
Total transactions with owners, recognised directly in equity		-	-	-	-	(31,678)	(31,678)	-	(31,678)
Balance as at									
31 December									
2019		1,765	191,184	(6,526)	(100,473)	250,480	336,430	(1,324)	335,106
Profit for the year		-	-	-	-	43,670	43,670	20	43,690
Other comprehensive income - currency translation differences	27	-	-	-	26,975	-	26,975	-	26,975
Total comprehensive		-	-	-	-	-	-	-	-

income	-	-		26,975	43,670	70,645	20	70,665
Transactions with owners								
Share based payments	28	-	-	-	964	964	-	964
Exercise of options	28	-	353	2,686	(3,039)	-	-	-
Disposal of subsidiaries	21	-	-	-	(122)	(122)	(11)	(133)
Dividends	36	-	-	-	(13,850)	(13,850)	-	(13,850)
Total transactions with owners, recognised directly in equity		-	353	2,686	-	(16,047)	(13,008)	(11) (13,019)
Balance as at 31 December 2020		1,765	191,537	(3,840)	(73,498)	278,103	394,067	(1,315) 392,752

Company Statement of Changes in Equity for the year ended 31 December

Company	Note	Ordinary Shares \$'000	Share premium \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2019		1,765	191,184	(6,526)	63,127	249,550
Profit for the year		-	-	-	38,637	38,637
Total comprehensive income		-	-	-	38,637	38,637
Transactions with owners						
Share based payments	28	-	-	-	1,085	1,085
Exercise of options	28	-	-	-	(599)	(599)
Dividends	36	-	-	-	(32,164)	(32,164)
Total transactions with owners, recognised directly in equity		-	-	-	(31,678)	(31,678)
Balance as at 31 December 2019		1,765	191,184	(6,526)	70,086	256,509
Profit for the year		-	-	-	48,526	48,526
Total comprehensive income		-	-	-	48,526	48,526
Transactions with owners						
Share based payments	28	-	-	-	964	964
Exercise of options	28	-	353	2,686	(3,039)	-
Dividends	36	-	-	-	(13,850)	(13,850)
Total transactions with owners, recognised directly in equity		-	353	2,686	(15,925)	(12,886)
Balance as at 31 December 2020		1,765	191,537	(3,840)	102,687	292,149

Consolidated Statement of Cash Flows for the year ended 31 December

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Cash generated from operations	33	87,020	105,143
Interest paid		(4,837)	(9,445)
Corporate income tax paid (net of refunds)		(14,744)	(14,845)
Cash flow generated from operating activities		67,439	80,853
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,497)	(11,042)
Proceeds from sale of property, plant and equipment		350	233
Deferred consideration paid		-	(6,500)
Purchase of intangible assets		(2)	(21)
Interest received	15	116	336
Decrease in restricted cash	25	372	363
Net cash used in investing activities		(7,661)	(16,631)
Cash flows from financing activities			
Drawdown of overdraft	31	9,105	895
Repayment of overdraft	31	(1,110)	-
Repayment of borrowings	31	(38,400)	(38,400)
Dividends paid to owners of the parent	36	(13,850)	(32,164)
Receipt/(settlement) on exercise of share options	28	10	(589)
Net cash used in financing activities		(44,245)	(70,258)
Effect of foreign exchange gain on cash and cash equivalents		82	1
Net increase/(decrease) in cash and cash equivalents		15,615	(6,035)
Cash and cash equivalents at the beginning of the year	25	28,672	34,707
Cash and cash equivalents at the end of the year	25	44,287	28,672

Cash and cash equivalents at 31 December 2020 includes cash at bank and on hand included in assets held for sale of \$56,000 (31 December 2019: \$106,000) (note 22). The Consolidated Statement of Cash Flows does not include the restricted cash balance of \$3,641,000 (2019: \$4,013,000) (note 25).

The brought forward cash and cash equivalents as at 1 January 2020 has been reclassified to exclude the immaterial overdrafts drawdown of \$895,000. The overdraft arrangements are not repayable on demand and therefore represents a form of financing and not a component of cash and cash equivalents.

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

Notes to the Financial Information for the year ended 31 December 2020

1. General information

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

The Group's principal business activities are the production of copper cathode at its Kounrad operations in Kazakhstan and the production of lead, zinc and silver at its Sasa operations in North Macedonia. CAML owns 100% of the Kounrad SX-EW copper project in Kazakhstan and 100% of the Sasa zinc-lead mine in North Macedonia. The Company also owns a 75% equity interest in Copper Bay Limited which is currently held for sale. See note 21 for details.

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

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of the Financial Information

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 December 2020, but is derived from the Group's audited financial statements. The auditors have reported on the 2020 financial statements and their reports were unqualified and did not contain statements under s498(2) or (3) Companies Act 2006, nor did they contain a material uncertainty in relation to going concern. The 2020 Annual Report was approved by the Board of Directors on 29 March 2020, and will be mailed to shareholders in April 2020. The financial information in this statement is audited but does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Group's consolidated financial statements, which form part of the 2020 Annual Report, have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention with the exception of assets held for sale which have been held at fair value. The Group financial information is presented in US Dollars (\$) and rounded to the nearest thousand.

The parent company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The parent company financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, fair value measurements, capital management, presentation of a cash flow statement, new standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group financial statements of Central Asia Metals plc.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are explained in note 4.

Going concern

The Group sells and distributes its copper cathode product primarily through an offtake arrangement with Traxys Europe S.A. ('Traxys') with a minimum of 95% of the SX-EW plant's forecasted output committed as sales for the period up until October 2022. The Group sells Sasa's zinc and lead concentrate product through an offtake arrangement with Traxys which has been fixed through to 31 December 2022. The commitment is for 100% of the Sasa concentrate production.

The Group meets its day to day working capital requirements through its profitable and cash generative operations at Kounrad and Sasa. The Group manages liquidity risk by maintaining adequate committed borrowing facilities and the Group has substantial cash balances as at 31 December 2020.

The prices of copper, zinc and lead were impacted in 2020 by concerns over global demand due to the outbreak of the COVID-19 pandemic. Looking forward, uncertainty remains regarding the global health and economic ramifications of COVID-19, although metal prices have improved significantly from their lows of H1 2020 with various government COVID-19 vaccine programmes now being implemented and fiscal stimulus expected to drive demand for raw materials.

During 2020, both the Kounrad facility in Kazakhstan and the Sasa mine in North Macedonia continued to operate with no disruptions to production or sales volumes due to COVID-19. The Company put in place many measures during 2020 to try to ensure the health of its employees and contractors on both sites.

The CAML Board has considered and debated a substantial range of possible scenarios on the Group's operations, financial position and forecasts covering a period of at least the next 12 months. This analysis has considered potential impacts associated with a) operational disruption that may be caused by restrictions applied by governments, illness amongst the workforce and disruption to supply chain and offtake arrangements; b) market volatility in respect of commodity prices; c) availability of existing credit facilities. Management have performed reverse stress testing sensitivities to determine when profitability, liquidity or covenants break. The financial and other covenants of our debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant.

The likelihood of the stress test scenarios occurring is considered to be remote and therefore no material uncertainty is considered to exist and the Directors have a reasonable expectation that the Group has existence for the foreseeable future, accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

Please refer to notes 6, 25 and 29 for information on the Group's revenues, cash balances and trade and other payables.

New and amended standards and interpretations adopted by the Group

The Group has adopted the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

The definition of material has been amended for IAS 1 and IAS 8 to align the definition across standards and is effective 1 January 2020. The new definition clarifies the definition of material whereby if omitting, misstating or obscuring it could reasonably be expected to influence decisions of the primary users of financial statements. The amendments to the definition of material will not have a significant impact on the financial statements.

The definition of a business per IFRS 3 has also been amended to determine when an entity acquires a business or a group of assets. This amendment is effective from 1 January 2020 and will therefore affect all future business combinations however there is no impact on the current reporting period.

Interest Rate Benchmark Reform - IBOR 'phase 1' (Amendments to IFRS 9, IAS 39 and IFRS 7) that is the first part to a two-phase project which considers relief to hedge accounting in the period before the IBOR reform. These amendments are mandatorily effective for periods beginning 1 January 2020 and must be applied retrospectively however there is no impact on the current reporting period.

New standards, interpretations, and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards include:

Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) that addresses issues that might affect financial reporting after the reform of an interest rate benchmark including its replacement with an alternative benchmark rate. These amendments are mandatorily effective for periods beginning 1 January 2021.

IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments are mandatorily effective for periods beginning 1 January 2022.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. These amendments are mandatorily effective for periods beginning 1 January 2022.

IAS 1 - Presentation of Financial Statements - The classification of liabilities as current or non-current basing the classification on contractual arrangements at the reporting date. These amendments are effective for periods beginning 1 January 2023.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of CAML and the entities it controls drawn up to 31 December 2020.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised losses/gains on transactions between Group companies are eliminated. Unrealised losses/gains are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable intangible assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest

in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and reported within other expenses.

Goodwill

The excess of the consideration transferred of a business combination, the amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit expected to benefit from the business combination in which the goodwill arose. Where the recoverable amount is less than the carrying amount, including goodwill, an impairment loss is recognised in the Income Statement. The carrying amount of goodwill allocated to an entity is taken into account when determining the gain or loss on disposal of the unit.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately within equity in the Consolidated Statement of Financial Position distinct from parent shareholder's equity.

Where losses are incurred by a partially owned subsidiary, they are consolidated such that the non-controlling interests' share in the losses is apportioned in the same way as profits.

Where profits are then made in future periods, such profits are then allocated to the parent company until all unrecognised losses attributable to the non-controlling interests but absorbed by the parent are recovered at which point, profits are allocated as normal.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is considered to be the Board. The Group's segmental reporting reflects the operational focus of the Group. The Group has been organised into geographical and business units based on its principal business activities of mining production, having two reportable segments as follows:

- Kounrad (production of copper cathode) in Kazakhstan
- Sasa (production of lead, zinc and silver) in North Macedonia

Included within the unallocated segment are corporate costs for CAML PLC which includes the Group debt held with Traxys and other holding companies within the Group which are not separately reported to the Board

Foreign currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The Consolidated Financial Statements are presented in US Dollars, which is the Group's and Company's presentation currency. The functional currency of the Company is US Dollars.

Transactions in currencies other than the currency of the primary economic environment in which they operate are initially recorded at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into USD at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rates are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

The cost of the item also includes the cost of decommissioning any buildings or plant and equipment and making good the site, where a present obligation exists to undertake the restoration work.

Development costs relating to specific mining properties are capitalised once management determines a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalisation of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management and is considered commercially viable. Costs incurred during the production phase to increase future output by providing access to additional reserves, are deferred and depreciated on a units-of-production basis over the component of the reserves to which they relate. Ore reserves may be declared for an undeveloped mining project before its commercial viability has been fully determined. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit. Development costs are not depreciated until such time as the areas under development enter production.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its total expected useful life. As at 31 December 2020 the remaining useful lives were as follows:

- Construction in progress - not depreciated
- Land - not depreciated
- Plant and equipment - over 5 to 21 years
- Mining assets - over 2 to 21 years
- Motor vehicles - over 2 to 10 years
- Office equipment - over 2 to 10 years
- Right of use assets - term of lease agreement

Mineral rights are depreciated on a Unit of Production basis ('UoP'), in proportion to the volume of ore mined in the year compared with total proven and probable reserves as well as measured, indicated and certain inferred resources which are considered to have a sufficiently high certainty of commercial extraction at the beginning of the year. Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight-line basis.

Construction in progress is not depreciated until transferred to other classes of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the Income Statement.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable and variable payments based on index or rate
- amounts expected to be payable by the Group under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases

in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group leases offices and equipment. Rental contracts are typically made for fixed periods of six months to five years and have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Intangible assets

a) Exploration and evaluation expenditure
Capitalised costs include costs directly related to any Group exploration and evaluation activities in areas of interest for which there is a high degree of confidence in the feasibility of the project. Exploration and evaluation expenditure capitalised includes acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and activities in relation to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets are measured at cost less provision for impairment, where required.

b) Mining licences, permits and computer software

The historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives with charges included in either cost of sales or administrative expenses:

Computer software	- over two to five years
Mining licences and permits	- over the duration of the legal agreement

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment of non-financial assets

The Group carries out impairment testing on all assets when there exists an indication of an impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell or its value in use.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Income Statement.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The best evidence of an asset's fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value less costs to sell is based on the best available information to reflect the amount the Group could receive for the cash-generating unit in an arm's length sale. In some cases, this is estimated using a discounted cash flow analysis on a post-tax basis.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the Income Statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

Goodwill is also reviewed annually, as well as whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets other than goodwill which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. These steps are as follows: identification of the customer contract; identification of the contract performance obligations; determination of the contract price; allocation of the contract price to the contract performance obligations; and revenue recognition as performance obligations are satisfied.

Under IFRS 15, revenue is recognised when the performance obligations are satisfied and the customer obtains control of the goods or services, usually when title has passed to the buyer and the goods have been delivered in accordance with the contractual delivery terms.

Those sales of zinc and lead made abroad to China and Korea are sold under CIF where legal title transfers when the goods are loaded onto the ship and leave the port. However, part of the transaction price is allocated to a distinct 'shipping and insurance' as we are responsible for arranging the freight and insurance on behalf of customer. This amount is not material to the Group so no adjustment has been made to the financial statements.

Revenue is measured at the fair value of consideration received or receivable from sales of metal to an end user, net of any buyers' discount, treatment charges and value added tax. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

The value of consideration is fair value which equates to the contractually agreed price. The offtake agreements provide for provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer. Such a provisional sale contains an embedded derivative which is not required to be separated from the underlying host contract, being the sale of the commodity. At each reporting date, if any sales are provisionally priced, the provisionally priced copper cathode, zinc and lead sales are marked-to-market using forward prices, with any significant adjustments (both gains and losses) being recorded in revenue in the Income Statement and in trade receivables in the Statement of Financial Position.

The Company may mitigate commodity price risk by fixing the price in advance for its copper cathode with the offtake partner and also its zinc and lead sales with the banks where a facility has been set up and agreed. The price fixing arrangements are outside the scope of IFRS 9 Financial Instruments: Recognition and Measurement and do not meet the criteria for hedge accounting.

The Group reports both a gross revenue and revenue line. Gross revenue is reported after deductions of treatment charges but before deductions of offtakers fees and silver purchases under the Silver Stream (note 6).

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises raw materials, direct labour and all other direct costs associated with mining the ore and processing it to a saleable product.

Net realisable value is the estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion. Provision is made, if necessary, for slow-moving, obsolete and defective inventory.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

Current and deferred income tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill,
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered. When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and

- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash

Restricted cash is cash with banks that is not available for immediate use by the Group. Restricted cash is shown separately from cash and cash equivalents on the Statement of Financial Position.

Investments

Investments in subsidiaries are recorded at cost less provision for impairment.

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such Ordinary Shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Share based compensation

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. An option pricing model is used to measure the fair value of the options.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Trade and other receivables

Trade and other receivables are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

Impairment of financial assets

Impairment provisions for current and non-current trade receivables are recognised based on the 'simplified approach' within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from subsidiaries and loans to subsidiaries are recognised based on the 'general approach' within IFRS 9. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset with the assessment also taking into account the ability of the subsidiary to repay the receivable or loan in the event that it was called due. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the loan whereas twelve month expected credit losses are a portion of lifetime expected credit losses that represent the expected credit losses that result from default events that are possible within twelve months of the reporting date.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Silver stream commitment

The silver stream arrangement has been accounted for as a commitment as the Group has obligations to deliver silver to a third party at a price below market value. On acquisition, following completion of the business combination, the silver stream commitment was identified as an unfavourable contract and recorded at fair value. Payments received under the arrangement prior to the acquisition by the Group were not considered to be a transaction with a customer. Management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. silver commodity from the Company's production), rather than cash or financial assets. Subsequent to initial recognition the silver stream commitment is not revalued and is amortised on a units of production basis to cost of sales.

The fair value of consideration received for delivered silver under the agreement is recorded as revenue. In addition, silver produced in conjunction with the Group's lead and zinc production and sold under the offtake agreement is recorded in gross revenue with a corresponding deduction for silver purchased to deliver under the silver stream recorded in arriving at net revenue.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Provisions

a) Asset retirement obligation

Provisions for environmental restoration of mining operations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the cash flows incorporate assessments of risk. The increase in the provision due to passage of time is recognised as interest expense.

b) Employee benefits - pension

The Group, in the normal course of business, makes payments on behalf of its employees for pensions, health-care, employment and personnel tax, which are calculated based on gross salaries and wages according to legislation. The cost of these payments is charged to the Consolidated Statement of Comprehensive Income in the same period as the related salary cost.

c) Employee benefits - retirement benefits and jubilee awards

Pursuant to the labour law prevailing in the North Macedonian subsidiaries, the Group is obliged to pay retirement benefits for an amount equal to two average monthly salaries, at their retirement date. According to the collective labour agreement, the Group is also obliged to pay jubilee anniversary awards for each 10 years of continuous service of the employee. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. In addition, the Group is not obligated to provide further benefits to current and former employees.

Retirement benefit obligations arising on severance pay are stated at the present value of expected future cash payments towards the qualifying employees. These benefits have been calculated by an independent actuary in accordance with the prevailing rules of actuarial mathematics and recognised as a liability with no pension plan assets. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss over the employees' expected average remaining working lives.

3. Financial instruments - risk management

The Group's activities expose it to a variety of financial risks; market price risk (including foreign currency exchange risk, commodity price risk and interest rate risk), liquidity risk, capital risk and credit risk. These risks are mitigated wherever possible by the Group's financial management policies and practices described

below. The Group's risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The primary Group currency requirements are US Dollar, British Pound, Kazakhstan Tenge, Euro and North Macedonian Denar.

The following table highlights the major currencies the Group operates in and the movements against the US Dollar during the course of the year:

	Average rate			Reporting date spot rate		
	2020	2019	Movement	2020	2019	Movement
Kazakhstan Tenge	412.95	382.75	8%	420.71	381.18	10%
Macedonian Denar	54.02	54.96	(2%)	50.24	54.95	(9%)
Euro	1.13	1.12	1%	1.23	1.12	10%
British Pound	0.78	0.79	(1%)	0.74	0.76	(3%)

Foreign exchange risk does not arise from financial instruments that are non-monetary items or financial instruments denominated in the functional currency. Kazakhstan Tenge and North Macedonian Denar denominated monetary items are therefore not reported in the tables below, as the functional currency of the Group's Kazakhstan-based and North Macedonian-based subsidiaries is the Tenge and Denar respectively.

The Group's exposure to foreign currency risk based on US Dollar equivalent carrying amounts at the reported date:

In \$'000 equivalent	Group		
	USD	EUR	GBP
Cash and cash equivalents	2,637	208	2,397
Trade and other receivables	285	-	-
Trade and other payables	(15)	(398)	(2,542)
Net exposure	2,907	(190)	(145)

In \$'000 equivalent	Group		
	USD	EUR	GBP
Cash and cash equivalents	2,419	94	2,220
Trade and other receivables	1	-	-
Trade and other payables	-	(609)	(429)
Net exposure	2,420	(515)	1,791

Trade and other receivables excludes prepayments and VAT receivable and trade and other payables excludes corporation tax, social security and other taxes as they are not considered financial instruments.

At 31 December 2020, if the foreign currencies had weakened/strengthened by 10% against the US Dollar, post-tax Group profit for the year would have been \$205,000 lower/higher (2019: \$194,000 lower/higher).

Commodity price risk

The Group has a hedging policy in place to allow us to manage commodity price risk however the Directors elected not to hedge during 2020. Post year end, the Group has put in place hedging arrangements with ING, a relationship bank for a portion of its 2021 metal production. Kounrad's Zero Cost Collar contract for 30% of copper production includes a put option of \$6,900 per tonne and a call option of \$8,380 per tonne. Sasa's zinc and lead arrangements are Swap contracts, with 30% of Sasa's zinc production to be sold at \$2,804 per tonne and 30% of its lead to be sold at \$2,022 per tonne.

The following table details the Group's sensitivity to a 10% increase and decrease in the copper, zinc and lead price against the invoiced price. 10% is the sensitivity used when reporting commodity price internally to management and represents management's assessment of the possible change in price. A positive number below indicates an increase in profit for the year and other equity where the price increases.

	2020 \$'000	2019 \$'000
10% increase in copper, zinc and lead price	18,230	18,853
10% decrease in copper, zinc and lead price	(18,230)	(18,853)

Estimated effect on earnings and equity

Liquidity risk

Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities as and when they fall due. The Group currently has sufficient cash resources to facilitate the debt and a material income stream from the Kounrad and Sasa projects. The Group has no undrawn borrowings as at 31 December 2020 (2019: nil).

Future expected payments:

	Group	
	31 Dec 20 \$'000	31 Dec 19 \$'000
Trade and other payables within one year	9,221	8,981
Borrowings payable within one year (note 31)	50,443	44,684
Borrowings payable later than one year but not later than five years (note 31)	34,514	76,304
Lease liability payable within one year	432	252
Lease liability payable later than one year but not later than five years	248	496
	94,858	130,717

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

The Group manages its capital in order to provide sufficient funds for the Group's activities. Future capital requirements are regularly assessed and Board decisions taken as to the most appropriate source for obtaining the required funds, be it through internal revenue streams, external fund raising, issuing new shares or selling assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The financial covenants of the debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant with significant headroom.

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

Net debt

	Note	2020 \$'000	2019 \$'000
Cash and cash equivalents excluding restricted cash	25	44,231	28,566
Bank overdraft	31	(9,692)	(895)
Borrowings, variable interest rates - repayable within one year	31	(38,400)	(38,400)
Borrowings, variable interest rates - repayable after one year	31	(32,320)	(69,473)
Net debt		(36,181)	(80,202)
Total equity		392,752	335,106

Changes in liabilities arising from financing activities

The total borrowings as at 1 January 2020 were \$108,768,000 (1 January 2019: \$144,949,000). During the year, total repayments were \$38,400,000 (2019: \$38,400,000). During the year, there were drawdowns on our unsecured overdrafts of \$9,105,000 (2019: \$895,000) and repayments of \$1,110,000 (2019: \$nil). Other changes amounted to \$2,049,000 (2019: \$1,324,000) leading to a closing debt balance of \$80,412,000 (2019: \$108,768,000). See note 31 for more details.

The cash and cash equivalents including cash at bank and on hand in assets held for sale brought forward were \$28,672,000 (2019: \$34,707,000) with a net \$15,615,000 inflow (2019: \$6,035,000 outflow) during the year and therefore a closing balance of \$44,287,000 (2019: \$28,672,000).

Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party. The Group is exposed to credit risk primarily on its cash and cash equivalents as set out in note 25 and on its trade and other receivables as set out in note 23. The Group sells a minimum of 95% of Kounrad's copper cathode production to the offtake partner which pays on the day of dispatch and during the year 100% of Sasa's zinc and lead concentrate was sold to Traxys which assumes the credit risk.

For banks and financial institutions, only parties with a minimum rating of BBB- are accepted. 98% of the Group's cash and cash equivalents including restricted cash at the year-end were held by banks with a minimum credit rating of A- (2019: 98%). The rest of the Group's cash was held with a mix of institutions with credit ratings between A to BB- (2019: A to BB). The Directors have considered the credit exposures and do not consider that they pose a material risk at the present time. The credit risk for cash and cash equivalents is managed by ensuring that all surplus funds are deposited only with financial institutions with high quality credit ratings.

The expected credit loss for intercompany loans receivable is considered immaterial (note 23).

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020, the Group's borrowings at variable rates were denominated in US Dollars. The Group's borrowings are carried at amortised cost. The Group has borrowings at variable interest rates and a 1% point rise in market interest rate would have caused the interest paid to increase by \$843,000 (2019: \$1,343,000) while a similar decrease would have caused the same decrease in interest paid. The Group does not hedge its exposure to interest rate risk.

The Group had \$28,896,000 of cash balances on short-term deposit as at 31 December 2020 (2019: \$14,494,000). The average fixed interest rate on short-term deposits during the year was 0.3% (2019: 0.6%).

Categories of financial instruments**Financial assets**

	Group	
	31 Dec 20 \$'000	31 Dec 19 \$'000
Cash and receivables:		
Cash and cash equivalents including restricted cash (note 25)	47,872	32,579
Trade and other receivables	5,058	2,980
	52,930	35,559

Trade and other receivables excludes prepayments and VAT receivable as they are not considered financial instruments. All trade and other receivables are receivable within one year for both reporting years.

Financial liabilities

	Group	
	31 Dec 20 \$'000	31 Dec 19 \$'000
Measured at amortised cost:		
Trade and other payables within one year	9,221	8,981
Borrowings payable within one year (note 31)	48,092	39,295
Borrowings payable later than one year but not later than five years (note 31)	32,320	69,473
Lease liability within one year	432	252
Lease liability payable later than one year but not later than five years	248	496
	90,313	118,497

Trade and other payables excludes the silver streaming commitment, corporation tax, social security and other taxes as they are not considered financial instruments.

4. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The following are key areas where critical accounting estimates and judgements are required that could have a material impact on the Financial Statements:

Impairment of non-current assets*Significant accounting judgements*

The carrying value of the goodwill generated by accounting for the business combination of the Group acquiring an additional 40% in the Kounrad project in May 2014 (the "Kounrad Transaction") and the CMK Resources Limited acquisition in November 2017 requires an annual impairment review. This review determines whether the value of the goodwill can be justified by reference to the carrying value of the business assets and the future discounted cash flows of the respective CGUs. The key assumptions used in the Group's impairment assessments are disclosed in note 20.

Key sources of estimation uncertainty

Estimates are required periodically to assess assets for impairment. The critical accounting estimates are future commodity prices, treatment charges, future ore production, discount rates and projected future costs of development and production. Ore reserves and resources included in the forecasts include certain resources considered to be sufficiently certain and economically viable. The Group's resources statements include additional resources which are not included in the life of mine plan or impairment test.

Decommissioning and site rehabilitation estimates*Significant accounting judgements*

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Judgement and experience is used in determining the expected timing, closure and decommissioning methods, which can vary in response to changes in the relevant legal requirements or decommissioning technologies.

Key sources of estimation uncertainty

The discounted provision recognised represents management's best estimate of the costs that will be incurred, and many of these costs will not crystallise until the end of the life of the mine. Estimates are reviewed annually and are based on current contractual and regulatory requirements and the estimated useful life of mines. Engineering and feasibility studies are undertaken periodically and in the interim management make assessments for appropriate changes based on the environmental management strategy; however significant changes in the estimates of contamination, restoration standards, timing of expenditure and techniques will result in changes to provisions from period to period.

A 1% change in the discount rate on the Group's rehabilitation estimates would result in an impact of \$948,000 (2019: \$781,000) on the provision for environmental rehabilitation, and an impact of \$948,000 (2019: \$781,000) on the statement of comprehensive income. A 5% change in cost on the Group's rehabilitation estimates would result in an impact of \$460,000 (2019: \$420,000) on the provision for environmental rehabilitation.

Mineral reserves and resources*Key sources of estimation uncertainty*

The major value associated with the Group is the value of its mineral reserves and resources. The value of the reserves and resources have an impact on the Group's accounting estimates in relation to depreciation and amortisation, impairment of assets and the assessment of going concern. These resources are the Group's best estimate of product that can be economically and legally extracted from the relevant mining property. The Group's estimates are supported by geological studies and drilling samples to determine the quantity and grade of each deposit.

Ore resource estimates may vary from period to period. This judgement has a significant impact on impairment consideration and the period over which capitalised assets are depreciated within the Financial Statements.

The Kounrad resources were classified as JORC Compliant in 2013 and mineral resources were estimated in June 2017 and the Sasa JORC ore reserves and mineral resources were estimated in June 2020.

Tax*Significant accounting judgements*

Management make judgements in relation to the recognition of various taxes payable and receivable by the Group and VAT recoverability for which the recoverability and timing of recovery is assessed. This includes judgement on the contingent asset disclosed of \$5.9m withholding tax receivable following a judgement from the Higher Administrative Court of North Macedonia accepting its appeal. Management believes that a favourable outcome is probable, however, the contingent asset has not been recognised as a receivable at 31 December 2020 as receipt of the amount is dependent on the outcome of the re-inspection. The Group operates in jurisdictions which necessarily require judgment to be applied when assessing the applicable tax treatment for transactions and the Group obtains professional advice where appropriate to ensure compliance with applicable legislation.

TSF4 leakage

Significant accounting judgements

In September 2020 there was a short-term leakage of tailings from TSF4 which required structural dam repairs, engineering improvements to the facility as well as environmental work for riverbed remediation. Management made judgements for the accounting treatment for the repair and remediation work. IAS 16 indicates that repairs and maintenance expenses after construction are generally not capitalised when used to restore an asset to a previous operating condition or to keep an asset in its current operating condition. Repair work should be capitalised when it increases the usefulness and efficiency of the equipment or enhances its useful life or some economic benefit to the Company. It has been determined by management that most of the repair and remediation work of \$0.7m will not bring any additional economic benefits to the Group and has therefore been expensed during the year. However, there were some costs identified during the work that led to engineering improvements and therefore \$0.2m has been capitalised according to IAS 16. As at 31 December 2020 no material future costs are anticipated to be incurred attributable to the leakage.

5. Segmental information

The segmental results for the year ended 31 December 2020 are as follows:

	Kounrad \$'000	Sasa \$'000	Unallocated \$'000	Total \$'000
Gross revenue	87,667	82,668	-	170,335
Silver stream purchases	-	(6,796)	-	(6,796)
Offtake buyers' fees	(2,546)	(863)	-	(3,409)
Revenue	85,121	75,009	-	160,130
EBITDA	65,473	42,347	(12,137)	95,683
Depreciation and amortisation	(4,007)	(24,890)	(251)	(29,148)
Foreign exchange gain/(loss)	221	(889)	(22)	(690)
Other income (note 11)	166	359	10	535
Other expenses (note 10)	(3)	(5)	(20)	(28)
Finance income (note 15)	9	-	107	116
Finance costs (note 16)	(162)	(586)	(5,925)	(6,673)
Profit/(loss) before income tax	61,697	16,336	(18,238)	59,795
Income tax	-	-	-	(16,035)
Profit for the year after tax from continuing operations				43,760
Loss from discontinued operations				(70)
Profit for the year				43,690

Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of \$17.7m.

The segmental results for the year ended 31 December 2019 are as follows:

	Kounrad \$'000	Sasa \$'000	Unallocated \$'000	Total \$'000
Gross revenue	81,708	99,107	-	180,815
Silver stream purchases	-	(5,556)	-	(5,556)
Offtake buyers' fees	(2,424)	(1,087)	-	(3,511)
Revenue	79,284	92,464	-	171,748
EBITDA	61,720	59,564	(12,700)	108,584
Depreciation and amortisation	(4,533)	(25,308)	(239)	(30,080)
Foreign exchange (loss)/gain	(169)	698	(152)	377
Other income (note 11)	182	30	-	212
Other expenses (note 10)	(40)	(441)	-	(481)
Finance income (note 15)	9	1	326	336
Finance costs (note 16)	(106)	(263)	(10,784)	(11,153)
Profit/(loss) before income tax	57,063	34,281	(23,549)	67,795
Income tax	-	-	-	(15,911)
Profit for the year after tax from continuing operations				51,884
Profit from discontinued operations				53
Profit for the year				51,937

Depreciation and amortisation includes amortisation on the fair value uplift on acquisition of Sasa and Kounrad of \$19.4m.

A reconciliation between profit for the year and EBITDA is presented in the Financial Review section.

Group segmental assets and liabilities for the year ended 31 December 2020 are as follows:

	Segmental assets		Additions to non-current assets		Segmental liabilities	
	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
Kounrad	66,562	76,118	1,255	1,850	(11,142)	(11,017)
Sasa	435,141	411,899	7,265	9,432	(62,792)	(55,269)
Assets held for sale (note 22)	58	219	-	-	(25)	(91)
Unallocated including corporate	41,707	26,839	4	870	(76,757)	(113,592)
	543,468	515,075	8,524	12,152	(150,716)	(179,969)

6. Revenue

Group	2020	2019
	\$'000	\$'000
International customers (Europe) - copper cathode	87,110	78,848
International customers (Europe) - zinc and lead concentrate	80,652	97,199
Domestic customers (Kazakhstan) - copper cathode	557	2,860
International customers (Europe) - silver	2,016	1,908
Total gross revenue	170,335	180,815
Less:		
Silver stream purchases	(6,796)	(5,556)
Offtake buyers' fees	(3,409)	(3,511)
Revenue	160,130	171,748

Kounrad

The Group sells and distributes its copper cathode product primarily through an offtake arrangement with Traxys, which has been retained as CAML's offtake partner through to September 2022. The offtake arrangements are for a minimum of 95% of the SX-EW plant's output. Revenue is recognised at the Kounrad mine gate when the goods have been delivered in accordance with the contractual delivery terms.

The offtake agreement provides for the option of provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month following delivery to the buyer. The Company may mitigate commodity price risk by fixing the price in advance for its copper cathode sales with the offtake partner (see note 3).

The costs of delivery to the end customers have been effectively borne by the Group through means of an annually agreed buyer's fee which is deducted from

the selling price.

During 2020, the Group sold 13,763 tonnes (2019: 13,100 tonnes) of copper through the offtake arrangements. Some of the copper cathodes are also sold locally and during 2020, 97 tonnes (2019: 500 tonnes) were sold to local customers.

Sasa

The Group sells Sasa's zinc and lead concentrate product to smelters through an offtake arrangement with Traxys which has been fixed through to 31 December 2022. The commitment is for 100% of the Sasa concentrate production. The agreements with the smelters provide for provisional pricing i.e. the selling price is subject to final adjustment at the end of the quotation period based on the average price for the month, two months or three months following delivery to the buyer and subject to final adjustment for assaying results.

The Group sold 19,930 tonnes (2019: 19,697 tonnes) of payable zinc in concentrate and 28,218 tonnes (2019: 27,875 tonnes) of payable lead in concentrate.

The revenue arising from silver relates to a contract with Osisko Gold Royalties where the Group has agreed to sell all of its silver at a fixed price of \$5.69/oz, significantly below market value and arising from the silver stream commitment inherited on acquisition (note 30).

7. Cost of sales

Group	2020 \$'000	2019 \$'000
Reagents, electricity and materials	18,321	19,931
Depreciation and amortisation	28,587	29,499
Silver stream commitment (note 30)	(2,017)	(2,285)
Royalties	7,488	7,271
Employee benefit expense	14,931	12,862
Consulting and other services	4,352	5,398
Taxes and duties	375	422
	72,037	73,098

8. Distribution and selling costs

Group	2020 \$'000	2019 \$'000
Freight costs	2,224	1,550
Transportation costs	30	108
Employee benefit expense	3	61
Depreciation and amortisation	13	20
Materials and other expenses	296	84
	2,566	1,823

The above distribution and selling costs are those incurred at Kounrad and Sasa in addition to the costs associated with the offtake arrangements.

9. Administrative expenses

Group	2020 \$'000	2019 \$'000
Employee benefit expense	9,352	8,867
Share based payments	964	1,085
Consulting and other services	6,166	6,084
Auditors remuneration (note 12)	381	378
Office-related costs	923	1,271
Taxes and duties	658	77
Depreciation and amortisation	548	561
Total from continuing operations	18,992	18,323
Total from discontinued operations (note 22)	83	170
	19,075	18,493

10. Other expenses

Group	2020 \$'000	2019 \$'000
Other expenses	28	-
Loss on disposal of property, plant and equipment	-	481
	28	481

11. Other income

Group	2020 \$'000	2019 \$'000
Gain on disposal of property, plant and equipment	306	-
Other income	229	212
	535	212

12. Auditors' remuneration

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

	2020 \$'000	2019 \$'000
Fees payable to BDO LLP the Company's auditors for the audit of the parent company and Consolidated Financial Statements	190	160
Fees payable to BDO LLP the Company's auditors and its associates for other services:		
- The audit of Company's subsidiaries	139	144
Fees payable to BDO LLP the Company's auditors and its associates for other services:		
- Other assurance services	52	-
Fees payable to PWC LLP the previous Company's auditors for the audit of the parent company and Consolidated Financial Statements	-	36
Fees payable to PWC LLP the previous Company's auditors and its associates for other services:		
- Other assurance services	-	38
	381	378

13. Employee benefit expense

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

Group	2020 \$'000	2019 \$'000
Wages and salaries	18,019	16,242
Social security costs and similar taxes	2,569	2,426
Staff healthcare and other benefits	2,168	2,123
Other pension costs	2,990	2,315
Share based payment expense (note 28)	964	1,085
Total for continuing operations	26,710	24,191
Total for discontinuing operations (note 22)	74	75
	26,784	24,266

The total employee benefit expense includes an amount of \$1,346,000 (2019: \$1,316,000) which has been capitalised within property, plant and equipment.

Company	2020 \$'000	2019 \$'000
Wages and salaries	5,464	5,391
Social security costs	1,137	934
Staff healthcare and other benefits	413	533
Other pension costs	161	165
Share based payments (note 28)	964	1,085
	8,139	8,108

Key management remuneration is disclosed in the Remuneration Committee report.

14. Monthly average number of people employed

Group	2020 Number	2019 Number
Operational	905	901
Construction	5	8
Management and administrative	133	130
	1,043	1,039

The monthly average number of staff employed by the Company during the year was 16 (2019: 15).

15. Finance income

Group	2020 \$'000	2019 \$'000
Bank interest received	116	336
	116	336

16. Finance costs

Group	2020 \$'000	2019 \$'000
Provisions: unwinding of discount (note 32)	528	329
Interest on borrowings (note 31)	6,060	10,779
Lease interest expense and bank charges	85	45
Total for continuing operations	6,673	11,153
Total for discontinuing operations (note 22)	-	57
	6,673	11,210

17. Income tax

Group	2020 \$'000	2019 \$'000
Current tax on profits for the year	16,998	17,234
Deferred tax credit (note 38)	(963)	(1,323)
Income tax expense	16,035	15,911

Taxation for each jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Group	2020 \$'000	2019 \$'000
Profit before income tax	59,795	67,795
Tax calculated at domestic tax rates applicable to profits in the respective countries	9,473	21,964
Tax effects of:		
Expenses not deductible for tax purposes	26,180	19,854
Non-taxable income	(22,469)	(27,194)
Movement on unrecognised deferred tax - tax losses	2,851	1,287
Income tax expense	16,035	15,911

Corporate income tax is calculated at 19% (2019: 19%) of the assessable profit for the year for the UK parent company, 20% for the operating subsidiaries in Kazakhstan (2019: 20%) and 10% (2019: 10%) for the operating subsidiaries in North Macedonia.

Expenses not deductible for tax purposes includes share-based payment charges, transfer pricing adjustments in accordance with local tax legislation and depreciation and amortisation charges. Non-taxable income includes intercompany dividend income.

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

18. Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the year excluding Ordinary Shares purchased by the Company and held as treasury shares (note 26).

	2020 \$'000	2019 \$'000
Profit from continuing operations attributable to owners of the parent	43,740	51,824
(Loss)/profit from discontinued operations attributable to owners of the parent	(70)	53
Profitable attributable to owners of the parent	43,670	51,877

	2020 No.	2019 No.
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266

	2020 \$ cents	2019 \$ cents
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the year (expressed in \$ cents per share)		
From continuing operations	24.78	29.36
From discontinued operations	(0.04)	0.03
From profit for the year	24.74	29.39

(b) Diluted

The diluted earnings/(loss) per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding after assuming the conversion of all outstanding granted share options.

	2020 \$'000	2019 \$'000
Profit from continuing operations attributable to owners of the parent	43,740	51,824
Profit/(loss) from discontinued operations attributable to owners of the parent	(70)	53
Profitable attributable to owners of the parent	43,670	51,877

	2020 No.	2019 No.
Weighted average number of Ordinary Shares in issue	176,498,266	176,498,266
Adjusted for:		
- Share options	5,215,770	5,076,397
Weighted average number of Ordinary Shares for diluted earnings per share	181,714,036	181,574,663

	2020 \$ cents	2019 \$ cents
Diluted earnings/(loss) per share		
From continuing operations	24.07	28.54
From discontinued operations	(0.04)	0.03
From profit for the year	24.03	28.57

19. Property, plant and equipment

Group	Construction in progress \$'000	Plant and equipment \$'000	Mining assets \$'000	Motor vehicles and ROU assets \$'000	Land \$'000	Mineral rights \$'000	Total \$'000
Cost							
At 1 January 2019	17,317	113,232	1,415	1,947	634	350,333	484,878
Additions	10,566	481	-	1,084	-	-	12,131
Disposals	(214)	(732)	-	(32)	-	-	(978)
Change in estimate - asset retirement obligation (note 32)	-	3,664	-	-	-	-	3,664
Transfers	(12,951)	12,951	-	-	-	-	-
Exchange differences	(345)	(941)	11	(14)	(15)	(8,532)	(9,836)
At 31 December 2019	14,373	128,655	1,426	2,985	619	341,801	489,859
Additions	8,399	49	-	74	-	-	8,522
Disposals	(41)	(1,623)	-	(39)	-	-	(1,703)
Change in estimate - asset retirement obligation (note 32)	-	448	-	-	-	-	448
Transfers	(18,441)	18,441	-	-	-	-	-
Exchange differences	447	829	(134)	(146)	58	27,228	28,282
At 31 December 2020	4,737	146,799	1,292	2,874	677	369,029	525,408
Accumulated depreciation							
At 1 January 2019	-	32,996	225	852	-	21,204	55,277
Provided during the year	-	9,964	89	471	-	17,801	28,325
Disposals	-	(237)	-	(27)	-	-	(264)
Exchange differences	-	127	2	5	-	-	134
At 31 December 2019	-	42,850	316	1,301	-	39,005	83,472
Provided during the year	-	10,702	115	343	-	16,159	27,319
Disposals	-	(1,620)	-	(39)	-	-	(1,659)
Exchange differences	-	(1,666)	(30)	(73)	-	-	(1,769)
At 31 December 2020	-	50,266	401	1,532	-	55,164	107,363
Net book value at 31 December 2019	14,373	85,805	1,110	1,684	619	302,796	406,387
Net book value at 31 December 2020	4,737	96,533	891	1,342	677	313,865	418,045

The Company had \$638,000 of office equipment at net book value as at 31 December 2020 (2019: \$838,000).

The decrease in estimate in relation to the Kounrad asset retirement obligation of \$160,000 (2019: increase of \$783,000) is due to adjusting the provision recognised at the net present value of future expected costs using latest assumptions on inflation rates and discount rates (note 32).

The increase in estimate in relation to the Sasa asset retirement obligation of \$608,000 (2019: increase of \$2,881,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using latest assumptions on inflation rates and discount rates as well as updating the provision for management's best estimate of the costs that will be incurred based on current contractual and regulatory requirements (note 32).

During the year there were total disposals of plant, property and equipment at cost of \$1,703,000 (2019: \$978,000) with accumulated depreciation of \$1,659,000 (2019: \$264,000). The Group received \$350,000 (2019: \$233,000) consideration for these assets and therefore a gain of \$306,000 was recognised in other income (note 11) (2019: loss of \$481,000 recognised in other expenses).

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Depreciation charge of right-of-use assets		
Office	171	323
Other	24	19
	195	342
Interest expense included in finance costs	45	45

As at 31 December 2020 there are no indications of impairment with the fair value of the assets exceeding the net book value.

20. Intangible assets

Group	Goodwill \$'000	Mining licences and permits \$'000	Computer software and website \$'000	Total \$'000
Cost				
At 1 January 2019	31,179	37,634	519	69,332
Additions	-	-	21	21
Disposals	-	-	(12)	(12)
Exchange differences	(507)	(140)	1	(646)
At 31 December 2019	30,672	37,494	529	68,695
Additions	-	-	2	2
Disposals	-	-	(253)	(253)
Exchange differences	881	(1,334)	(7)	(460)
At 31 December 2020	31,553	36,160	271	67,984

Accumulated amortisation

At 1 January 2019	-	7,537	484	8,021
Provided during the year	-	1,940	55	1,995
Disposals	-	-	(12)	(12)
Exchange differences	-	15	-	15
At 31 December 2019	-	9,492	527	10,019
Provided during the year	-	1,864	10	1,874
Disposals	-	-	(253)	(253)
Exchange differences	-	(274)	(22)	(296)
At 31 December 2020	-	11,082	262	11,344
Net book value at 31 December 2019	30,672	28,002	2	58,676
Net book value at 31 December 2020	31,553	25,078	9	56,640

The Company had nil computer software and website costs at net book value as at 31 December 2020 (2019: nil).

Impairment assessment**Kounrad project**

The Kounrad project located in Kazakhstan has an associated goodwill balance of \$8,154,000 (2019: \$8,999,000). In accordance with IAS 36 "Impairment of assets" and IAS 38 "Intangible Assets", a review for impairment of goodwill is undertaken annually or at any time an indicator of impairment is considered to exist and in accordance with IAS 16 "Property, plant and equipment", a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist. The discount rate applied to calculate the present value is based upon the nominal weighted average cost of capital applicable to the cash generating unit ('CGU'). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of the CGU is assessed by reference to the higher of value in use ('VIU'), being the net present value ('NPV') of future cash flows expected to be generated by the asset, and fair value less costs to dispose ('FVLCD'). The FVLCD is considered to be higher than VIU and has been derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions.

The discount rate reflects equity risk premiums over the risk-free rate, the impact of the remaining economic life of the CGU and the risks associated with the relevant cash flows based on the country in which the CGU is located. These risk adjustments are based on observed equity risk premiums, historical country risk premiums and average credit default swap spreads for the period.

The key economic assumptions used in the review were a five-year forecast average nominal copper price of \$6,851 per tonne (2019: \$6,372 per tonne) and a long-term price of \$6,724 per tonne (2019: \$6,595 per tonne) and a discount rate of 8% (2019: 8%). Assumptions in relation to operational and capital expenditure are based on the latest budget approved by the Board. The carrying value of the net assets is not currently sensitive to any reasonable changes in key assumptions. Management concluded and the net present value of the asset is significantly in excess of the net book value of assets, and therefore no impairment has been identified.

Sasa project

The Sasa project located in North Macedonia has an associated goodwill balance of \$23,399,000 (2019: \$21,673,000). The business combination in 2017 was accounted for at fair value under IFRS 3 and therefore recoverable value is sensitive to changes in commodity prices, operational performance, treatment charges, future cash costs of production and capital expenditures. In accordance with IAS 36 "Impairment of assets" and IAS 38 "Intangible Assets", a review for impairment of goodwill is undertaken annually or at any time an indicator of impairment is considered to exist and in accordance with IAS 16 "Property, plant and equipment", a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist.

The assessment compared the recoverable amount of the Sasa Cash CGU with its carrying value for the year ended 31 December 2020. The recoverable amount of the CGU is assessed by reference to the higher of VIU, being the NPV of future cash flows expected to be generated by the asset, and FVLCD. The FVLCD is considered to be higher than VIU and has been derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions. Cost to dispose is based on management's best estimates of future selling costs at the time of calculating FVLCD. Costs attributable to the disposal of the CGU are not considered significant. The methodology used for the fair value is a level 3 valuation.

The expected future cash flows utilised in the FVLCD model are derived from estimates of projected future revenues based on broker consensus commodity prices, treatment charges, future cash costs of production and capital expenditures contained in the life of mine ('LOM') plan, and as a result FVLCD is considered to be higher than VIU. The Group's discounted cash flow analysis reflects probable reserves as well as indicated resources and certain inferred resources which are considered sufficiently certain and economically viable, and is based on detailed research, analysis and modelling. The forecast operational and capital expenditure reflects the transition of mining method from sub-level caving to cut and fill stoping.

At 31 December 2020, the Group has reviewed the indicators for impairment, including forecasted commodity prices, treatment charges, discount rates, operating and capital expenditure, and the mineral reserves and resources' estimates and an impairment is not necessary. For the purposes of the impairment review a discount rate of 9.13% (2019: 8.07%) was applied to calculate the present value of the CGU. The discount rate was supported by a detailed WACC calculation considering both the country and company risk premiums. The key economic assumptions used in the review were a five-year forecast average nominal zinc and lead price of \$2,391 (2019: \$2,220) and \$2,093 (2019: \$1,986) per tonne respectively and a long-term price of \$2,291 (2019: \$2,358) and \$2,095 (2019: \$1,900) per tonne respectively. Management forecasts factor in a decrease in Zinc and lead treatment charges which are currently high but are forecast to return to historic averages by 2022.

Management then performed sensitivity analyses whereby certain parameters were flexed downwards by reasonable amounts for the CGU to assess whether the recoverable value for the CGU would result in an impairment charge. The following sensitivities when applied in isolation would result in a breakeven position:

- Long-term zinc price reduced by 12%
- Long-term lead price reduced by 7%
- Discount rate increased to 11%
- Production decreased by 5%
- Treatment charges increased by 30%
- Operational expenditure increased by 9%
- Capital expenditure increased by 45%

In isolation, none of the changes set out above would result in an impairment. This sensitivity analysis also does not take into account any of management's mitigation factors should these changes occur or the planned production optimisation in future years. The Board considers the base case forecasts to be appropriate and balanced best estimates.

21. Investments

Shares in Group undertakings:

	31 Dec 20	31 Dec 19
	\$'000	\$'000
At 1 January	5,491	5,491
Investment in Shuak BV	23	2,800
Impairment of investment in Shuak BV	(23)	(2,800)
At 31 December	5,491	5,491

Company

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid, less impairment.

Details of the Company holdings are included in the table below:

Subsidiary	Registered office address	Activity	CAML % 2020	Non-controlling interest % 2020	CAML % 2019	Date of incorporation 2019
CAML Kazakhstan BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	100	-	100	23 Jun 08
Sary Kazna LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SUC operations)	100	-	100	6 Feb 06
Kounrad Copper Company LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Kounrad project (SX-EW plant)	100	-	100	29 Apr 08
Copper Bay Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	75*	25	75*	29 Oct 10

Copper Bay (UK) Ltd	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Holding Company	75*	25	75*	9 Nov 11
Copper Bay Chile Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Holding Company	75*	25	75*	12 Oct 11
Minera Playa Verde Limitada	Ebro 2740, Oficina 603, Las Condes, Santiago, Chile	Exploration - Copper	75*	25	75*	20 Oct 11
CAML MK Limited	Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom	Seller of zinc and lead concentrate	100	-	100	5 Sep 17
CMK Resources Limited	Cannon's Court, 22 Victoria St, Hamilton HM12, Bermuda	Holding Company	100	-	100	19 June 2015
CMK Mining B.V.	Prins Bernhardplein 200 1097 JB Amsterdam, The Netherlands	Holding Company	100	-	100	30 June 2015
CMK Europe SPLLC Skopje	Ivo Lola Ribar no. 57-1/6, 1000 Skopje, North Macedonia	Holding Company	100	-	100	10 July 2015
Rudnik SASA DOOEL Makedonska Kamenica	28 Rudarska Str, Makedonska Kamenica, 2304, North Macedonia	Sasa project	100	-	100	22 June 2005
Ken Shuak LLP	Business Centre No. 2, 4 Mira Street, Balkhash, Kazakhstan	Shuak project (exploration)	10	90	80	5 Oct 16
Shuak BV	Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Holding Company	-	-	80	20 Sep 16

*Fully diluted basis

CAML MK

For the year ended 31 December 2020, CAML MK Limited (registered number: 10946728) has opted to take advantage of a statutory exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of CAML MK Limited have not required it to obtain an audit of their Financial Statements for the year ended 31 December 2020. In order to facilitate the adoption of this exemption, Central Asia Metals plc, the parent company of the subsidiaries concerned, undertakes to provide a guarantee under Section 479C of the Companies Act 2006 in respect of CAML MK Limited.

Shuak

In February 2020, the Group reduced its effective interest in Ken Shuak LLP from 80% to 10% and in April 2020 liquidated Shuak BV. The Group will not be required to contribute towards future costs of the project.

CMK Resources Limited

During 2019, CMK Mining B.V. (formally CMK Mining Limited (Bermuda) was reincorporated from Bermuda into the Netherlands. Prior to this reincorporation, CMK Resources Limited transferred its shareholding in CMK Mining B.V. to CAML MK Limited. CMK Resources Limited was liquidated in February 2020.

Non-controlling interest

	31 Dec 20 \$'000	31 Dec 19 \$'000
Balance at 1 January	1,324	1,384
Profit attributable to non-controlling interests	(20)	(60)
Disposal of subsidiaries	11	-
Balance at 31 December	1,315	1,324

Non-controlling interests were held at year end by third parties in relation to Copper Bay Limited, Copper Bay (UK) Limited, Copper Bay Chile Limitada and Minera Playa Verde Limitada. During the year the Group reduced its effective interest in Ken Shuak LLP from 80% to 10% and in April 2020 liquidated Shuak BV and therefore these are treated as a disposal of non-controlling interest.

22. Assets held for sale

The assets and liabilities of the Copper Bay entities continue to be presented as held for sale in the Statement of Financial Position as the Company progresses its sale process with a party currently holding exclusive due diligence rights. The exploration assets and property, plant and equipment held in Copper Bay were fully written off in prior periods. The results of the Copper Bay entities for the year ended 31 December 2020 and the comparative year ended 31 December 2019 are shown within discontinued operations in the Consolidated Income Statement.

Assets of disposal group classified as held for sale:

	31 Dec 20 \$'000	31 Dec 19 \$'000
Cash and cash equivalents	56	106
Trade and other receivables	2	113
	58	219

Liabilities of disposal group classified as held for sale:

	31 Dec 20 \$'000	31 Dec 19 \$'000
Trade and other payables	25	73
Provisions	-	18
	25	91

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

	2020 \$'000	2019 \$'000
(Loss)/profit from discontinued operations:		
General and administrative expenses	(97)	(170)
Foreign exchange gain	27	280
Finance costs	-	(57)
(Loss)/profit from discontinued operations	(70)	53

Cash flows of disposal group classified as held for sale:

	2020 \$'000	2019 \$'000
Operating cash flows	(50)	48
Total cash flows	(50)	48

23. Trade and other receivables

	Group		Company	
	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
Current receivables				
Receivable from subsidiary	-	-	444	381
Loans due from subsidiaries	-	-	325,496	341,005
Trade receivables	1,928	1,493	-	-
Prepayments and accrued income	2,627	2,195	353	387
VAT receivable	1,260	1,101	92	90
Other receivables	3,130	1,487	270	220
	8,945	6,276	326,655	342,083

Non-current receivables

Prepayments	760	441	-	-
VAT receivable	3,082	2,948	-	-
	3,842	3,389	-	-

The carrying value of all the above receivables is a reasonable approximation of fair value. There are no amounts past due at the end of the reporting period that have not been impaired apart from the VAT receivable balance as explained below. Trade and other receivables and loans due from subsidiaries are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

The loan due from subsidiaries is owed by CAML MK Limited, a directly owned subsidiary for \$325,496,000 (2019: \$301,179,000), which accrues interest at a rate of 5% per annum and is repayable on demand. There was another loan as at 31 December 2019 of \$39,826,000 which was owed by CMK Mining B.V, a subsidiary, however this was repaid in full during the year. The loan has been assessed for expected credit loss under IFRS 9, however as the Group's strategies are aligned there is no realistic expectation that repayment would be demanded early ahead of the current repayment plans. The expected future cash flows arising from the asset exceed the intercompany loan value under various scenarios considered which are outlined in the intangible assets impairment assessment so it is believed this loan can be repaid and the expected credit loss is immaterial.

As at 31 December 2020, the total Group VAT receivable was \$4,342,000 (2019: \$4,049,000) which includes an amount of \$3,396,000 (2019: \$3,086,000) of VAT owed to the Group by the Kazakhstan authorities. In 2020, the Kazakhstan authorities refunded \$235,000 and a further \$247,000 was received in February 2021 and this has been classified as current trade and other receivables as at 31 December 2020. The Group is working closely with its advisers to recover the remaining portion. The planned means of recovery will be through a combination of the local sales of cathode copper to offset VAT recoverable and by a continued dialogue with the authorities for cash recovery and further offsets.

24. Inventories

	31 Dec 20	31 Dec 19		
Group	\$'000	\$'000		
Raw materials	6,986	6,431		
Finished goods	844	852		
	7,830	7,283		

The Group did not have any slow-moving, obsolete or defective inventory as at 31 December 2020 and therefore there were no write-offs to the Income Statement during the year (2019: nil). The total inventory recognised through the Income Statement was \$4,808,000 (2019: \$4,955,000).

25. Cash and cash equivalents and restricted cash

	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	15,335	14,072	3,777	3,340
Short-term deposits	28,896	14,494	28,896	14,494
Cash and cash equivalents	44,231	28,566	32,673	17,834
Restricted cash	3,641	4,013	3,441	3,824
Total cash and cash equivalent including restricted cash	47,872	32,579	36,114	21,658

The restricted cash amount of \$3,641,000 (2019: \$4,013,000) is held at bank to cover corporate debt service compliance and Kounrad subsoil user licence requirements. Short-term deposits are held at call with banks.

The Group holds an overdraft facility in Sasa and these amounts are disclosed in note 31 Borrowings.

Reconciliation to cash flow statements

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	31 Dec 20	31 Dec 19		
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents as above (excluding restricted cash)	44,231	28,566		
Cash at bank and on hand in assets held for sale (note 22)	56	106		
Balance per statement of cash flows	44,287	28,672		

26. Share capital and premium

	Number of shares	Ordinary Shares \$'000	Share premium \$'000	Treasury shares \$'000
At 1 January 2019 and 31 December 2019	176,498,266	1,765	191,184	(6,526)
Exercise of options	-	-	353	2,686
At 31 December 2020	176,498,266	1,765	191,537	(3,840)

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

	Treasury Shares No.	Trust Shares No.	Employee benefit trust shares No.
At 1 January 2019 and 31 December 2019	511,647	1,621,783	2,436,317
Disposal of treasury shares	(40,000)	(1,005,467)	-
At 31 December 2020	471,647	616,316	2,436,317

27. Currency translation reserve

Currency translation differences arose primarily on the translation on consolidation of the Group's Kazakhstan-based and North Macedonian-based subsidiaries whose functional currency is the Tenge and North Macedonian Denar respectively. In addition, currency translation differences arose on the goodwill and fair value uplift adjustments to the carrying amounts of assets and liabilities arising on the Kounrad Transaction and CMK Resources acquisition which are denominated in Tenge and Denar respectively. During 2020, a non-cash currency translation gain of \$26,975,000 (2019: loss of \$11,019,000) was recognised within equity.

28. Share based payments

The Company provides rewards to staff in addition to their salaries and annual discretionary bonuses, through the granting of share options in the Company. The Company share option scheme has an exercise price of effectively nil for the participants.

The share options granted during 2012 until 2018 were based on the achievement by the Group and the participant of the performance targets as determined by the CAML Remuneration Committee that are required to be met in year one and then options could be exercised one third annually from the end of year one. Options granted during 2012 to 2018 had straight forward conditions attached and were valued using a Black-Scholes model.

Share options granted in 2019 vest after three years depending on achievement of the Group of performance target relating to the level of absolute total shareholder return compound annual growth rate of the value of the Company's shares over the performance period of three financial years ending 31 December 2021.

Share options granted in 2020 vest after three years depending on a combination of the achievement of the Group of performance target relating to the level of absolute total shareholder return compound annual growth rate of the value of the Company's shares over the performance period of three financial years ending 31 December 2022 relative to the constituents of a selected groupmining index of companies as well as sustainability performance targets.

The fair value at grant date of the 2019 and 2020 grants are independently determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the share price.

The assessed fair value at grant date of options granted during the year ended 31 December 2020 was \$2,136,000 in total which is recognised over the vesting period commencing 16 December 2020 until 31 March 2023. As the share options were granted on, and vesting commenced on the 16 December 2020, the charge for the current year is immaterial. For the 2019 share options \$483,000 (2019: \$362,000) was expensed for the year ended 31 December 2020. An

additional dividend related share option charge of \$308,000 (2019: \$723,000) was recognised and also additional costs associated when share options were exercised of \$173,000 (2019: \$nil). The number of shares covered by such awards is increased by up to the value of dividends declared as if these were reinvested in Company shares at the dates of payment. The outstanding share options included in the calculation of diluted earnings/(loss) per share (note 18) includes these additional awards but they are excluded from the disclosures in this note. In total, an amount of \$964,000 (2019: \$1,085,000) has been expensed within employee benefits expense from continuing operations for share based payment charges for the year ended 31 December 2020.

The model inputs for options granted during the year included:

	31 Dec 2020	31 Dec 2019
Vesting period	2 years 3 months	3 years
Exercise price	\$0.01	\$0.01
Grant date:	16 December 2020	30 May 2019
Expiry date:	15 December 2030	29 May 2029
Share price at grant date	\$3.02	\$2.71
Expected price volatility of the Company's shares	16%	15%
Risk-free interest rate	0.55%	1.84%

As at 31 December 2020, 4,420,348 (2019: 4,182,729) options were outstanding. Share options are granted to Directors and selected employees. The exercise price of the granted options is presented in the table below for every grant. The Company has the option but not the legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average price are as following:

	2020		2019	
	Average exercise price in \$ per share option	Options (number)	Average exercise price in \$ per share option	Options (number)
At 1 January	0.01	4,182,729	0.01	3,311,600
Granted	0.01	1,039,126	0.01	1,124,877
Exercised	0.01	(801,507)	0.08	(156,627)
Non-vesting	-	-	0.01	(97,121)
At 31 December	0.01	4,420,348	0.01	4,182,729

Non-vesting shares relates to options granted for which the performance targets were not met. Out of the outstanding options of 4,420,348 (2019: 4,182,729), 1,932,717 options (2019: 2,149,192) were exercisable as at 31 December 2020 excluding the value of additional share options for dividends declared on those outstanding. The related weighted average share price at the time of exercise was \$3.26 (2019: \$2.73) per share.

Share options exercised by the Directors during the year are disclosed in the Remuneration Committee Report.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant - vest	Expiry date of option	Option exercise price \$	Share options (number)	
			2020	2019
8 May 12	7 May 22	0.01	76,032	100,000
24 Jul 13	23 Jul 23	0.01	36,801	60,155
3 Jun 14	2 Jun 24	0.01	143,064	196,355
8 Oct 14	7 Oct 24	0.01	160,000	214,354
22 Apr 15	21 Apr 25	0.01	212,121	358,948
18 Apr 16	18 Apr 26	0.01	338,940	533,157
21 Apr 17	21 Apr 27	0.01	482,872	642,376
2 May 18	2 May 28	0.01	806,515	952,507
30 May 19	2 May 29	0.01	1,124,877	1,124,877
16 Dec 20	16 Dec 30	0.01	1,039,126	-
			4,420,348	4,182,729

Employee Benefit Trust

The Company set up an Employee Benefit Trust ('EBT') during 2009 as a means of incentivising certain Directors and senior management of CAML prior to the Initial Public Offering ('IPO'). All of the shares awarded as part of the EBT scheme vested on the successful completion of the IPO on 30 September 2010.

2,534,688 Ordinary Shares were initially issued as part of the arrangements in December 2009 followed by a further issue of 853,258 in September 2010. The shares were issued at the exercise price of \$0.68, which was the best estimate of the Company's valuation at the time. Details of the awards to Directors of the Company are contained in the Remuneration Committee Report.

29. Trade and other payables

	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
Trade and other payables	4,652	3,917	131	179
Accruals	4,569	5,064	4,142	4,581
Corporation tax, social security and other taxes	3,674	3,324	1,151	205
	12,895	12,305	5,424	4,965

Group Company

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

All Group and Company trade and other payables are payable within less than one year for both reporting periods.

30. Silver streaming commitment

The carrying amounts of the silver streaming commitment for silver delivery are as follows:

	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
Current	1,573	2,140	-	-
Non-current	19,246	20,755	-	-
	20,819	22,895	-	-

Group Company

On 1 September 2016, the CMK Group entered into a Silver Purchase Agreement. The Group acquired this agreement as part of the acquisition of the CMK Group and inherited a silver streaming commitment related to the production of silver during the life of the mine. The reduction in the silver streaming commitment is recognised in the Income Statement within cost of sales as the silver is delivered based on the units of production.

31. Borrowings

	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
<i>Secured: Non-current</i>				
Bank loans	32,320	69,473	32,320	69,473
<i>Secured: Current</i>				
Bank loans	38,400	38,400	38,400	38,400
<i>Unsecured: Current</i>				
Bank overdraft	9,692	895	-	-
Total Current	48,092	39,295	38,400	38,400
Total borrowings	80,412	108,768	70,720	107,873

Group Company

The carrying value of loans approximates fair value:

	Carrying amount		Fair value	
	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
Traxys Europe S.A.	70,720	107,873	70,720	107,873
Bank overdrafts	9,692	895	9,692	895
	80,412	108,768	80,412	108,768

The movement on borrowings can be summarised as follows:

	Group		Company	
	31 Dec 20 \$'000	31 Dec 19 \$'000	31 Dec 20 \$'000	31 Dec 19 \$'000
Balance at 1 January	108,768	144,949	107,873	144,949
Repayment of borrowings	(38,400)	(38,400)	(38,400)	(38,400)
Finance charge interest	4,813	9,455	4,627	9,455
Finance charge unwinding of directly attributable fees	1,247	1,324	1,247	1,324
Interest paid	(4,794)	(9,455)	(4,627)	(9,455)
Drawdown of overdraft	9,105	895	-	-
Repayments of overdraft	(1,110)	-	-	-
Foreign exchange	783	-	-	-
Balance at 31 December	80,412	108,768	70,720	107,873

During the year, \$38,400,000 (2019: \$38,400,000) of the principal amount of Group debt was repaid as well as a further \$4,794,000 (2019: \$9,455,000) interest.

The Group holds one corporate debt package with Traxys repayable on 4 November 2022. Interest was payable at LIBOR plus 4.75% and reduced to LIBOR plus 4.00% with effect from 27 March 2020. Security is provided over the shares in CAML Kazakhstan BV, certain bank accounts and the Kounrad offtake agreement as well as over the Sasa offtake agreement.

The financial covenants of the debt which include the monitoring of gearing and leverage ratios are all continuously monitored by management and the Group is both currently compliant and forecast to continue to be compliant with significant headroom.

The \$5,000,000 overdraft facility previously agreed with Komercijalna Banka AD Skopje with a fixed interest rate of 3.8% denominated in Macedonian Denar previously repayable in July 2020 was extended for a further year to 30 July 2021 with the fixed interest rate reduced from 3.8% down to a range of 2.4% to 2.5% dependent on conditions. This overdraft as at 31 December 2020 was \$4,809,000 (31 December 2019: \$895,000).

In June 2020 a new one year \$5,000,000 overdraft facility was agreed with Ohridska Banka A.D. Skopje with a fixed interest rate of 2.5% denominated in Macedonian Denar repayable on 26 June 2021. This overdraft as at 31 December 2020 was \$4,883,000 (31 December 2019: nil).

As at 31 December 2020, the Group measured the fair value using techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

32. Provisions for other liabilities and charges

Group	Asset retirement obligation \$'000	Employee retirement benefits \$'000	Other employee benefits \$'000	Legal claims \$'000	Total \$'000
At 1 January 2019	4,428	196	165	327	5,116
Change in estimate	3,664	39	36	-	3,739
Settlements of provision	-	(32)	(11)	(30)	(73)
Unwinding of discount (note 16)	329	-	-	-	329
Exchange rate difference	(23)	(4)	(4)	(7)	(38)
At 31 December 2019	8,398	199	186	290	9,073
Change in estimate	448	43	47	351	889
Settlements of provision	-	(23)	(19)	(631)	(673)
Unwinding of discount (note 16)	528	-	-	-	528
Exchange rate difference	(178)	20	21	6	(131)
At 31 December 2020	9,196	239	235	16	9,686
Non-current	6,572	203	224	-	6,999
Current	2,624	36	11	16	2,687
At 31 December 2020	9,196	239	235	16	9,686

a) Asset retirement obligation

The Group provides for the asset retirement obligation associated with the mining activities at Kounrad, estimated internally to be required in 2034. The provision is recognised at the net present value of future expected costs using a discount rate of 8.07% (2019: 8.07%). The decrease in estimate in relation to the asset retirement obligation of \$160,000 (2019: increase of \$783,000) is due to adjusting the provision recognised at the net present value of future expected costs using an inflation rate of 3.86% (2019: 4.13%).

Under current legislation entities operating mining and related activities in North Macedonia are required to take remedial action for the land where such activities have occurred based on a plan approved by the Ministry of the Environment as well as in accordance with international best practices. In 2017, the Group engaged an independent expert to conduct an independent assessment on the environment of the mining activities of the Group and to prepare an assessment of the restoration and the relevant costs connected with the mine, and the mining properties and in 2019, the Group engaged the University of Shtip to assess future costs in relation to TSF3.2 and TSF4. The final asset retirement obligation used these external assessment as well as the Group's own internal calculations to estimate the future potential obligations. The expected current cash flows were projected over the useful life of the mining sites and discounted to 2020 terms using a discount rate of 4.94% (2019: 7.25%). The cost of the related assets are depreciated over the useful life of the assets and are included in property, plant and equipment. The increase in estimate in relation to the asset retirement obligation of \$608,000 (2019: increase of \$2,914,000) is due to a combination of adjusting the provision recognised at the net present value of future expected costs using latest assumptions on inflation rates and discount rates as well as updating the provision for management's best estimate of the costs that will be incurred based on current contractual and regulatory requirements. See note 39 for subsequent events related to the asset retirement obligation.

b) Employee retirement benefit

All employers in North Macedonia are obliged to pay employees minimum severance pay on retirement equal to two months of the average monthly salary applicable in the country at the time of retirement. The retirement benefit obligation is stated at the present value of expected future payments to employees with respect to employment retirement pay. The present value of expected future payments to employees is determined by an independent authorised actuary in accordance with the prevailing rules of actuarial mathematics.

c) Other employee benefit

The Group is also obliged to pay jubilee anniversary awards in North Macedonia for each ten years of continuous service of the employee. Provisions for termination and retirement obligations are recognised in accordance with actuary calculations. Basic 2020 actuary assumptions are used as follows:

Discount rate: 3.0%

Expected rate of salary increase: 2.4%

d) Legal claims

The Group is party to certain legal claims and the recognised provision reflects management's best estimate of the most likely outcome. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

33. Cash generated from operations

Group	Note	2020 \$'000	2019 \$'000
Profit before income tax including discontinued operations		59,725	67,847
Adjustments for:			
Depreciation and amortisation		29,148	30,080
Silver stream commitment		(2,017)	(2,285)
(Gain)/loss on disposal of property, plant and equipment	11	(306)	481
Foreign exchange gain/(loss)		690	(377)
Share based payments	28	964	1,085
Finance income	15	(116)	(336)
Finance costs	16	6,673	11,153
Changes in working capital:			
Inventories	24	(546)	246
Trade and other receivables	23	(7,009)	(1,738)
Trade and other payables	29	46	(940)
Provisions for other liabilities and charges	32	(232)	(73)
Cash generated from operations		87,020	105,143

The increase in trade and other receivables of \$7,009,000 includes movement in Sasa VAT receivable balance which during the year is offset against the corporate income tax payments during the year.

34. Commitments

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

Group	31 Dec 20 \$'000	31 Dec 19 \$'000
Property, plant and equipment	3,046	851
Other	194	340
	3,240	1,191

35. Contingent asset

During 2018, CMK Europe SPLL Skopje ('CMK Europe'), paid \$5.9 million of withholding tax liability to the Public Revenue Office ('PRO') in North Macedonia. The liability related to the activities of CMK Europe prior to CAML's ownership. In June 2020, CMK Europe, received a judgement from the Higher Administrative Court of North Macedonia accepting its appeal. The Court judgement instructed the PRO to repeat the withholding tax inspection for the period 2015 to 2017 taking into consideration the findings of the Court judgement. Management believes that a favourable outcome is probable, however, the contingent asset has not been recognised as a receivable at 31 December 2020 as receipt of the amount is dependent on the outcome of the re-inspection.

36. Dividend per share

In line with the Company dividend policy, the Company paid \$13,850,000 in 2020 (2019: \$32,164,000) which consisted of a 2020 interim dividend of 6.0 pence per share (2019: interim dividend of 6.5 pence per share and a final dividend for 2018 of 8.0 pence per share).

37. Related party transactions

Key management remuneration

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

	2020 Basic salary / fees \$'000	2020 Annual bonus \$'000	2020 Pension \$'000	2020 Benefits in Kind \$'000	2020 Employers NI \$'000	2020 Total \$'000	2019 Total \$'000
Executive Directors:							
Nigel Robinson	468	378	29	12	258	1,145	1,009
Gavin Ferrar	385	312	23	-	214	934	811
Non-Executive Directors:							
Nick Clarke	227	-	-	13	30	270	735
Nigel Hurst-Brown	129	-	-	-	16	145	143
Robert Cathery	104	-	-	-	13	117	115
Nurlan Zhakupov	72	-	-	-	-	72	95
David Swan	104	-	-	-	13	117	115
Roger Davey	97	-	-	-	12	109	113
Dr Gillian Davidson	104	-	-	-	14	118	9
	1,690	690	52	25	570	3,027	3,145

During the year Nigel Robinson exercised 350,000 shares for a total share option gain of \$1,032,000, Gavin Ferrar exercised 300,000 shares for a total gain of \$870,000 and Nurlan Zhakupov exercised 40,000 shares for a gain of \$117,000.

Kounrad foundation

The Kounrad foundation, a vehicle through which Kounrad donates to the community, was advanced \$198,000 (2019: \$195,000). This is a related party by virtue of common Directors.

38. Deferred income tax asset and liability

Group

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

	At 1 January 2020 \$'000	Currency translation differences \$'000	(Debit)/credit to income statement \$'000	At 31 December 2020 \$'000
Other temporary differences	(190)	27	(390)	(553)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(6,428)	599	328	(5,501)
Deferred tax liability on fair value adjustment on CMK acquisition	(19,205)	(1,729)	1,025	(19,909)
Deferred tax liability, net	(25,823)	(1,103)	963	(25,963)

Reflected in the statement of financial position as:

	31 Dec 20 \$'000	31 Dec 19 \$'000
Deferred tax asset	236	266
Deferred tax liability	(26,199)	(26,089)

A taxable temporary difference arose as a result of the Kounrad Transaction and CMK Resources Limited acquisition, where the carrying amount of the assets acquired were increased to fair value at the date of acquisition but the tax base remained at cost. The deferred tax liability arising from these taxable

temporary differences has been reduced by \$1,353,000 during the year (2019: \$1,436,000) to reflect the tax consequences of depreciating and amortising the recognised fair values of the assets during the year.

	At 1 January 2019 \$'000	Currency translation differences \$'000	(Debit)/credit to income statement \$'000	At 31 December 2019 \$'000
Other temporary differences	(77)	-	(113)	(190)
Deferred tax liability on fair value adjustment on Kounrad Transaction	(6,681)	(51)	304	(6,428)
Deferred tax liability on fair value adjustment on CMK acquisition	(20,912)	575	1,132	(19,205)
Deferred tax liability, net	(27,670)	524	1,323	(25,823)

	31 Dec 2020 \$'000	At 31 Dec 2019 \$'000
Deferred tax liability due within 12 months	(963)	(1,345)
Deferred tax liability due after 12 months	(25,236)	(24,744)
Deferred tax liability	(26,199)	(26,089)

All deferred tax assets are due after 12 months.

Where the realisation of deferred tax assets is dependent on future profits, the Group recognises losses carried forward and other deferred tax assets only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise other potential deferred tax assets arising from losses of \$12,016,000 (2019: \$7,417,000) as there is insufficient evidence of future taxable profits within the entities concerned. Unrecognised losses can be carried forward indefinitely.

At 31 December 2020, the Group had other deferred tax assets of \$1,071,000 (2019: \$2,810,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits within the entities concerned.

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries at 31 December 2020 and 2019, respectively.

Company

At 31 December 2020 and 2019 respectively, the Company had no recognised deferred tax assets or liabilities.

At 31 December 2020, the Company had not recognised potential deferred tax assets arising from losses of \$12,016,000 (2019: \$7,417,000) as there is insufficient evidence of future taxable profits. The losses can be carried forward indefinitely.

At 31 December 2020, the Company had other deferred tax assets of \$1,071,000 (2019: \$2,810,000) in respect of share-based payments and other temporary differences which had not been recognised because of insufficient evidence of future taxable profits.

39. Events after the reporting period

Subsequent to year end, additional information was received in March 2021 which is likely to lead to a reduction of the future costs in relation to the Sasa asset retirement obligation. This is owing to a notification regarding a potential amendment to the environmental requirements in relation to the remedial work for TSF 3-2. Based upon this update, management are reviewing the impact to the provision and will perform a full assessment in 2021 of the restoration and relevant costs connected with the mine, TSF 3-2 and TSF4 under the anticipated revision to the requirements of the current legislating entities overseeing mining and related activities in North Macedonia, based on a plan to be approved by the Ministry of the Environment as well as in accordance with international best practices.

In January CAML put in place hedging arrangements for a portion of its 2021 metal production. Kounrad's Zero Cost Collar contract for 30% of copper production includes a put option of \$6,900 per tonne and a call option of \$8,380 per tonne. Sasa's zinc and lead arrangements are swap contracts, with 30% of Sasa's payable zinc production to be sold at \$2,804 per tonne and 30% of its payable lead production to be sold at \$2,022 per tonne. These arrangements ensure that CAML retains its leverage to strong copper, zinc and lead prices, while protecting a meaningful proportion of revenues during the higher capital expenditure period and continuing to rapidly deleverage. The impact of this hedge in 2021 is currently expected to be immaterial given the current commodity prices.

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