



13 September 2023

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

### **Interim Results for the Six Months Ended 30 June 2023**

Central Asia Metals plc (AIM: CAML) is pleased to announce its unaudited interim results for the six months ended 30 June 2023 ('H1 2023' or 'the period').

#### **H1 2023 financial summary**

- **Sector-leading dividend yield**
  - o H1 2023 dividend of 9 pence per share (H1 2022: 10 pence)
  
- **Dependable financial performance**
  - o Group gross revenue<sup>1</sup> of \$99.3 million (H1 2022: \$119.5 million) and Group net revenue of \$93.6 million (H1 2022: \$113.8 million)
  - o Group earnings before interest, tax, depreciation, and amortisation ('EBITDA')<sup>1</sup> of \$48.9 million (H1 2022: \$74.9 million)
  - o EBITDA margin<sup>1</sup> of 49% (H1 2022: 63%)
  - o Group adjusted free cash flow ('adjusted FCF'<sub>1</sub>) of \$24.1 million (H1 2022: \$52.2 million)
  
- **Strong balance sheet**
  - o Debt free
  - o As at 30 June 2023, cash in the bank of \$50.6 million<sup>2</sup> (31 December 2022: \$60.6 million)
  - o Creates solid platform for growth

#### **H1 2023 operational summary**

- Kounrad copper production of 6,716 tonnes (H1 2022: 6,617 tonnes) and sales of 6,315 tonnes (H1 2022: 6,406 tonnes)
- Sasa zinc in concentrate production of 9,764 tonnes (H1 2022: 10,465 tonnes) and payable zinc sales of 8,382 tonnes (H1 2022: 8,761 tonnes)

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<sup>1</sup> See Financial Review section for definition of non-IFRS alternative performance measures  
<sup>2</sup> The cash balance figure disclosed includes restricted cash

- Sasa lead in concentrate production of 13,734 tonnes (H1 2022: 13,827 tonnes) and payable lead sales of 12,416 tonnes (H1 2022: 13,608 tonnes)
- One Group Lost Time Injury ('LTI'); Group Lost Time Injury Frequency Rate ('LTIFR') of 0.80 (H1 2022: 0.85)
- Exploration activities underway in Kazakhstan through arrangement with geological team, Terra Exploration
- 2022 Sustainability Report and Climate Change Report published in Q2 2023 and submission of inaugural disclosures to Carbon Disclosure Project ('CDP') in July 2023

### **2023 outlook and deliverables**

- On track to meet copper production guidance of 13,000-14,000 tonnes, zinc in concentrate production of 19,000-21,000 tonnes and lead in concentrate production of 27,000-29,000 tonnes
- Completion of Kounrad Solar Power Plant construction
- Commencement of transition to paste fill mining methods at Sasa
- Continued focus on Business Development activity

### **Nigel Robinson, Chief Executive Officer, commented:**

"I am pleased to report a Group EBITDA of \$48.9 million for the first six months of 2023 despite a challenging economic background with metal prices deteriorating by an average of 17% across our base metal portfolio and ongoing inflationary cost pressures. Given our strong balance sheet with \$50.6 million cash and no debt together with continued robust underlying operational cashflows, we are confident to declare an interim dividend of 9 pence per share.

"We continue to look for opportunities to grow the CAML business and were pleased to begin early-stage exploration activities through our new arrangements with Terra Exploration ('Terra') in Kazakhstan.

"During the first six months of the year, we have met our production targets and remain on track to meet our full year guidance. This achievement has been delivered with a strong safety performance and only one LTI in the period.

"H1 2023 was a successful period for our investments at both sites, with the Solar Power Plant advancing and commissioning of the Paste Backfill ('PBF') Plant using thickened tailings now underway. The transition to paste fill mining remains on track to commence in H2 2023. We also witnessed the connection of the Central Decline at Sasa, which was developed both from surface and the 910 metre level, and this is now operational. Construction of the Dry Stack Tailings ('DST') Plant project is underway.

"We have continued to develop our approach to sustainability, and in H1 2023, we published our fourth standalone Sustainability Report covering our 2022 activities. We also published our second Climate Change Report and have commenced work to estimate our Scope 3 emissions with a view to reporting them in 2024.

"As we approach the end of 2023, we are confident that we will deliver on our production guidance for our three base metals and look forward to transitioning to paste fill mining methods at Sasa. We will continue to focus on maintaining our competitive cost base and look for opportunities to grow the business."

### **Analyst conference call**

There will be an analyst conference call and Q&A today at 09:30 (BST). The call can be accessed by dialling +44 (0)330 551 0200 and quoting 'Central Asia Metals' when prompted by the operator. Additionally, the

presentation can be viewed via a live webcast using the following link [https://brrmedia.news/CAML\\_IR23](https://brrmedia.news/CAML_IR23) . The webcast and the Company's corporate presentation will be available on the CAML website at [www.centralasiametals.com](http://www.centralasiametals.com).

### **Investor Meet Company**

The Company will also hold a live presentation relating to the 2023 Interim Results via the Investor Meet Company platform at 16:30 (BST) today. The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation. Investors can sign up to Investor Meet Company for free at:

<https://www.investormeetcompany.com/central-asia-metals-plc/register-investor>

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### **Note to editors:**

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

For further information, please visit [www.centralasiametals.com](http://www.centralasiametals.com) and follow CAML on X at @CamlMetals and on LinkedIn at Central Asia Metals Plc.

### **Chief Executive Officer Review**

CAML's Kounrad operation in Kazakhstan had a safe six months, with no recordable injuries, and the Sasa zinc and lead mine in North Macedonia recorded one LTI. While this was not a serious incident, lessons have been learnt and the Company aims for zero harm.

The Group's strong base metal production offset by weaker base metals prices resulted in CAML reporting gross revenue of \$99.3 million for H1 2023. Whilst Group EBITDA of \$48.9 million was lower than the

previous corresponding period, 78% of that decrease was related to lower copper, zinc and lead revenues. The \$5.8 million increase in CAML's cost base half-on-half was due in large part to higher labour costs as a result of pay rises with which we have supported our loyal employees in current times of high in-country inflation, and we continue to enjoy strong employee relations at both of our operations.

As previously announced, the Group fully repaid its corporate debt in August 2022 and, as at 30 June 2023, had also fully repaid its available overdraft facilities and reported a strong cash position of \$50.6 million.

Based on the Company's strong operational performance and balance sheet, the CAML Board is pleased to declare an interim dividend of 9 pence per ordinary share. This represents 82% of our \$24.1 million adjusted FCF. FCF has been adjusted to more reasonably apportion H1 2023 withholding tax payments over the full year. This dividend will be paid on 20 October 2023 to shareholders registered on 29 September 2023.

The Company has made good progress with its projects at Sasa during H1 2023 and, in Q2 2023, the joining of the Central Decline that was developed both from surface and the 910 metre level was achieved. This decline is operational, with haulage of waste and ore now underway. Commissioning of the PBF Plant using thickened tailings is currently being undertaken, and CAML continues to expect the commencement of paste fill mining methods as well as the operational placement of paste underground during H2 2023. The DST Plant construction project has commenced and will extend into H1 2024. Construction of the initial phase of the DST landform will commence in H2 2023.

Management's focus on business development has accelerated during the first six months of 2023, with 22 opportunities reviewed, five non-disclosure agreements ('NDAs') signed and three site visits conducted. Also, during H1 2023, the company entered into an arrangement with a team of experienced explorers, Terra Exploration, which comprises early-stage exploration geologists with international and significant Kazakhstan experience and a proven track record of discovery. The team is reviewing a series of potential target areas using historical data and its advanced database, combined with its analytical abilities, and applications for exploration licences in Kazakhstan have already been made.

During H1 2023, CAML published its fourth Sustainability Report and second Climate Change Report covering its activities for the year ended 31 December 2022. Solid progress on the construction of the 4.77MW solar farm was achieved during H1 2023. To date, 78% of the installation works are complete, with all equipment and materials delivered. CAML remains on track for completion of this project during H2 2023.

Looking ahead to H2 2023 and beyond, CAML welcomes the material conclusion of its investments at both sites and continues its search for new business development opportunities. The Company is debt free, and this strong balance sheet coupled with its low-cost operations means that it remains well-placed to pursue potential acquisition opportunities whilst investing in the business, delivering returns to shareholders, and adding value for all its stakeholders.

## **Operations Review**

### Sasa

#### *Production*

In H1 2023, total mined and processed ore was 396,234 tonnes and 396,673 tonnes respectively. The average head grades achieved for H1 2023 were 2.90% zinc and 3.72% lead. The average H1 2023 metallurgical recoveries were 84.9% for zinc and 93.1% for lead. Plant availability during H1 2023 was 95%, with throughput averaging 98 tonnes per hour.

Sasa produces a zinc concentrate and separate lead concentrate. Total H1 2023 production was 19,257 tonnes of zinc concentrate at an average grade of 50.7% and 19,302 tonnes of lead concentrate at an average grade of 71.2%.

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, total payable production for H1 2023 was 8,223 tonnes of zinc and 13,047 tonnes of lead. Sales were made to European customers via CAML's offtake contract with Traxys. Payable base metal in concentrate sales for the six-month period were 8,382 tonnes of zinc and 12,416 tonnes of lead.

During H1 2023, Sasa sold 167,919 ounces of payable silver to Osisko Gold Royalties, in accordance with its streaming agreement.

	<b>Units</b>	<b>H1 2023</b>	<b>H1 2022</b>
<b>Ore mined</b>	t	396,234	402,208
<b>Plant feed</b>	t	396,673	404,391
<b>Zinc grade</b>	%	2.90	3.07
<b>Zinc recovery</b>	%	84.9	84.3
<b>Lead grade</b>	%	3.72	3.66
<b>Lead recovery</b>	%	93.1	93.5
<b>Zinc concentrate</b>	t (dry)	19,257	20,959
- <b>Grade</b>	%	50.7	49.9
- <b>Contained zinc</b>	t	9,764	10,465
<b>Lead concentrate</b>	t (dry)	19,302	19,507
- <b>Grade</b>	%	71.2	70.9
- <b>Contained lead</b>	t	13,734	13,827

### *Underground mining*

Total ore development for the period was 2,716 metres, which contributed 26% of overall ore tonnes mined. The overall dilution for the period was reduced compared to H1 2022 because of more efficient mining and ore body contouring.

H1 2023 waste development was 1,307 metres, up 14% compared to H1 2022. A greater proportion of this development was strategically focused on the Central Decline, excavation ramps and access areas rather than exploration development and drill platforms.

Due to the improved quality of ground support using the new mobile shotcrete equipment, the requirement for mining development rehabilitation reduced by 25% in H1 2023 compared to H1 2022.

The availability of Sasa's Epiroc fleet of equipment during the period was 73% for the production drills, 83% for the loaders and 79% for the trucks. During H1 2023, a new underground bolting machine was purchased to aid production and ground support works.

In Q2 2023, the Central Decline that was developed both from surface and the 910 metre level connected. This access route is operational, with haulage of ore and waste now underway.

The 800 metre level has been prepared for Sasa's first paste fill mining area, and waste development is underway. Six faces have been designed on this level and ore development is expected within the next month. CAML is therefore on track to begin the transition to paste fill mining at Sasa in H2 2023.

### *PBF Plant and Underground Reticulation*

During H1 2023, the construction of the main PBF Plant facility was materially completed. Commissioning of the PBF plant with thickened tailings is now underway. All permits required for the new facilities have either been received or are being processed.

In H1 2023, 2.5 kilometres of steel pipes were installed bringing the total reticulation pipe network to more than 4.5 kilometres. Testing of the paste fill pipeline has been successfully completed, including mechanical, structural, and high-pressure hydrostatic tests and the line is now ready to serve the commissioning of the PBF Plant.

Training of the underground team in the construction of the backfill barricades was completed in H1 2023. Three trial barricades have been constructed as part of the training. Another three barricades are now in place to support the commissioning of the overall backfill system.

Existing voids connected to the transition to paste fill mining along with additional voids for the storage of additional tailings have been identified at Svinja Reka and the preparation of these areas will be a focus during H2 2023.

#### *DST*

DST comprises two separate aspects – design and construction of the landform on which the dry tailings are stacked, and the design and construction of the processing plant.

Construction of the DST plant is underway, with the focus being the completion of the foundations prior to winter. The main building construction is expected to be well advanced during H2 2023, whereas automation and electrical work will extend into H1 2024. Equipment is largely Metso Outotec, and the construction is being undertaken by Macedonian construction company, Aktiva, which was also responsible for building the PBF plant. Knight Piésold ('KP') has completed the detailed design work for the DST landform, and construction of the initial phase of the project will commence in H2 2023.

#### Kounrad

##### *Production*

CAML delivered copper cathode production of 6,716 tonnes from Kounrad for H1 2023.

Copper sales during H1 2023 were 6,315 tonnes, with most of the cathode sold to CAML's offtake partner, Traxys Europe S.A. The quality of cathode produced remains excellent at a purity level of 99.998% and continues to meet the requirements of customers.

During Q1 2023, winter leaching was conducted at both the Eastern and Western Dumps. Work has already commenced preparing the covered winter blocks for the winter of 2023/24, with 33% completed by the end of H1 2023.

While the installation of the Intermediate Leaching System ('ILS'), which was completed and commissioned in 2022, is now available to the operations team as needed, the leaching characteristics of the ore have been very stable in H1 2023 and as such it has not been necessary to operate the new circuit.

Lining of the trench around blocks 22-32 of Dump 16 that was excavated in 2022 was completed in H1 2023.

Despite the winter of 2022/23 being much colder than previous periods, the solution temperature discharge control system made it possible to optimise power usage from the boiler houses of the Eastern and Western Dumps, therefore reducing coal consumption by approximately 900 tonnes (6%) compared to the previous winter.

Timely inspection and preparation of boiler house equipment for the forthcoming winter season is underway. To date 75% of planned works have been completed in the Western Dumps boiler house and 60% in the SX-EW boiler house. In a further attempt to reduce GHG emissions, heat meters on each of the five boilers were installed in the SX-EW boiler house to optimise efficiency. If these are shown to be successful, the three Western Dump boiler units will be retrofitted with similar heat meters.

Installation of the additional 180 cubic metres of Escaid storage capacity was completed, and site can now hold a minimum of six months stock. Operationally, Kounrad continues to be unaffected by the conflict in Ukraine and resulting international sanctions.

### *Solar Power Plant*

The construction of the 4.77MW Solar Power Plant, which is forecast to provide 16-18% of Kounrad's electrical power needs, is well advanced. Construction is managed in-house with technical oversight from the project designer. To date 78% of the installation works are complete, with all equipment and materials delivered and the planned start-up date remains H2 2023.

## **Sustainability**

### Governance update on 2023 focus areas

Good progress has been made on governance and stewardship focused sustainability goals during the year. In H1 2023, the Company has committed to screening new suppliers by environmental criteria alongside its current practice of screening against social criteria. Key environmental questions, focusing on carbon emissions and environmental compliance, were agreed with the team and screening at both sites commenced post the period end on 1 August 2023. Further to the Company's commitment to continuing education, it plans to increase governance training for risk-assessed members of staff. The scope of work for the supplier audit (aimed at demonstrating year on year progress) has been agreed across sites and will commence in Q3 2023. There have been no human rights abuses reported at either site during the period.

### H1 2023 health and safety statistics

One LTI and two Medical Treatment Injuries ('MTIs') were recorded at Sasa during H1 2023. In all cases, employees are fully recovered and back at work. CAML Group therefore reports one LTI and three Total Recordable Injuries ('TRIs') for the six-month period. CAML's H1 2023 LTIFR is 0.80 and the Total Recordable Injury Frequency Rate ('TRIFR') is 2.40.

### Health and safety update on 2023 focus areas

There has been significant focus in H1 2023 on the monitoring and control of construction work for the transition to the paste fill mining methods. Sasa appointed a dedicated Health and Safety Engineer to ensure the safe execution of work activities during the construction and commissioning of the PBF Plant as well as the other capital projects. Emphasis has also been placed on the training of new employees as well as the development of work procedures and plans for the new PBF Plant. At Kounrad, the focus has been on the development of safety procedures, plans and risk assessments associated with the construction of the Solar Power Plant. Employees engaged in the construction and commissioning of the Solar Power Plant were given specific health and safety training. Testing of the recent fireproofing treatment of steel structures of the Solvent Extraction ('SX') workshop was undertaken confirming that the fire protection coating complies with the expected standards.

### People update on 2023 focus areas

Across both operations, CAML is once again taking part in the International Women in Mining Mentorship Programme. Two women from each operation are being mentored and two members of the senior

management team are acting as mentors. During Q1 2023 a salary benchmarking exercise took place in each jurisdiction, and pay was increased across the Group accordingly. Development of CAML’s diversity and inclusion strategy is underway. To aid the process of recruiting and attracting the next generation into the mining industry, it is important to demonstrate innovation. Virtual Reality (‘VR’) content is being created by a local Macedonian company to educate employees in the change of mining method and this will also be used during onboarding and training activities. In Q2 2023, representatives from Sasa took a stand at a job fair in Skopje, where students and teachers discussed subjects such as mechanical and electrical engineering. Regular meetings with employee representatives are held throughout the year at both operations.

Environmental update on 2023 focus areas

Sasa continued with its energy efficiency programme during H1 2023. The key project was the installation of a new compressor, and two further compressors will be installed in H2 2023. These new compressors are expected to provide annual savings of approximately \$10,000 for power usage reduction. The construction of the 4.77 MW Solar Power Plant in Kounrad started in H1 2023 and will be completed in H2 2023. Phase 2 of the Kounrad biodiversity study project, focussing on field studies, is scheduled to be completed by end of H2 2023, and this work will feed into the wider Group biodiversity strategy. The finalisation of Sasa’s water management strategy is advancing and on track for completion before the end of 2023. There were no environmental incidents reported at Sasa during H1 2023. One minor incident was reported at Kounrad which involved a minor break in a pipeline that was immediately remediated.

Community update on 2023 focus areas

During H1 2023, the Sasa Foundation continued working alongside the local community to promote and ensure the sustainable development of the local town, Makedonska Kamenica. The implementation of the Phase I activities that were identified by the 2022 Local Environmental Action Plan (‘LEAP’) and Local Economic Development Plan (‘LEDP’) strategic documents are due to be completed in Q3 2023. The key milestone during this phase involves the development of a community-based tourism concept and the establishment of a brand identity for Makedonska Kamenica, which the community itself will create. During H1 2023, the Kounrad Foundation engaged the Eurasia Foundation for Central Asia (‘EFCA’) to assist in the development of a long-term community investment strategy. As part of this development, the EFCA organised for representatives of the Foundation to undertake a study tour of other foundations in Kazakhstan. Development of Kounrad’s community-focused engagement strategy was completed in H1 2023, and work on implementing that strategy is now underway. There were no community incidents at either operation during H1 2023.

Sustainability reporting

*H1 2023 sustainability reporting update*

CAML has reported in accordance with the Global Reporting Initiative (‘GRI’) Standards for the period 1 January 2022 to 31 December 2022, and this is the Company's fourth standalone Sustainability Report. It covers CAML's approach to transparent business conduct, maintaining safe operations and healthy working environments, and its efforts to manage any potential environmental or social impacts. With a view to maintaining momentum in its sustainability achievements for the future, CAML has committed to the following specific long-term targets and will report on its performance in these key areas in next year's Sustainability Report. Please refer to CAML's 2022 Sustainability report for details. Additional targets will be set in future as appropriate.

<b>Delivering value through stewardship</b>	- Zero human rights abuses
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<b>Maintaining health and safety</b>	<ul style="list-style-type: none"> <li>- Zero fatalities</li> <li>- LTIFR target for 2023 to be below 1.30 (the average LTIFR for the last five years)</li> </ul>
<b>Focusing on our people</b>	<ul style="list-style-type: none"> <li>- Maintain 99% local employment across both operations</li> <li>- 20% female interviewees for each eligible role from 2023 onwards</li> <li>- 25% increase in Group female employees by end 2025</li> </ul>
<b>Caring for the environment</b>	<ul style="list-style-type: none"> <li>- Zero severe or major environmental incidents</li> <li>- 50% reduction in Group Greenhouse Gas ('GHG') emissions by 2030 and net zero by 2050</li> <li>- 75% reduction in surface water abstraction at Sasa by end 2026</li> <li>- 70% of tailings to be stored in a more environmentally responsible manner (paste backfill and dry stack tailings) by end 2026</li> <li>- Report Scope 3 emissions in 2024</li> <li>- Report to Global Industry Standard on Tailings Management (GISTM) in 2024</li> </ul>
<b>Unlocking value for our communities</b>	<ul style="list-style-type: none"> <li>- Zero severe or major community-related incidents</li> <li>- Increase level of community support to an annualised average of 0.5% of Group gross revenue (up from 0.25%)</li> </ul>

### *H1 2023 climate change reporting update*

Following on from the development of its climate change strategy in 2021, CAML has continued during H1 2023 on its path towards reporting to the Task Force on Climate-related Financial Disclosures ('TCFD'), becoming an official TCFD 'Supporter' and publishing its second standalone Climate Change Report. This report provides detail on CAML's scenario analysis undertaken during 2022, as well as progress towards its long-term goals of a 50% reduction in its GHG emissions by 2030 versus a 2020 base and achieving net zero by 2050. CAML has committed to assessing its Scope 3 emissions which it will report on in 2024, and work on this aspect began in H1 2023. The process of developing a Scope 3 emissions calculation will follow the stepwise process outlined in the GHG Protocol's *Corporate Value Chain (Scope 3) Accounting Reporting Standard*. Where relevant, other global or regional emissions standards or guidelines will be incorporated or referenced. Post the period end in July 2023, CAML made its inaugural climate change questionnaire submission to the Carbon Disclosure Project ('CDP').

### *Global Industry Standard on Tailings Management ('GISTM')*

CAML remains committed to reporting in accordance with GISTM for all its storage facilities by the end of H1 2024. To ensure conformance by the due date, a working group has been formed consisting of key members of the Tailings Storage Facilities ('TSF') team including the Engineer of Record ('EoR'), Responsible Tailings Facility Engineer ('RTFE') and the Deputy Account Executive ('DAE'). Responsible individuals have been appointed to cover all 77 requirements within the 15 Principles, using local and international consultants where appropriate, and they provide quarterly updates. During H1 2023, the Sasa TSF team and international consultants, KP completed and implemented the Operations, Maintenance and Surveillance Manual. In H1 2023, the Board of Directors approved CAML's new Tailings Policy, which has been published on the Company's website.

## **Business Development Review**

### Summary

CAML has been very active with its business development efforts during H1 2023, and, during the six-month period, 22 opportunities have been appraised. Five NDAs were signed, and three site visits were undertaken.

The opportunities that CAML has reviewed during H1 2023 have been in line with its business development strategy.

### Business development strategy

Following internal discussions with CAML's business development team and Board, the following broad strategy has been identified and the team's efforts are focused on these key aspects, whilst acknowledging that business development is and will always be opportunistic.

- Type of opportunity
  - o Earlier stage exploration opportunities largely in existing local jurisdictions
  - o Larger, more transformational and most likely 'in production' acquisitions to enhance scale and liquidity
  - o Ad hoc 'overlooked' opportunities
- Jurisdiction
  - o European time zone plus Kazakhstan
- Attractive commodity exposure
  - o The metal focus should fit in with the Company's purpose, which remains to produce base metals essential for modern living
- Affordability
  - o CAML's strong balance sheet with no debt and strong cash generation from existing operations means that the Group has considerable borrowing capacity to enable a strong cash element to any offer
  - o Good liquidity and strong shareholder support for future deals
- Accretion
  - o Business development transactions must add value for shareholders
- Sustainability
  - o Acquisition opportunities must not negatively impact the Company's sustainability position for the long term

### H1 2023 activities

In line with CAML's business development strategy, during H1 2023, the company entered into an arrangement with a team of experienced explorers, Terra Exploration. Terra comprises early-stage exploration geologists with international and significant Kazakhstan experience with a proven track record of discovery.

The team is reviewing a series of potential target areas using historical data and its advanced database combined with its analytical abilities, and applications for exploration licences in Kazakhstan have already been made. The budget for this work in 2023 is expected to be c.\$1 million. CAML has formed a new Company, CAML Exploration, in the Astana International Finance Centre ('AIFC') which will be owned 80% by CAML and 20% by Terra, before moving towards a wholly-CAML owned company with a NSR-style royalty arrangement for Terra on longer-term meaningful exploration success.

In addition to developing its relationship with Terra, the CAML business development team spent much of the six-month period focused on two particular acquisition opportunities, and external consultants were engaged for both of these projects. These opportunities were in line with CAML's business development strategy and both processes concluded during the reporting period. However, with due diligence aspects uncovered and valuation gaps being the ultimate issues in both cases, the Company did not proceed further.

CAML currently has additional site visits planned and business development projects underway, which will be progressed during H2 2023.

## Financial Review

### Overview

#### *Revenue*

The Group has reported lower revenues in the period due to a significant fall in metal prices received for all three metals. In particular, the zinc price reduced by c 28% when compared to H1 2022 but also copper and lead prices received were lower by 9% and 6% respectively. This has resulted in a c 17% reduction in gross revenue to \$99.3 million (H1 2022: \$119.5 million) for H1 2023.

#### *Profitability – Group Profit before tax ('PBT') and EBITDA*

This reduction in revenue has had a direct impact on both PBT and EBITDA. PBT for H1 2023 was \$32.9 million (H1 2022: \$66.9 million) reflecting the lower revenues, some inflationary cost pressures, higher Mineral Extraction Tax ('MET') in Kazakhstan and a foreign exchange loss of \$2.5 million (explained below) compared to a foreign exchange gain of \$7.0 million in the comparable period of H1 2022.

Group H1 2023 EBITDA was \$48.9 million (H1 2022: \$74.9 million), again reflecting the lower revenues and some inflationary cost pressures.

This has resulted in a reduced EBITDA margin of 49% (H1 2022: 63%). The majority of the \$26.0 million EBITDA reduction (78%) was a result of these lower revenues. The balance of \$5.8 million was due to increased MET and sales and distribution costs, as well as other inflationary costs, such as a \$0.6 million increase in electricity prices in North Macedonia, and a \$1.7 million increase in labour costs as CAML supported its employees through in-country cost increases.

At the operating level, Sasa's H1 2023 EBITDA was \$18.2 million (H1 2022: \$35.1 million), with a margin of 41% (H1 2022: 60%) whilst Kounrad's H1 2023 EBITDA was \$39.2 million (H1 2022: \$48.2 million), with a margin of 72% (H1 2022: 79%).

#### *Adjusted free cash flow*

Despite the above challenges of reduced revenues and inflationary cost pressures, CAML still managed to generate an adjusted FCF of \$24.1 million (H1 2022: \$52.2 million). The calculation of adjusted FCF is reported below and includes an adjustment to allow for the timing of withholding tax payments during the first six-month period ended 30 June 2023.

#### *Taxation*

During H1 2023, the Group paid \$7.0 million (H1 2022: nil) of Kazakhstan withholding tax on intercompany dividend distributions. The payment of 10% withholding tax on dividends from Kazakhstan was introduced from 1 January 2023. Due to the timing of intercompany dividend distributions, the amount of withholding tax to be paid in H2 2023 will be significantly lower at \$0.5 million, therefore totalling \$7.5 million for the full year ended 31 December 2023.

#### *Debt free*

The Group fully repaid the corporate debt in August 2022 and as at 30 June 2023, had nil drawn overdraft facilities (31 December 2022: \$1.4 million) and cash of \$50.6 million (31 December 2022: \$60.6 million).

## **Income statement**

### Revenue

CAML generated H1 2023 gross revenue of \$99.3 million (H1 2022: \$119.5 million), which is reported after deduction of zinc and lead treatment charges, but before deductions including offtake buyers' fees and silver purchases for the Sasa silver stream. Net revenue after these deductions was \$93.6 million (H1 2022: \$113.8 million).

#### *Sasa*

Sasa generated H1 2023 gross revenue of \$44.6 million (H1 2022: \$58.4 million).

A total of 8,382 tonnes (H1 2022: 8,761 tonnes) of payable zinc in concentrate and 12,416 tonnes (H1 2022: 13,608 tonnes) of payable lead in concentrate were sold during H1 2023.

The zinc price received decreased by 28% to an average of \$2,662 per tonne (H1 2022: \$3,679 per tonne) and the lead price received decreased by 6% to an average of \$2,051 per tonne (H1 2022: \$2,174 per tonne), leading to an overall decrease in gross revenue generated from the mine.

Treatment charges during the period reduced to \$7.9 million (H1 2022: \$8.4 million), and the offtake buyer's fee for Sasa was \$0.5 million (H1 2022: \$0.6 million).

Zinc and lead concentrate sales agreements have been arranged with Traxys on a one-year rolling basis for 100% of Sasa production.

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

#### *Kounrad*

Kounrad generated H1 2023 gross revenue of \$54.7 million (H1 2022: \$61.2 million).

A total of 6,310 tonnes (H1 2022: 6,332 tonnes) of copper cathode from Kounrad were sold as part of the Company's offtake arrangement with Traxys. The offtake arrangement with Traxys has been extended from 1 January 2023 on a one-year rolling basis. The commitment is for a minimum of 95% of Kounrad's annual production. A further five tonnes (H1 2022: 74 tonnes) were sold locally. Total Kounrad H1 2023 copper sales were therefore 6,315 tonnes (H1 2022: 6,406 tonnes).

The copper price received decreased by 9% to an average of \$8,668 per tonne (H1 2022: \$9,557 per tonne) leading to an overall decrease in gross revenue from the mine while the offtaker's fee for Kounrad increased to \$1.4 million (H1 2022: \$1.3 million) due to higher transportation costs as a result of the conflict in Ukraine.

#### Cost of sales

The Group cost of sales for the period was \$44.6 million (H1 2022: \$40.6 million). This includes depreciation and amortisation charges of \$13.4 million (H1 2022: \$13.7 million). Global macro-economic conditions led to an increase in key production costs components such as electricity and salaries. The Company continues to focus on factors such as disciplined capital investments, working capital initiatives and other cost control measures.

#### *Sasa*

Sasa's cost of sales for the period was \$30.1 million (H1 2022: \$28.0 million). Compared to the prior period, Sasa faced some cost increases due to inflationary pressures including an increase in salaries of \$1.1 million and an increase in electricity costs of \$0.6 million. Sasa incurred spot electricity prices during H1 2023 following the expiry of the largely fixed price contract in June 2022. Actions taken by governments to increase gas storage in the latter part of 2022 as well as a mild winter resulted in easing of electricity prices during H1 2023 compared to H2 2022.

H1 2023 royalties decreased against H1 2022 to \$1.3 million (H1 2022: \$1.6 million). This tax is calculated at the rate of 2% (H1 2022: 2%) on the value of metal recovered during the period and the decrease resulted from the decline in production volume and metal prices.

#### *Kounrad*

Kounrad's H1 2023 cost of sales was \$14.5 million (H1 2022: \$12.6 million).

Mineral Extraction Tax ('MET') is a royalty charged by the Kazakhstan authorities. From 1 January 2023, the MET rate increased to 8.55% (H1 2022: 5.7%) on the value of metal recovered during the period. MET for the period was therefore higher at \$4.9 million (H1 2022: \$3.7 million). Cost of sales also includes an increase in salaries of \$0.6 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 the C1 cash cost.

#### *Sasa*

Sasa's on-site operating costs were \$22.3 million (H1 2022: \$18.3 million). The on-site unit cost increased to \$56.2 per tonne (H1 2022: \$45.5 per tonne) due to the higher costs mentioned above and a reduction in tonnes of ore mined in H1 2023 versus H1 2022.

Sasa's total C1 cash cost base, including realisation costs, increased to \$32.1 million (H1 2022: \$28.4 million), however Sasa's C1 zinc equivalent cash cost of production increased marginally to \$0.72 per pound (H1 2022: \$0.71 per pound). The marginal \$0.01 per pound increase in the C1 calculation was primarily due to a lower proportion of pro-rata zinc costing resulting from the zinc equivalent calculation due to the decrease in zinc revenue versus lead in H1 2023.

#### *Kounrad*

Kounrad's H1 2023 C1 cash cost of copper production was \$0.67 per pound (H1 2022: \$0.63 per pound) which remains amongst the lowest in the copper industry. The increase in C1 cash cost versus H1 2022 is due primarily to higher costs resulting from employee pay increases.

#### *Group*

CAML reports its Group C1 cash cost on a copper equivalent basis incorporating the production costs at Sasa and by also converting lead and zinc production into copper equivalent tonnes. The Group's H1 2023 C1 copper equivalent cash cost was \$1.56 per pound (H1 2022: \$1.30 per pound). This number is calculated based on Sasa's H1 2023 zinc and lead payable production, which equated to 5,512 copper equivalent tonnes (H1 2022: 6,468 copper equivalent tonnes) added to Kounrad's H1 2023 copper production of 6,716 tonnes (H1 2022: 6,617 tonnes), totalling 12,228 tonnes (H1 2022: 13,085 tonnes). The C1 cash cost increase on a copper equivalent basis is due to the higher C1 cost base at both Sasa and Kounrad and less copper equivalent tonnes due to the lower zinc price.

CAML also reports a fully inclusive cost that includes sustaining capital expenditure, local taxes, including MET and concession fees, interest on loans and corporate overheads associated with the Kounrad and Sasa projects as well as the C1 cost component. The Group's fully inclusive copper equivalent unit cost for the period was \$2.11 per pound (H1 2022: \$1.81 per pound). The increase is a result of lower copper equivalent tonnes, the higher C1 cost components at Sasa and Kounrad and higher Kounrad MET.

#### Administrative expenses

During the period, administrative expenses increased to \$12.4 million (H1 2022: \$11.2 million), largely due to an increase in payroll across the Group and higher consultancy costs.

#### Foreign exchange

The Group incurred a foreign exchange loss of \$2.5 million (H1 2022: gain of \$7.0 million) resulting from the retranslation of USD denominated monetary assets held by foreign subsidiaries with a local functional currency. The prior period gain was significant due to the weakening of the Kazakhstan Tenge and North Macedonian Denar during the prior period.

As at 30 June 2023, the Tenge strengthened to 454.13 against the US Dollar (30 June 2022: 465.08) and the Denar strengthened to 56.35 against the US Dollar (30 June 2022: 58.66).

#### Finance costs

The Group incurred lower finance costs of \$0.9 million (H1 2022: \$1.2 million) resulting from the repayment of the corporate debt in August 2022 somewhat countered by an increase in the unwinding of the discount on asset retirement obligations.

#### 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.

### **Balance sheet**

#### Capital expenditure

During the period, there were capitalised additions to property, plant, and equipment of \$17.1 million (H1 2022: \$8.0 million). The additions were a combination of \$1.2 million (H1 2022: \$1.2 million) Kounrad sustaining capital expenditure, \$5.0 million (H1 2022: \$3.3 million) Sasa sustaining capital expenditure and \$8.2 million (H1 2022: \$3.5 million) in relation to the Sasa Capital Projects and \$2.7 million (H1 2022: nil) in relation to the Kounrad Solar Power Plant.

Sasa sustaining capital expenditure includes capitalised mine development of \$1.3 million, \$0.7 million on flotation equipment and \$0.5 million on underground fleet. Kounrad's sustaining capital expenditure includes \$0.2 million on dripper pipes.

H1 2023 cash outflow on purchases of property, plant and equipment was lower at \$11.3 million due to prepayments made during the year ended 31 December 2022 which were subsequently capitalised during H1 2023.

#### Capital projects

The Group continues to invest significantly at Sasa in order to enable the transition to paste fill mining methods and the storage of waste in a more environmentally responsible manner. This work comprises the construction of a PBF Plant and associated underground reticulation infrastructure, a DST Plant and associated landform and the development of the new Central Decline.

As mentioned above, during H1 2023, capitalised additions to property, plant and equipment on the Capital Projects totalled \$8.2 million. Capitalised additions include \$1.3 million of Central Decline costs and \$3.9 million on the PBF Plant. There was a further \$0.9 million spent on underground reticulation and \$2.1 million spent on the DST Plant and associated landform. H1 2023 cash outflow on the Capital Projects was lower at \$4.4 million due to prepayments made during the year ended 31 December 2022 which were subsequently capitalised during H1 2023.

CAML expects 2023 cash capital expenditure of between \$28.0 million and \$30.0 million, of which between \$10.0 million and \$13.0 million is expected to be committed to sustaining capex. Total expected 2023 capex also includes approximately \$5.0 million related to the Kounrad solar power plant. CAML expects the Capital Projects capital expenditure in the order of \$12.0 million in 2023. This will be largely related to construction of the DST Plant as well as Central Decline development.

#### Working capital

As of 30 June 2023, current trade and other receivables were \$14.1 million (31 December 2022: \$8.7 million), which includes trade receivables from the offtake sales of \$4.0 million (31 December 2022: \$2.4 million) and \$1.9 million in relation to prepayments and accrued income (31 December 2022: \$3.0 million). Trade and other receivables also include \$5.2 million (31 December 2022: \$1.1 million) of overpaid Group corporate income tax which will be offset against corporate income tax liabilities arising in the same entities in the current and next financial year.

Non-current trade and other receivables were \$6.6 million (31 December 2022: \$11.5 million). As at 30 June 2023, a total of \$4.2 million (31 December 2022: \$3.4 million) of VAT receivable was owed to the Group by the Kazakhstan authorities. Recovery is still expected through a continued dialogue with the authorities for cash recovery and further offsets.

As at 30 June 2023, current trade and other payables were \$14.4 million (31 December 2022: \$16.6 million).

#### Cash and borrowings

As at 30 June 2023, the Group had cash in the bank of \$50.6 million (31 December 2022: \$60.6 million) and no borrowings (31 December 2022: \$1.4 million).

During the period, \$1.4 million (H1 2022: \$4.5 million) of North Macedonian overdrafts were repaid. In addition, interest of \$0.1 million was paid (H1 2022: \$0.5 million).

#### **Taxation**

During H1 2023, corporate income tax paid to local governments totalled \$18.5 million (H1 2022: \$11.7 million). This included \$11.0 million (H1 2022: \$10.0 million) of Kazakhstan corporate income tax and \$7.0 million of Kazakhstan withholding tax paid on intercompany dividend distributions. \$0.5 million (H1 2022: \$1.7 million) of North Macedonian corporate income tax was paid in cash in addition to a \$2.7 million (H1 2022: \$1.8 million) non-cash payment offset against VAT and corporate income tax receivable.

#### **Adjusted free cash flow**

The net cash generated from operating activities plus interest received in H1 2023 was \$25.1 million (H1 2022: \$56.7 million).

FCF has been adjusted for the payment of Kazakhstan withholding tax on intercompany dividend distributions during the period. As explained above, \$7.0 million of withholding tax was paid during H1 2023. Due to the timing of intercompany dividend distributions, the amount of withholding tax to be paid in H2 2023 will be significantly lower at \$0.5 million, therefore totalling \$7.5 million for the full year ended 31 December 2023. In order to more reasonably apportion these cash flows over the full year, an adjustment has been made to reflect half of the full year amount (\$3.8 million) in H1 2023. Therefore, an adjustment of \$3.2 million has been made to FCF, calculated as the balance between the \$7.0 million paid and the \$3.8 million half-year apportioned cash flow.

Six months ended

	<b>30-Jun-23</b>	30-Jun-22
	<b>\$'000</b>	\$'000
Net cash generated from operating activities	<b>24,145</b>	56,619
Interest received	<b>962</b>	87
Less: Purchase of sustaining property, plant, and equipment	<b>(4,247)</b>	(4,513)
<b>Free cash flow</b>	<b>20,860</b>	52,193
<b>Adjustment for:</b>		
Kazakhstan withholding tax on intercompany dividend distributions	<b>3,254</b>	-
<b>Adjusted free cash flow</b>	<b>24,114</b>	52,193

## Dividend

Total dividends paid to shareholders during the period of \$21.7 million comprised the final 2022 dividend of 10 pence per Ordinary Share.

The Company's dividend policy is to return to shareholders a range of between 30% and 50% of FCF, defined as net cash generated from operating activities, plus interest received, less sustaining capital expenditure. This remains the Company policy but due to the timing of withholding tax payments during H1 2023, as explained above, the Board has agreed to apply that policy to the adjusted FCF.

The adjusted FCF of \$24.1 million has been used as the basis of the interim dividend for the current period and the Board has agreed an 82% payout. This has resulted in the Board declaring an interim dividend of 9 pence per Ordinary Share.

The interim dividend is payable on 20 October 2023 to shareholders registered on 29 September 2023. This latest dividend will increase the amount returned to shareholders in dividends since the 2010 IPO to \$318.8 million.

## Going concern

The Group sells and distributes its copper product primarily through an annual rolling offtake arrangement with Traxys Europe S.A. with a minimum of 95% of the SX-EW plant's forecasted output committed as sales. The Group sells Sasa's zinc and lead concentrate product through an annual rolling offtake arrangement with Traxys. 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 of 30 June 2023.

The Board has reviewed forecasts for the period to December 2024 to assess the Group's liquidity which demonstrate substantial headroom. The Board has considered additional sensitivity scenarios in terms of the Group's commodity price forecasts, expected production volumes, operating cost profile and capital expenditure. The Board has assessed the key risks which could impact the prospects of the Group over the going concern period including commodity price outlook, cost inflation and supply chain disruption together with reverse stress testing of the forecasts in line with best practice. Liquidity headroom was demonstrated in each reasonably possible scenario. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

## Outlook



The Company remains on track to meet the 2023 production output guidance from Sasa and Kounrad. CAML's low costs of operations provides the Company with the ability to withstand a decline in commodity prices and inflationary cost pressures. CAML has a strong balance sheet with \$50.6 million in cash and no debt as of 30 June 2023. This enables CAML to continue to pay some of the highest dividends in the sector whilst actively considering various business development opportunities.

### Non-IFRS financial measures

The Group uses alternative performance measures, which are not defined by the generally accepted accounting principles ('GAAP') such as IFRS, as additional indicators. 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:

#### Earnings before interest, tax, depreciation, and amortisation (EBITDA)

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

	Six months ended	
	<b>30-Jun-23</b>	30-Jun-22
	<b>\$'000</b>	\$'000
Profit for the period	<b>21,101</b>	53,330
Plus/(less):		
Income tax expense	<b>12,065</b>	13,537
Depreciation and amortisation	<b>13,683</b>	13,971
Foreign exchange loss/(gain)	<b>2,478</b>	(7,025)
Other income	<b>(140)</b>	(79)
Finance income	<b>(962)</b>	(87)
Finance costs	<b>939</b>	1,179
(Profit)/loss from discontinued operations	<b>(253)</b>	69
<b>EBITDA</b>	<b>48,911</b>	74,895

#### Gross revenue

Gross revenue is presented as the total revenue received from sales of all commodities after deducting the directly attributable treatment and refining 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 and treatment charges during the period. The Board considers gross revenue, together with the reconciliation to net IFRS revenue to provide valuable information on the drivers of IFRS revenue.

	Six months ended	
	<b>30-Jun-23</b>	30-Jun-22
	<b>\$'000</b>	\$'000

<b>Gross revenue</b>	<b>99,331</b>	119,547
Less:		
Silver stream purchases	<b>(3,859)</b>	(3,835)
Offtake buyers' fees	<b>(1,858)</b>	(1,925)
<b>Revenue (net IFRS revenue)</b>	<b>93,614</b>	113,787

#### Net cash

Net cash is a measure used by the Board for the purposes of capital management and is calculated as the total of the bank overdrafts plus the cash and cash equivalents held at the end of the period. This balance does not include the restricted cash balance of \$0.3 million (31 December 2022: \$0.3 million):

	<b>30-Jun-23</b>	31-Dec-22
	<b>\$'000</b>	\$'000
Bank overdrafts	-	(1,390)
Cash and cash equivalents	<b>50,355</b>	60,298
<b>Net cash</b>	<b>50,355</b>	58,908

#### Free cash flow and adjusted free cash flow

FCF is a non-IFRS financial measure of the net cash generated from operating activities, plus interest received, less sustaining capital expenditure on property, plant and equipment and intangible assets. The definition of FCF has been updated to include interest received. It is a key measure for the company as the dividend policy is based on this periodic measure of performance.

The purchase of sustaining property, plant and equipment figure in H1 2023 was \$4.2 million (H1 2022: \$4.5 million) and does not include \$4.4 million (H1 2022: \$3.5 million) expended on the Sasa Capital Projects and \$2.7 million (H1 2022: nil) expended on the Kounrad Solar Power Plant. These costs are not considered sustaining capital expenditure as they are expansionary development costs. These exceptional project costs are expected to continue until 2024.

As explained above, H1 2023 FCF has been adjusted to more reasonably apportion H1 2023 withholding tax payments over the full year.

#### **Directors' Responsibility Statement**

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

On behalf of the Board

Gavin Ferrar  
Chief Financial Officer  
12 September 2023

## **INDEPENDENT REVIEW REPORT TO CENTRAL ASIA METALS PLC**

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the London Stock Exchange AIM Rules for Companies.

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2023 which comprises the condensed consolidated interim statement of financial position as at 30 June 2023, the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income for the period then ended, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows and notes to the consolidated interim financial information.

### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“ISRE (UK) 2410”). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting.

### **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

### **Responsibilities of Directors**

The Directors are responsible for preparing the interim financial report in accordance with the London Stock Exchange AIM Rules for Companies which require that the interim report be presented and prepared in a form consistent with that which will be adopted in the Company’s annual accounts having regard to the accounting standards applicable to such annual accounts.

In preparing the interim financial report, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the review of the financial information**

In reviewing the interim report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the interim financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## **Use of our report**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Ryan Ferguson

For and on behalf of BDO LLP  
Chartered Accountants  
London  
12 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (unaudited)**  
**for the six months period ended 30 June 2023**

	Note	Six months ended	
		30-Jun-23 \$'000	30-Jun-22 \$'000
<b>Continuing operations</b>			
Revenue		<b>93,614</b>	113,787
Presented as:			
Gross revenue <sup>1</sup>		<b>99,331</b>	119,547
Less:			
Silver stream purchases		<b>(3,859)</b>	(3,835)
Offtake buyers' fees		<b>(1,858)</b>	(1,925)
<b>Revenue</b>		<b>93,614</b>	113,787
Cost of sales		<b>(44,566)</b>	(40,621)
Distribution and selling costs		<b>(1,447)</b>	(1,026)
<b>Gross profit</b>		<b>47,601</b>	72,140
Administrative expenses		<b>(12,373)</b>	(11,216)
Other income		<b>140</b>	79
Foreign exchange (loss)/gain		<b>(2,478)</b>	7,025
<b>Operating profit</b>		<b>32,890</b>	68,028
Finance income		<b>962</b>	87
Finance costs		<b>(939)</b>	(1,179)
<b>Profit before income tax</b>		<b>32,913</b>	66,936
Income tax	6	<b>(12,065)</b>	(13,537)
<b>Profit for the period from continuing operations</b>		<b>20,848</b>	53,399
<b>Discontinued operations</b>			
Profit/(loss) for the period from discontinued operations		<b>253</b>	(69)
<b>Profit for the period</b>		<b>21,101</b>	53,330
<b>Profit attributable to:</b>			
Non-controlling interests		<b>90</b>	5
Owners of the parent		<b>21,011</b>	53,325
<b>Profit for the period</b>		<b>21,101</b>	53,330
<b>Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the parent during the period (expressed in cents per share)</b>			
<b>Basic earnings/(loss) per share</b>		<b>\$</b>	<b>\$</b>
From continuing operations	7	<b>11.41</b>	30.25

<sup>1</sup> 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.

From discontinued operations		0.14	(0.04)
<b>From profit for the period</b>		<b>11.55</b>	<b>30.21</b>
<b>Diluted earnings/(loss) per share</b>			
From continuing operations	7	10.93	29.15
From discontinued operations		0.13	(0.04)
<b>From profit for the period</b>		<b>11.06</b>	<b>29.11</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (unaudited)**  
**for the six months period ended 30 June 2023**

	Six months ended	
	<b>30-Jun-23</b>	30-Jun-22
	<b>\$'000</b>	\$'000
Profit for the period	<b>21,101</b>	53,330
<b>Other comprehensive income/(expense):</b>		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	<b>9,236</b>	(34,543)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>9,236</b>	(34,543)
<b>Total comprehensive income for the period</b>	<b>30,337</b>	18,787
<b>Attributable to:</b>		
- Non-controlling interests	<b>90</b>	5
- Owners of the parents	<b>30,247</b>	18,782
<b>Total comprehensive income for the period</b>	<b>30,337</b>	18,787
Total comprehensive income attributable to equity shareholders arises from:		
- Continuing operations	<b>30,084</b>	18,758
- Discontinued operations	<b>253</b>	29
	<b>30,337</b>	18,787

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)**  
**as at 30 June 2023**

		Unaudited	Audited
		30-Jun-23	31-Dec-22
	Note	\$'000	\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	335,161	322,197
Intangible assets	9	26,237	26,552
Deferred income tax asset	13	4,006	328
Other non-current receivables	11	6,550	11,478
		<b>371,954</b>	<b>360,555</b>
<b>Current assets</b>			
Inventories	10	15,410	13,149
Trade and other receivables	11	14,124	8,715
Restricted cash		269	264
Cash and cash equivalents		50,355	60,298
		<b>80,158</b>	<b>82,426</b>
Assets of the disposal group classified as held for sale		67	64
		<b>80,225</b>	<b>82,490</b>
<b>Total assets</b>		<b>452,179</b>	<b>443,045</b>
<b>Equity attributable to owners of the parent</b>			
Ordinary shares		1,821	1,821
Share premium		205,725	205,437
Treasury shares		(15,413)	(15,831)
Currency translation reserve		(124,856)	(134,092)
Retained earnings		312,266	312,107
		<b>379,543</b>	<b>369,442</b>
<b>Non-controlling interests</b>		<b>(1,232)</b>	<b>(1,322)</b>
<b>Total equity</b>		<b>378,311</b>	<b>368,120</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Silver streaming commitment		16,598	17,085
Deferred income tax liability	13	17,136	17,286
Lease liability		143	10
Provision for other liabilities and charges	14	24,098	20,744
		<b>57,975</b>	<b>55,125</b>
<b>Current liabilities</b>			
Borrowings	15	-	1,390
Silver streaming commitment		1,022	1,095

Trade and other payables	12	<b>14,443</b>	16,643
Lease liability		<b>149</b>	295
Provisions for other liabilities and charges	14	<b>260</b>	333
		<b>15,874</b>	19,756
Liabilities of disposal group classified as held for sale		<b>19</b>	44
		<b>15,893</b>	19,800
<b>Total liabilities</b>		<b>73,868</b>	74,925
<b>Total equity and liabilities</b>		<b>452,179</b>	443,045

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)**  
for the six months period ended 30 June 2023

	Ordinary shares \$'000	Share premium \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
<b>Balance as at 1</b>								
<b>January 2023</b>	<b>1,821</b>	<b>205,437</b>	<b>(15,831)</b>	<b>(134,092)</b>	<b>312,107</b>	<b>369,442</b>	<b>(1,322)</b>	<b>368,120</b>
Profit for the period	-	-	-	-	21,011	21,011	90	21,101
Other comprehensive income— currency translation differences	-	-	-	9,236	-	9,236	-	9,236
<b>Total comprehensive income</b>	-	-	-	<b>9,236</b>	<b>21,011</b>	<b>30,247</b>	<b>90</b>	<b>30,337</b>
<b>Transactions with owners</b>								
Share based payments	-	-	-	-	2,213	2,213	-	2,213
Exercise of options	-	288	418	-	(1,351)	(645)	-	(645)
Dividends	-	-	-	-	(21,714)	(21,714)	-	(21,714)
<b>Total transactions with owners, recognised directly in equity</b>	-	<b>288</b>	<b>418</b>	-	<b>(20,852)</b>	<b>(20,146)</b>	-	<b>(20,146)</b>
<b>Balance as at 30</b>								
<b>June 2023</b>	<b>1,821</b>	<b>205,725</b>	<b>(15,413)</b>	<b>(124,856)</b>	<b>312,266</b>	<b>379,543</b>	<b>(1,232)</b>	<b>378,311</b>



	Ordinary shares	Share premium	Treasury shares	Currency translation reserve	Retained earnings	Total	Non- controlling interest	Total equity
Attributable to owners of the parent	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1</b>								
<b>January 2022</b>	<b>1,765</b>	<b>191,988</b>	<b>(2,360)</b>	<b>(104,781)</b>	<b>323,951</b>	<b>410,563</b>	<b>(1,316)</b>	<b>409,247</b>
Profit for the period	-	-	-	-	53,325	53,325	5	53,330
Other comprehensive expense– currency translation differences	-	-	-	(34,543)	-	(34,543)	-	(34,543)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,543)</b>	<b>53,325</b>	<b>18,782</b>	<b>5</b>	<b>18,787</b>
<b>Transactions with owners</b>								
Share based payments	-	-	-	-	1,741	1,741	-	1,741
Exercise of options	-	9	24	-	(1,263)	(1,230)	-	(1,230)
Dividends	-	-	-	-	(27,819)	(27,819)	-	(27,819)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>9</b>	<b>24</b>	<b>-</b>	<b>(27,341)</b>	<b>(27,308)</b>	<b>-</b>	<b>(27,308)</b>
<b>Balance as at 30</b>								
<b>June 2022</b>	<b>1,765</b>	<b>191,997</b>	<b>(2,336)</b>	<b>(139,324)</b>	<b>349,935</b>	<b>402,037</b>	<b>(1,311)</b>	<b>400,726</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)**  
**for the six months period ended 30 June 2023**

	Note	Six months ended	
		30-Jun-23 \$'000	30-Jun-22 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	42,676	68,830
Interest paid		(53)	(477)
Corporate income tax paid		(18,478)	(11,734)
<b>Net cash flow generated from operating activities</b>		<b>24,145</b>	<b>56,619</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant, and equipment		(11,340)	(8,008)
Purchase of intangible assets		(28)	-
Proceeds from sale of property, plant, and equipment		27	17
Interest received		962	87
Increase in restricted cash		-	(3,155)
<b>Net cash used in investing activities</b>		<b>(10,379)</b>	<b>(11,059)</b>
<b>Cash flows from financing activities</b>			
Repayment of overdraft	15	(1,403)	(4,473)
Repayment of borrowings		-	(16,000)
Dividend paid to owners of the parent		(21,714)	(27,819)
Cash settlement of share options		(641)	(1,908)
Receipt on exercise of share options		4	6
<b>Net cash used in financing activity</b>		<b>(23,754)</b>	<b>(50,194)</b>
Effect of foreign exchange gain/(losses) on cash and cash equivalents		43	(34)
<b>Net decrease in cash and cash equivalents</b>		<b>(9,945)</b>	<b>(4,668)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>60,361</b>	<b>55,731</b>
<b>Cash and cash equivalents at 30 June</b>		<b>50,416</b>	<b>51,063</b>

Cash and cash equivalents at 30 June 2023 includes cash at bank on hand included in assets held for sale of \$61,000 (30 June 2022: \$53,000). The consolidated statement of cash flows does not include the restricted cash balance of \$269,000 (30 June 2022: \$6,671,000).

Corporate income tax paid includes \$7,027,000 (30 June 2022: nil) of Kazakhstan withholding tax paid on intercompany dividend distributions.

## **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**For the six months period ended 30 June 2023**

### **1. General information**

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

The Group's principal business activities are the production of copper 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 76% equity interest in Copper Bay Limited which is currently held for sale.

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.

The condensed consolidated interim financial information incorporates the results of Central Asia Metals plc and its subsidiary undertakings as at 30 June 2023 and was approved by the Directors for issue on 13 September 2023. The condensed consolidated financial information is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The information for the year ended 31 December 2022 included in this report was derived from the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as adopted by the UK up to 31 December 2022, a copy of which has been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under 498(2) 498(3) of the Companies Act 2006.

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

### **2. Basis of preparation**

The condensed consolidated interim financial information for the six months to 30 June 2023 has been prepared in accordance with IAS 34 'Interim financial reporting' and also in accordance with the measurement and recognition principles of UK adopted international accounting standards.

#### **Principal risks and uncertainties**

In preparing the condensed consolidated interim financial information management is required to consider the principal risks and uncertainties facing the Group.

In management's opinion, the principal risks and uncertainties facing the Group are unchanged since the preparation of the consolidated financial statements for the year ended 31 December 2022. Those risks and uncertainties, together with management's response to them are described in the Principal Risks and Uncertainties section of the 2022 Annual Report and Accounts.

### **3. Accounting policies**

The accounting policies, methods of computation and presentation used in the preparation of the condensed consolidated interim financial information are the same as those used in the Group's audited financial statements for the year ended 31 December 2022.

#### **Going concern**

The Group sells and distributes its copper product primarily through an annual rolling offtake arrangement with Traxys Europe S.A. with a minimum of 95% of the SX-EW plant's forecasted output committed as sales. The Group sells Sasa's zinc and lead concentrate product through an annual rolling offtake arrangement with Traxys. 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 and no outstanding borrowings as at 30 June 2023.

The Board has reviewed forecasts for the period to December 2024 to assess the Group's liquidity which demonstrate substantial headroom. The Board have considered additional sensitivity scenarios in terms of the Group's commodity price forecasts, expected production volumes, operating cost profile and capital expenditure. The Board have assessed the key risks which could impact the prospects of the Group over the going concern period including commodity price outlook, cost inflation and supply chain disruption together with reverse stress testing of the forecasts in line with best practice. Liquidity headroom was demonstrated in each reasonably possible scenario. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial information.

#### **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.

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, two months or three months, 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 offtaker fees and silver purchases under the Silver Stream.

### **Taxation**

Taxation for each jurisdiction is calculated at the estimated average annual effective income tax rate in the respective jurisdictions. This is the case for the corporation tax on taxable profits and also on distributions made subjected to withholding tax. These rates are applied to the pre-tax income of the six-month period.

### **New and amended standards and interpretations adopted by the Group**

The Group has adopted the following standards and amendments for the first time for the half-yearly reporting period commencing 1 January 2023, however there is no effect on the current reporting period as they are either not relevant to the Group's activities or require accounting which is consistent with Group's current accounting policies:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors);
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

The impact of the amendments to IAS 12 Income taxes which relate to deferred tax related to Assets and Liabilities arising from a Single Transaction are currently being analysed and the impact, if any, on the financial statements will be recognised in the annual financial statements.

#### 4. Critical accounting judgements and estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these judgements and estimates. 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 preparing this condensed consolidated interim financial information, the significant accounting estimates and judgements made by management in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

Refer to note 9 and note 14 for critical judgements and estimates related to the impairment test for the Sasa mining assets.

#### 5. Segmental information

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 segment results for the six months ended 30 June 2023 are as follows:

	Unaudited			
	Kounrad	Sasa	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
Gross revenue	54,693	44,638	-	99,331
Silver stream purchases	-	(3,859)	-	(3,859)
Offtake buyers' fees	(1,388)	(470)	-	(1,858)
<b>Revenue</b>	<b>53,305</b>	<b>40,309</b>	<b>-</b>	<b>93,614</b>
<b>EBITDA</b>	<b>39,242</b>	<b>18,162</b>	<b>(8,493)</b>	<b>48,911</b>
Depreciation and amortisation	(1,877)	(11,681)	(125)	(13,683)
Foreign exchange loss	(1,836)	(624)	(18)	(2,478)
Other income	140	-	-	140
Finance income	9	-	953	962
Finance costs	(238)	(698)	(3)	(939)
<b>Profit/(loss) before income tax</b>	<b>35,440</b>	<b>5,159</b>	<b>(7,686)</b>	<b>32,913</b>
Income tax				(12,065)



Kounrad	<b>78,746</b>	82,258	<b>3,992</b>	1,189	<b>(16,840)</b>	(13,928)
Sasa	<b>330,007</b>	324,197	<b>13,167</b>	6,806	<b>(54,180)</b>	(54,718)
Assets held for sale	<b>67</b>	64	-	-	<b>(19)</b>	(44)
Unallocated including corporate	<b>43,359</b>	36,526	<b>11</b>	13	<b>(2,829)</b>	(6,235)
<b>Total</b>	<b>452,179</b>	443,045	<b>17,170</b>	8,008	<b>(73,868)</b>	(74,925)

## 6. Income tax

	Six months ended	
	30-Jun-23	30-Jun-22
	\$'000	\$'000
Current tax on profits for the period	<b>9,148</b>	15,131
Withholding tax on intercompany dividend distributions	<b>7,027</b>	-
IAS 34 deferred tax adjustment (note 13)	<b>(3,596)</b>	-
Deferred tax adjustment (note 13)	<b>(514)</b>	(1,594)
<b>Income tax expense</b>	<b>12,065</b>	13,537

Taxation for each jurisdiction is calculated at the estimated average annual effective income tax rate in the respective jurisdictions, in accordance with IAS 34. This is the case for the corporation tax on taxable profits and also on distributions made subjected to withholding tax. These rates are applied to the pre-tax income of the six-month period. The payment of 10% withholding tax on intercompany dividends from Kazakhstan was introduced from 1 January 2023.

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

## 7. Earnings per share

### 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 period excluding ordinary shares purchased by the Company and held as treasury shares.

	Six months ended	
	30-Jun-23	30-Jun-22
	\$'000	\$'000
Profit from continuing operations attributable to owners of the parent	<b>20,758</b>	53,394
Profit/(loss) from discontinued operations attributable to owners of the parent	<b>253</b>	(69)



<b>Total</b>	<b>21,011</b>	53,325
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Weighted average number of ordinary shares in issue	<b>181,904,941</b>	176,498,266
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**Earnings per share from continuing and discontinued operations attributable to owners of the parent during the period (expressed in \$ cents per share)**

	<b>\$ cents</b>	\$ cents
From continuing operations	<b>11.41</b>	30.25
From discontinued operations	<b>0.14</b>	(0.04)
From profit for the period	<b>11.55</b>	30.21

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.

	Six months ended	
	<b>30-Jun-23</b>	30-Jun-22
Weighted average number of ordinary shares in issue	<b>181,904,941</b>	176,498,266
Adjusted for:		
- Share Options	<b>7,998,873</b>	6,697,437
Weighted average number of ordinary shares for diluted earnings per share	<b>189,903,814</b>	183,195,703

<b>Diluted earnings per share</b>	<b>\$ cents</b>	\$ cents
From continuing operations	<b>10.93</b>	29.15
From discontinued operations	<b>0.13</b>	(0.04)
From profit for the period	<b>11.06</b>	29.11

## 8. Property, plant, and equipment

	Construction in progress	Plant and equipment	Mining assets	Motor vehicles and right of use assets	Land	Mineral rights	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>							
<b>At 1 January 2023</b>	<b>16,005</b>	<b>164,593</b>	<b>1,175</b>	<b>2,944</b>	<b>590</b>	<b>329,961</b>	<b>515,268</b>
Additions	16,574	69	-	499	-	-	17,142
Disposals	(63)	(518)	-	(53)	-	-	(634)

Change in estimate – asset retirement obligation	-	2,230	-	-	-	-	2,230
Transfers	(8,677)	8,471	-	206	-	-	-
Exchange differences	424	2,116	22	32	14	4,833	7,441
<b>At 30 June 2023</b>	<b>24,263</b>	<b>176,961</b>	<b>1,197</b>	<b>3,628</b>	<b>604</b>	<b>334,794</b>	<b>541,447</b>

#### Accumulated depreciation

<b>At 1 January 2023</b>	-	<b>72,016</b>	<b>580</b>	<b>2,161</b>	-	<b>118,314</b>	<b>193,071</b>
Provided during the period	-	6,038	72	556	-	6,524	13,190
Disposals	-	(329)	-	(33)	-	-	(362)
Exchange differences	-	360	10	17	-	-	387
<b>At 30 June 2023</b>	-	<b>78,085</b>	<b>662</b>	<b>2,701</b>	-	<b>124,838</b>	<b>206,286</b>

Net book value at 1 January 2023	16,005	92,577	595	783	590	211,647	322,197
<b>Net book value at 30 June 2023</b>	<b>24,263</b>	<b>98,876</b>	<b>535</b>	<b>927</b>	<b>604</b>	<b>209,956</b>	<b>335,161</b>

The increase in estimate in relation to the asset retirement obligation of \$2,230,000 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 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 14).

## 9. Intangible assets

	Goodwill	Mining licences and permits	Computer software and website	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
<b>At 1 January 2023</b>	<b>28,336</b>	<b>33,370</b>	<b>389</b>	<b>62,095</b>
Additions	-	-	28	28
Exchange differences	139	457	-	596
<b>At 30 June 2023</b>	<b>28,475</b>	<b>33,827</b>	<b>417</b>	<b>62,719</b>
<b>Accumulated amortisation and impairment</b>				
<b>At 1 January 2023</b>	<b>20,921</b>	<b>14,320</b>	<b>302</b>	<b>35,543</b>

Provided during the period	-	856	20	876
Exchange differences	-	63	-	63
<b>At 30 June 2023</b>	<b>20,921</b>	<b>15,239</b>	<b>322</b>	<b>36,482</b>
Net book value at 1 January 2023	7,415	19,050	87	26,552
<b>Net book value at 30 June 2023</b>	<b>7,554</b>	<b>18,588</b>	<b>95</b>	<b>26,237</b>

### Impairment assessment

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. When undertaken, an impairment review is completed for each Cash Generating Unit (CGU):

### Kounrad project

The Kounrad project has an associated goodwill balance of \$7,554,000 (31 December 2022: \$7,415,000). The movement being due solely to foreign exchange differences.

While assessing the project for impairment the key economic assumptions used in the review were a five-year forecast average nominal copper price of \$8,723 per tonne (31 December 2022: \$7,777 per tonne) and a long-term price of \$8,042 per tonne (31 December 2022: \$7,436 per tonne) and a discount rate of 8.07% (31 December 2022: 8.07%) as well as market inflation rates. 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 that 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 associated goodwill balance of the Sasa project was impaired by \$20,921,000 to nil during the year ended 31 December 2022.

The business combination in 2017 was accounted for at fair value under IFRS 3 and therefore recoverable value was sensitive to changes in commodity prices, operational performance, treatment charges, future cash costs of production and capital expenditures. 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.

At 30 June 2023, the Group has tested for impairment/reversal of impairment, using a present value calculation sensitive to assumptions in respect of future commodity prices, treatment charges, discount rates, operating and capital expenditure, foreign exchange rates and the mineral reserves and resources estimates.

The key changes in economic assumptions used in the review were:

- 1) A discount rate of 11.72% (31 December 2022: 12.52%) supported by a detailed WACC calculation applied to calculate the present value of the CGU. This discount rate has reduced since year end due to judgements applied to the country risk premium as the sale of lead and zinc is a global market and therefore not fully exposed to North Macedonian risk and favourable changes to the equity risk premium because of market conditions.
- 2) The five-year forecast average nominal zinc and lead price of \$2,867 (31 December 2022: \$2,760) and \$2,016 (2022: \$2,081) per tonne respectively and a long-term real price of \$2,600 (31 December 2022: \$2,467) and \$2,116 (31 December 2022: \$1,874) per tonne respectively based on market consensus prices which have marginally improved since year-end inflated at 3%.

At the balance sheet date, the impairment test concluded that an impairment or reversal of the prior year impairment is not necessary as there have been no significant indicators of a possible reversal identified due to commodity price risk and judgements applied in the discount rate. Management 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:

Discount rate increased to 13.4%

Zinc price reduced by 9%

Lead price reduced by 6%

Operating expenditure increased by 8%

Capital expenditure increased by 36%

At the balance sheet date, the Board considers the base case forecasts to be appropriate and balanced best estimates.

## 10. Inventories

	<b>30-Jun-23</b>	31-Dec-22
	<b>\$'000</b>	\$'000
Raw materials	<b>13,013</b>	11,917
Finished goods	<b>2,397</b>	1,232
	<b>15,410</b>	13,149

The Group recognises all inventory at the lower of cost and net realisable value and did not have any slow-moving, obsolete or defective inventory as at 30 June 2023 and therefore there were no write-

offs to the income statement during the period (H1 2022: nil). The total inventory recognised through the Income Statement was \$3,391,565 (H1 2022: \$3,551,000).

## 11. Trade and other receivables

	30-Jun-23	31-Dec-22
	\$'000	\$'000
<b>Current receivables</b>		
Trade receivables	4,006	2,362
Prepayments and accrued income	1,863	2,991
VAT receivable	1,909	1,546
Other receivables	6,346	1,816
	<b>14,124</b>	<b>8,715</b>
<b>Non-current receivables</b>		
Prepayments	2,549	8,221
VAT receivable	4,001	3,257
	<b>6,550</b>	<b>11,478</b>

Other receivables includes \$5,236,000 (31 December 2022: \$1,095,000) of overpaid Group corporate income tax which will be offset against corporate income tax liabilities arising in the same entities in the current and next financial year.

As of 30 June 2023, the total Group VAT receivable was \$5,910,000 (31 December 2022: \$4,803,000) which included an amount of \$4,190,000 (31 December 2022: \$3,399,000) of VAT owed to the Group by the Kazakhstan authorities. The Group is working closely with its advisors to recover the remaining portion. The planned means of recovery will be through a combination of local sales of copper cathode to offset VAT liabilities and by a continued dialogue with the authorities for cash recovery and further offsets.

## 12. Trade and other payables

	30-Jun-23	31-Dec-22
	\$'000	\$'000
<b>Current payables</b>		
Trade and other payables	6,779	6,722
Accruals	3,879	6,029
Corporation tax, social security and other taxes	3,785	3,892
	<b>14,443</b>	<b>16,643</b>

### 13. Deferred income tax asset and liability

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

	At 1-Jan-23 \$'000	Currency translation differences \$'000	Credit to income statement \$'000	At 30-Jun-23 \$'000
Other temporary differences	(326)	81	3,596	<b>3,351</b>
Deferred tax liability on fair value adjustment on Kounrad transaction	(4,457)	(85)	139	<b>(4,403)</b>
Deferred tax liability on fair value adjustment on CMK acquisition	(12,175)	(278)	375	<b>(12,078)</b>
<b>Deferred tax liability, net</b>	<b>(16,958)</b>	<b>(282)</b>	<b>4,110</b>	<b>(13,130)</b>

Reflected in the statement of financial position as:

<b>Deferred tax asset</b>	<b>328</b>	<b>4,006</b>
<b>Deferred tax liability</b>	<b>(17,286)</b>	<b>(17,136)</b>

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 \$514,000 during the period to reflect the tax consequences of depreciating the recognised fair values of the assets during the period.

The deferred tax adjustment of \$3,596,000 relates to the IAS 34 adjustment of the effective tax rate on withholding tax as explained in note 6.

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.

### 14. Provisions for other liabilities and charges

	Asset retirement obligation \$'000	Employee retirement benefits \$'000	Other employee benefits \$'000	Legal claims \$'000	Total \$'000
<b>At 1 January 2023</b>	<b>20,543</b>	<b>244</b>	<b>288</b>	<b>2</b>	<b>21,077</b>
Change in estimate	2,230	-	-	-	2,230
Settlements of provision	-	(12)	-	-	(13)

Unwinding of discount	882	-	-	-	882
Exchange rate differences	170	4	7	-	182
<b>At 30 June 2023</b>	<b>23,825</b>	<b>236</b>	<b>295</b>	<b>2</b>	<b>24,358</b>

Non-current	23,608	209	279	2	24,098
Current	217	27	16	-	260
<b>At 30 June 2023</b>	<b>23,825</b>	<b>236</b>	<b>295</b>	<b>2</b>	<b>24,358</b>

The Group provides for the asset retirement obligation associated with the mining activities at Sasa and Kounrad. The increase in estimate in relation to the asset retirement obligation of \$2,230,000 is primarily due to additional estimated costs at Sasa surrounding the lining of the tailings facilities following discussions with Regulators as well as an update to the discount rate to 10.15% (31 December 2022: 9.17%) and inflation rate to 3.34% (31 December 2022: 3.53%) using latest assumptions.

## 15. Borrowings

	30-Jun-23	31-Dec-22
	\$'000	\$'000
<i>Unsecured: Current</i>		
Bank overdraft	-	1,390
Total current	-	1,390

The carrying value of loans approximates fair value:

	30-Jun-23	31-Dec-22
	\$'000	\$'000
Bank overdrafts	-	1,390
	-	1,390

The movement on the borrowings can be summarised as follows:

	\$'000
Balance at 1 January 2023	1,390
Repayment of overdrafts	(1,403)
Finance charge interest	30
Interest paid	(30)
Foreign exchange	13
<b>Balance at 30 June 2023</b>	<b>-</b>

## 16. Cash generated from operations

Six months ended	
30-Jun-23	30-Jun-22

	\$'000	\$'000
<b>Profit before income tax including discontinued operations</b>	<b>33,166</b>	66,867
Adjustments for:		
Depreciation and amortisation	<b>13,683</b>	13,971
Silver stream commitment	<b>(560)</b>	(660)
Loss/(profit) on disposal of property, plant, and equipment	<b>47</b>	(5)
Foreign exchange loss/(gain)	<b>2,478</b>	(7,025)
Share based payments	<b>2,213</b>	2,418
Finance income	<b>(962)</b>	(87)
Finance costs	<b>939</b>	1,179
<b>Changes in working capital:</b>		
Increase in inventories	<b>(2,154)</b>	(1,652)
Increase in trade and other receivables	<b>(5,167)</b>	(2,540)
Decrease in trade and other payables	<b>(995)</b>	(3,627)
Provisions for other liabilities and charges	<b>(12)</b>	(9)
<b>Cash generated from operations</b>	<b>42,676</b>	68,830

The increase in trade and other receivables includes a movement in the Sasa VAT receivable balance of \$2,717,000 which is offset against corporate income tax payable during the period.

## 17. Dividend per share

An interim dividend of 9 pence per ordinary share (H1 2022: 10 pence) was declared by the CAML Board on the 13 September 2023.

## 18. Related party disclosure

The Kounrad Foundation, a charitable foundation through which Kounrad donates to the community, was advanced nil (H1 2022: nil) as donations are expected during H2 2023. This is a related party by virtue of common directors.

The Sasa Foundation, a charitable foundation through which Sasa donates to the community, was advanced \$110,000 (H1 2022: \$96,000) with further donations expected during H2 2023. This is a related party by virtue of common directors.

## 19. Subsequent events

There were no events after the reporting period.





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