

CENTRAL  
ASI  
METALS  
PLC

# 2019 SUSTAINABILITY REPORT PRESENTATION

APRIL 2020





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The Company's principal activity is the exploration and mining of precious and base metals in Kazakhstan and North Macedonia. You should be aware of the risks associated with this type of investment and that in emerging markets such as Kazakhstan and North Macedonia, the risks are far greater than in more developed markets (including significant legal, economic and political risks) and that the Company could potentially lose the benefit of its assets in Kazakhstan and North Macedonia. You acknowledge the high number of expenses and difficulties frequently encountered by companies in the early stages of development, particularly companies operating in emerging markets and you should be aware that this may lead to the loss of your entire investment.

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April 2020

# CENTRAL ASIA METALS (CAML) OPERATIONS



## NORTH MACEDONIA

- Population, 2.1 million
- GDP per capita, \$6,143



## SASA (100%)

- Underground zinc and lead mine, northeast North Macedonia
- Production commenced in 1960's
- Produces 23,000-25,000t zinc and 29,000-32,000t lead in concentrate annually
- Life of mine to 2038+
- 2019 production, 23,369t zinc and 29,201t lead

## KAZAKHSTAN

- Population, 18.3 million
- GDP per capita, \$11,165



## KOUNRAD (100%)

- In-situ dump leach and SX-EW processing facility, central Kazakhstan
- In production for 8 years
- Produces 12,500-14,000t copper, one of the lowest cost producers globally
- Life of operation to 2034
- 2019 production, 13,771t copper

# CAML MATERIAL SUSTAINABILITY TOPICS

## Delivering value through stewardship

Corporate governance, business ethics

Sustainability management

## Maintaining health and safety

Safety

Occupational health and wellbeing

## Focussing on our people

Employee retention and development

Diversity and inclusion

## Caring for the environment

Energy usage and climate change

Air quality and pollution

Water usage

Waste management

Rehabilitation and biodiversity



*“Our primary objective is to ensure that sustainability is integrated and embedded in every aspect of our business. Our goal is to create long term value for all our stakeholders and therefore we take our responsibility for ensuring sustainable operations at CAML very seriously.”*

**Nick Shirley,**  
Sustainability  
Director

## Unlocking value for our communities

Community engagement and development

Social investment

Economic value added

Supply chain

# OUR PURPOSE, CULTURE AND VALUES



## Our purpose

Our purpose is to produce base metals, which are essential for modern living, profitably in a safe and sustainable environment for all our stakeholders.

## Our culture

Since inception of the Company, our culture has been to operate in an open and transparent manner and develop a long-term and sustainable business. CAML as a business has been built embracing technology and continues to operate with an enterprising spirit.

## Our values



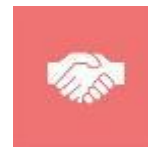
**Health and safety.** The safety of our employees is a core value and we are passionate about protecting the health and wellbeing of our people. We work hard to monitor, assess and mitigate all the risks that could potentially cause harm to our employees. We strive to ensure that every individual within the Company understands that safety is their responsibility.



**Sustainability.** Taking responsibility for sustainable development is our core objective and its importance is considered in each decision that we make. We aim to positively affect our employees and local communities, while minimising any adverse impacts on the natural environment.



**Efficiency and innovation.** We encourage our team to embrace change and commit to continuing to bring technology and innovation together to improve our operations. This approach helps us to use our resources wisely and efficiently in achieving long-term sustainable production.



**Respect and trust.** We encourage open and constructive communications with team members and value collaborative working. We accomplish transparency through honest, fair, and open communication with all key stakeholders built on disclosure, clarity, and accuracy. We are open to recognising our faults and improving practices.

# DELIVERING VALUE THROUGH STEWARDSHIP



**Dr Gillian Davidson, NED and  
Chair of Sustainability  
Committee**

*“Central Asia Metals has long recognised the importance of sustainability. However, we recognise the growing need for transparency and the increasing expectations of our stakeholders to understand our business, its impacts and the creation of long-term value. As such, I am delighted to introduce our first Sustainability Report.”*

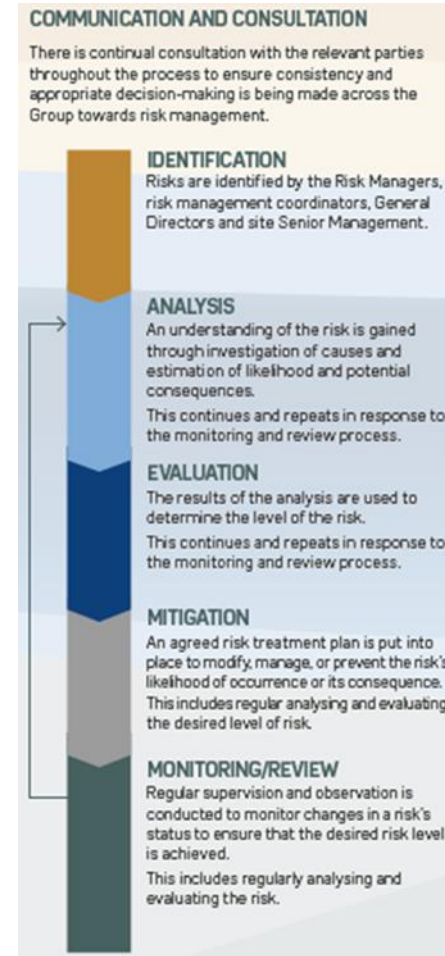
## Published company policies

- Modern Slavery Act statement
- Code of Conduct
- Anti-bribery Policy
- Whistle-blowing Policy
- Trade Sanctions Policy
- Human Rights Policy
- Sustainability Policy
- QCA code adherence

**Sustainability Director, Nick Shirley, with CAML for 7 years**

**No payments to governments**

## CAML risk management process



# BOARD OF DIRECTORS



**Robert Cathery**  
NED  
- City experience  
Chair  
- Remuneration Committee  
Member  
- Nomination Committee

**Nigel Hurst-Brown**  
NED, Deputy Chairman  
- fund management experience  
Member  
- Audit Committee  
- Remuneration Committee  
- Nomination Committee

**Nick Clarke**  
Non-Executive Chairman  
Chair  
- Nomination Committee  
Member  
- Sustainability Committee

**Nurlan Zhakupov**  
NED  
- Kazakhstan experience  
Member  
- Nomination Committee  
- Sustainability Committee

**Nigel Robinson**  
CEO  
Member  
- Sustainability Committee

**Gavin Ferrar**  
CFO

**Dr Gillian Davidson**  
NED  
- sustainability experience  
Chair  
- Sustainability Committee

**Roger Davey**  
NED  
- technical experience  
Member  
- Nomination Committee  
- Audit Committee

**David Swan**  
NED  
- accounting experience  
Chair  
- Audit Committee  
Member  
- Nomination Committee  
- Remuneration Committee



# MAINTAINING HEALTH AND SAFETY

## Sasa

- 1 LTI (incident with an underground machine)
- 1 MTI (employee cut leg)
- Several recent safety initiatives at Sasa, including
  - Re-formed rescue team comprising 29 employees fully equipped with modern equipment.
  - Design complete for six underground refuge chambers, with five already constructed
  - Purchase of new self-rescuers for all underground miners and training completed
- No occupational health issues identified at Sasa

## Kounrad

- No LTIs or MTIs
  - 653 days since last Kounrad LTI
- No occupational health issues identified at Kounrad

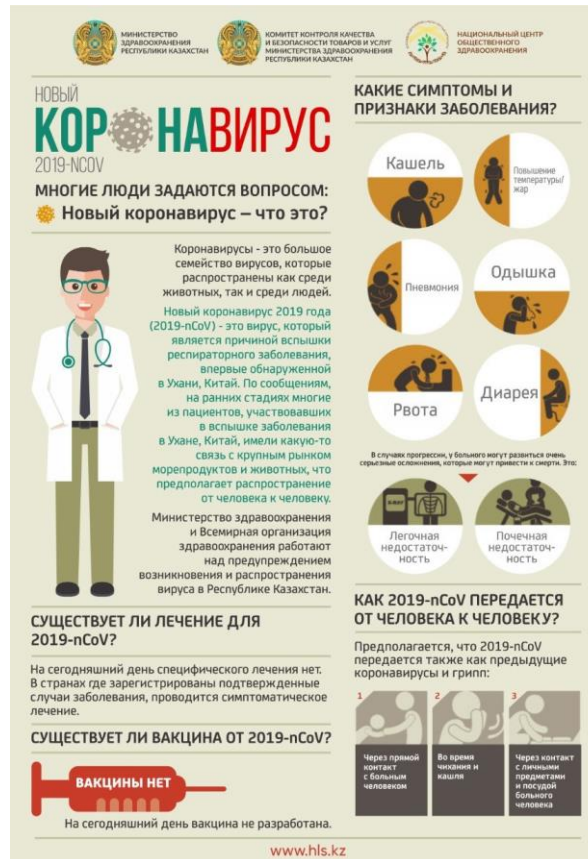
	2019 Sasa	2019 Kounrad	2019 CAML	2018 CAML	2017 CAML*
No. lost time injuries (LTI)	1	0	1	8	0
No. medical treatment injuries (MTI)	1	0	1	0	0
No. recordable injuries (RI)	2	0	2	8	0
Cumulative hours worked**	1.5m	0.8m	2.4m	2.1m	2.1m
Lost time injury frequency rate (LTIFR)	0.66	0.00	0.42	3.76	0.00
Total recordable injury frequency rate (TRIFR)	1.33	0.00	0.85	3.76	0.00

\*CAML owned Sasa for 2 months of 2017. The figures above reflect a full year's performance for the mine  
 \*\*2017 and 2018 cumulative hours worked excludes Kounrad contractor hours



## Kazakhstan

- Currently no employees or contractors diagnosed with COVID-19 at Kounrad operation
- No disruption to production or sale of copper
- ‘State of Emergency’ declared
- Borders closed for movement of people, not trade
- Cities of Nur-Sultan and Almaty are in lock-down as well as other larger cities including Karaganda
- Latest numbers, 1,949 cases of COVID-19 in-country
  - 99 cases in Karaganda
  - 0 cases in Balkhash / Kounrad



## North Macedonia

- Currently, no employees or contractors diagnosed with COVID-19 at Sasa mine
- No disruption to production of sale of metal concentrates
- ‘State of Emergency’ declared
- Borders closed for movement of people and increasing restrictions on movement of goods (Sasa unaffected as yet)
- Schools closed, night time curfews (Sasa able to continue night shift)
- Latest numbers, 1,225 cases of COVID-19 in-country
  - 0 cases in Makedonska Kamenica

# FOCUSING ON OUR PEOPLE

## Employment and training

- CAML has 1,039 employees and 191 contractors
  - 698 employees and 105 contractors at Sasa
  - 323 employees and 86 contractors at Kounrad
  - 18 CAML Group employees
- 99% employees from countries of operation
- 12% CAML employees are female
- Low staff turnover
  - 10% at Sasa
  - 11% at Kounrad
- 3,277 safety training course attendees in 60 sessions at Sasa
- 5,288 safety training course attendees in 26 sessions at Kounrad
- 279 professional development and vocational training courses held in 2019

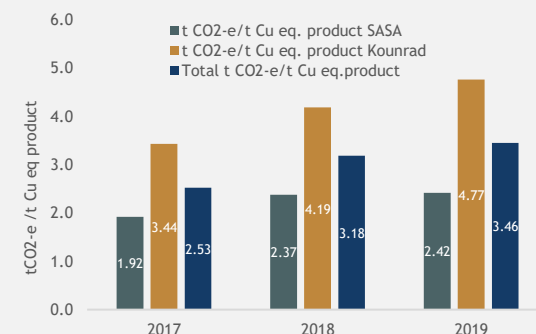


# CARING FOR THE ENVIRONMENT

## Taking our responsibilities seriously

- Zero significant spills at either operation
- Zero air quality exceedances at either operation
- 43% reduction in net water consumption at Sasa due to recycling initiatives
- 17,000 trees planted at Sasa since 2009
- Long term plans in place to store tailings underground
- 2019 CAML carbon emission intensity tCO<sub>2</sub>-e per tonne of Cu equivalent production, 3.46

## Carbon emission intensity



\* CAML only owned Sasa for 2 months of 2017, these figures represent 12 months

	2017			2018			2019		
tCO <sub>2</sub> -e	Scope 1	Scope 2	Scope 1 + 2	Scope 1	Scope 2	Scope 1 + 2	Scope 1	Scope 2	Scope 1 + 2
Sasa	3,008	37,668	40,680	2,850	38,464	41,341	3,034	39,229	42,263
Kounrad	20,452	28,016	48,468	23,767	35,165	58,932	28,020	37,710	65,730
Total	23,460	65,684	89,148	26,617	73,629	100,273	31,054	76,939	107,993

## Downstream tailings facilities

- 5 TSFs at Sasa, all of downstream construction
  - Widely viewed as safest design option
- Construction of TSF4 completed 2019
  - Total cost (pre and post CAML), \$16m
  - Designed to contain 6.5+mt tailings
    - Change in mining method to 'cut and fill' may mean no future TSFs to be built
- Regular review of Sasa tailings storage by Stip University experts
- Construction of TSF4 new facility in accordance with North Macedonian standards
- 2016 Golder Associates (global tailings dam experts) review of Sasa tailings dam
- 2019 Golder Associates completed additional Sasa tailings dam review, following Brazil dam failure
- Full Church of England Pension Board disclosure



For more details, see: <https://www.centralasiametals.com/sustainability/tailings/>



# PRODUCING COPPER FROM WASTE IN KAZAKHSTAN

## Kounrad is not a traditional mine

- We leach copper from waste dumps that were formed during mining of the Kounrad deposit, which commenced in the 1930s
- Producing copper from waste at Kounrad since 2012 has achieved the following
  - 100,000 tonnes of copper produced
  - Gross revenue of \$601m generated from copper sales
  - Tax paid to Government of Kazakhstan totalling \$143m
  - Supported a Kazakh workforce of 323 people and 86 contractors
  - Donations made of over \$2m, supporting the most vulnerable in the local community

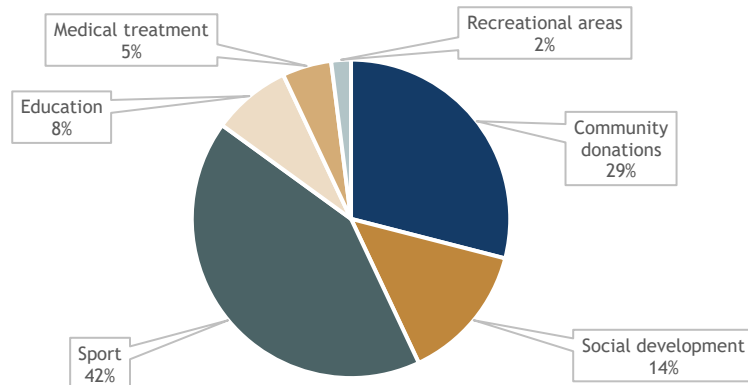
## The Kounrad pit (not owned by CAML) with CAML's waste dumps in the foreground



# UNLOCKING VALUE FOR OUR COMMUNITIES

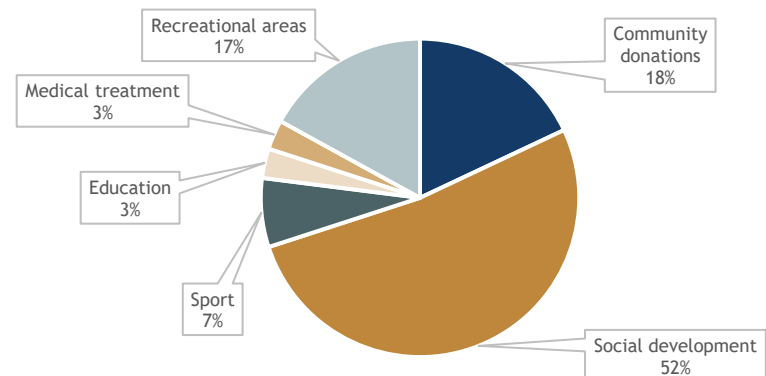
## Sasa 2019 community projects (\$0.3m)

- Establishing engineering training centre in local town, Makedonska Kamenica
- Installation of heating system for local health centre
- Purchase and installation of street workout gym facilities
- Sponsorship of a wide range of children's sporting groups
- Supporting Youth Camps GLOW & YMLP



## Kounrad 2019 community projects (\$0.3m)

- Building purchase and refurbishment for the Kind Heart Centre for disabled children in Balkhash and construction of a garden and play area
- Support for the local 'Crisis Centre', providing refuge for women and children in need of a temporary home
- Repair of a social meeting room for the Kazakh Society of the Blind
- 2019 Kounrad Foundation spending of \$0.2m



The graphic on the left is a vertical rectangle composed of several horizontal bands of different colors: brown, tan, light blue, dark blue, medium blue, and grey. The company name is in the top brown band, and the contact details are in the dark blue band.

**CENTRAL  
ASIA  
METALS  
PLC**

**CONTACT  
DETAILS**

**DIRECTOR OF CORPORATE RELATIONS**

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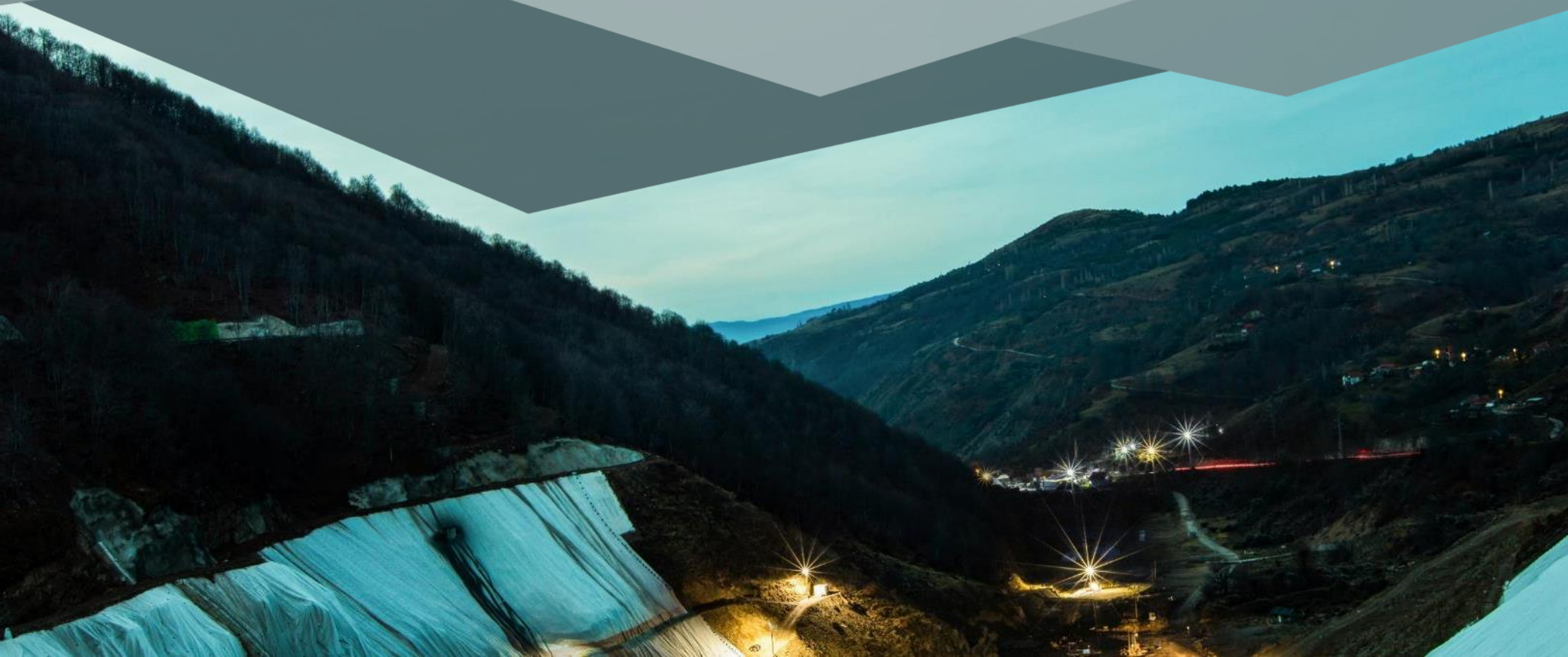
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<https://www.centralasiametals.com/>

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# Appendix





# 2019 RESULTS HIGHLIGHTS

## EBITDA margin broadly maintained at 60%

- Met 2019 production guidance for all three metals
- Strong 2019 EBITDA and cash generation
  - EBITDA \$108.6m (2018: \$125.3m)
  - EBITDA margin 60% (2018: 61%)
  - Free cash flow \$69.8m (2018 adjusted: \$73.8m)
- Deleveraging
  - 2019 debt repayments, \$38.4m (2018: \$38.5m)
  - 31 December 2019 gross debt, \$108.8m (2018: \$144.9m)
  - 31 December 2019 net debt (excl. restricted cash), \$80.2m (2018: \$110.3m)
- Building a sustainable business
  - Emphasis on looking after all of our stakeholders
  - 2019 LTIs, 1 (2018: 8)
- Q1 2020 production
  - Unaffected by COVID-19

**2020 outlook - global uncertainty related to COVID-19 pandemic**

2019 revenue

**\$180.8m**

2018: \$204.2m

2019 EBITDA

**\$108.6**

2018: \$125.3m

2019 margin

**60%**

2018: 61%

2019 gross debt

**\$108.8m**

2018: \$144.9m

2019 LTIFR

**0.42**

2018: 3.76

Cu production

**13,771t**

2018: 14,049t

Zn production

**23,369t**

2018: 22,532t

Pb production

**29,201t**

2018: 29,388t

# CAML ACHIEVEMENTS

