

BUILDING A BIGGER BUSINESS

THE NATURAL RESOURCES
FORUM, 20 JUNE 2018

‘THE MINERS DILEMMA:
BUY, BUILD OR BUYBACK’

NICK CLARKE, CHAIRMAN



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CENTRAL ASIA METALS OPERATIONS

SHUAK (80%)

- 197km² exploration licence, northern Kazakhstan
- Potential for copper oxide and sulphide resources
- Extensively explored in Soviet times
- 22,000m+ drilling undertaken in 2017

KAZAKHSTAN

- Population, 18.0 million
- GDP per capita, \$8,585




SASA (100%)

- Underground zinc and lead mine, northeast Macedonia
- Production commenced in 1960's
- Produces 21,000-23,000t zinc and 28,000-30,000t lead in concentrate annually
- Life of mine to 2038+
- 2017 production, 21,585t zinc and 29,881t lead



KOUNRAD (100%)

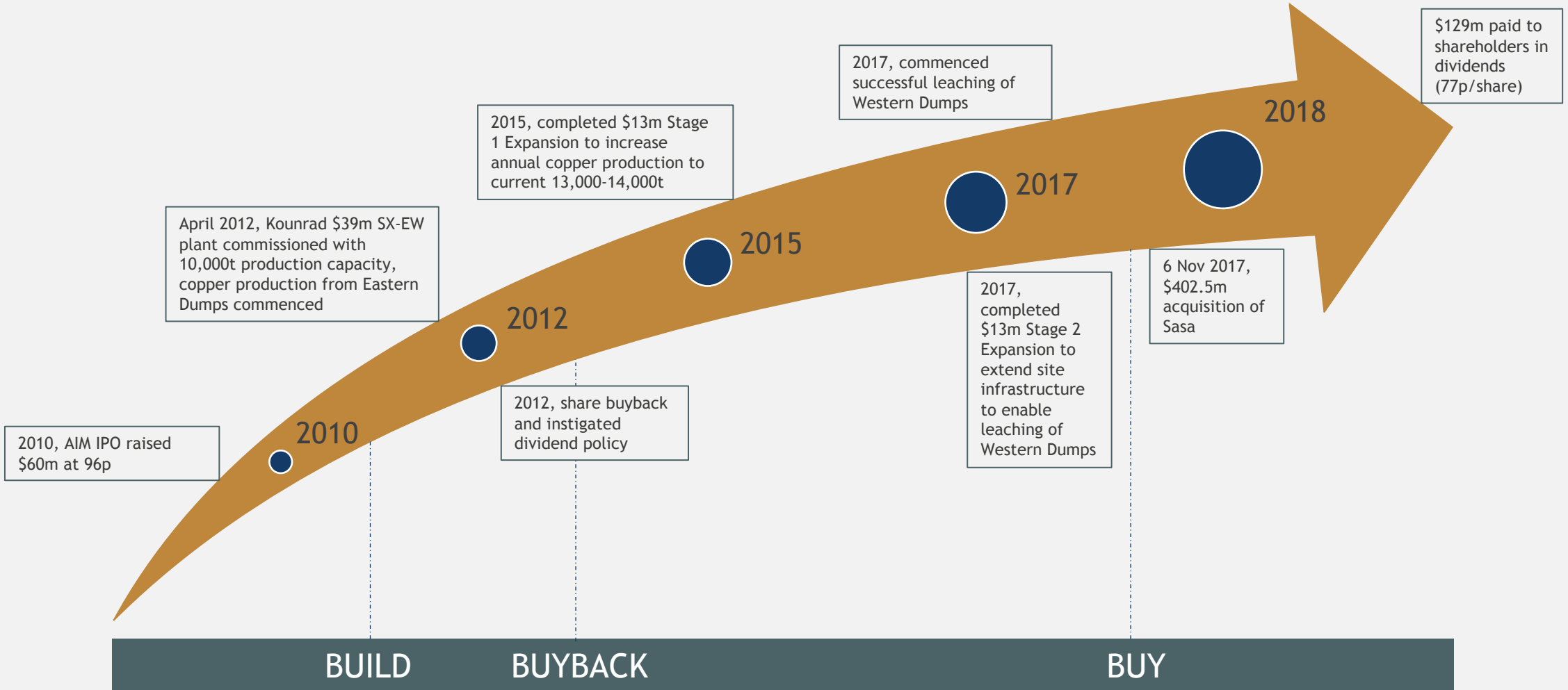
- In-situ dump leach and SX-EW processing facility, central Kazakhstan
- In production for 6 years
- Produces 13,000-14,000t copper, one of the lowest cost copper producers globally
- Life of operation to 2030+
- 2017 production, 14,103t copper

MACEDONIA

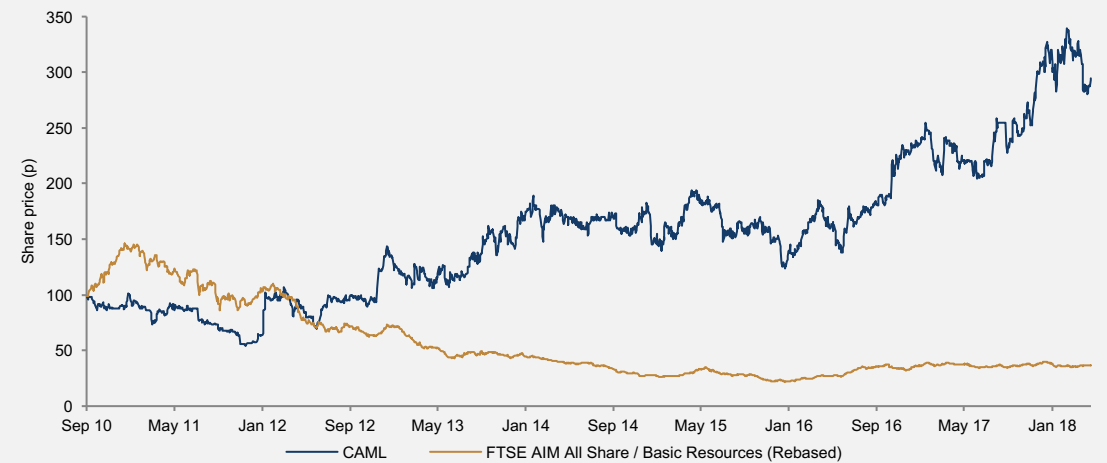
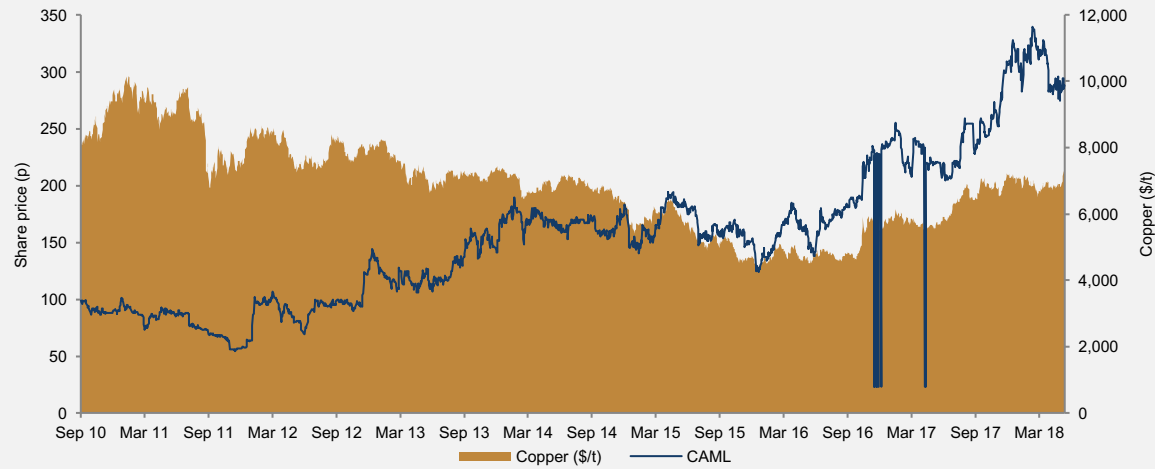
- Population, 2.1 million
- GDP per capita, \$5,916




CAML COMPANY TIMELINE



SHARE PRICE AND SHAREHOLDERS



Share price (CAML:AIM)	£2.79*
Total no. voting shares	175,986,619
Treasury shares	511,647
Issued shares	176,498,266
Market capitalisation	£492m
Free float	96%
Average daily volume	0.6m

Shareholders	No. shares	% holding
FIL Investment International	15,681,518	8.91
Orion Co-Investment III	15,278,528	8.68
Hargreave Hale	14,547,345	8.27
JO Hambro Capital Management	13,593,952	7.72
BlackRock Investment Management	12,243,197	6.96
Majedie Asset Management	9,765,765	5.55
AXA Investment Managers	5,575,000	3.17

BUILD



KOUNRAD, OVERVIEW

Eastern Dumps

- Commenced leaching Q2 2012
- Average dump height 20m, average leach time 8 months
- Average copper recovery 45-50%
- 2017 production from Eastern Dumps c.60%
- Leached 63,628t from Eastern Dumps
 - c.15,000t recoverable remaining

Western Dumps

- Commenced leaching of ILA (part of dumps 16 and 22), Q2 2017
- Average dump height 40m, average leach time 20 months
- Average copper recovery 35-42%
- Leaching in line with expectations
- Leached 7,868t from Western Dumps
 - c.30,000t recoverable remaining in ILA,
 - c.167,000t recoverable remaining in total Western Dumps

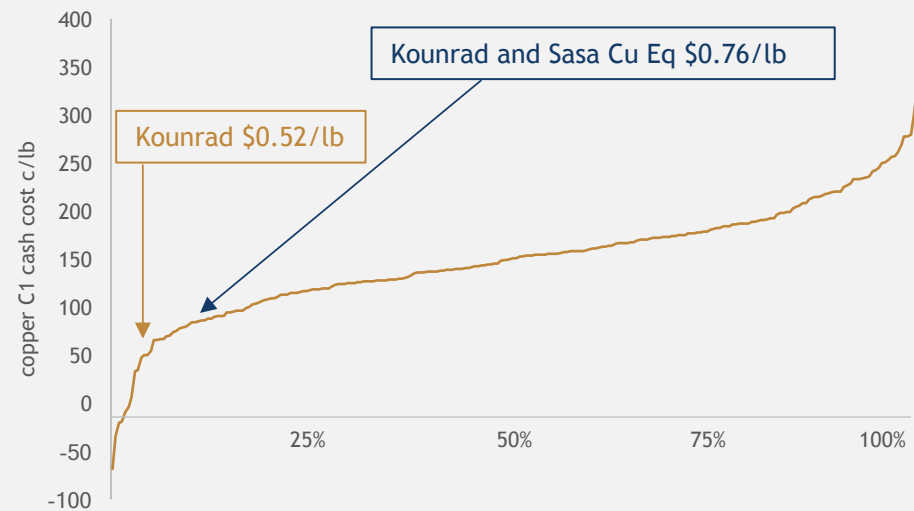
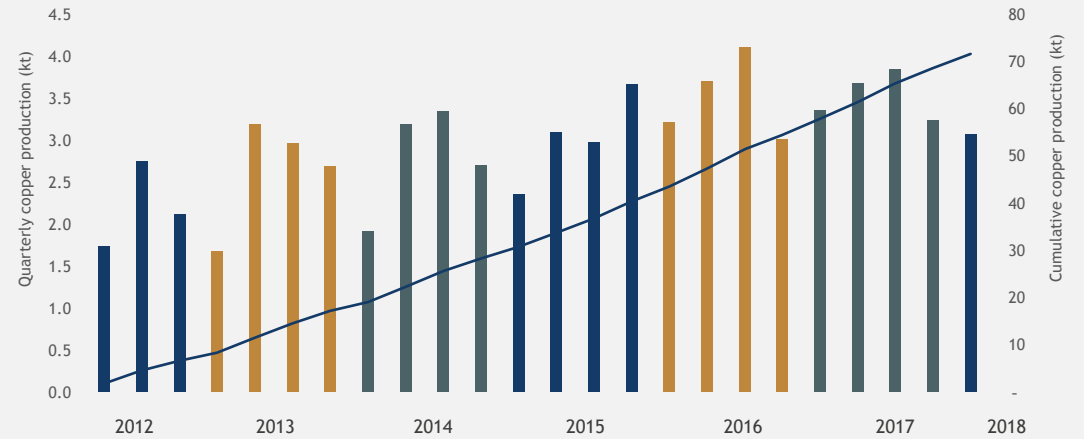
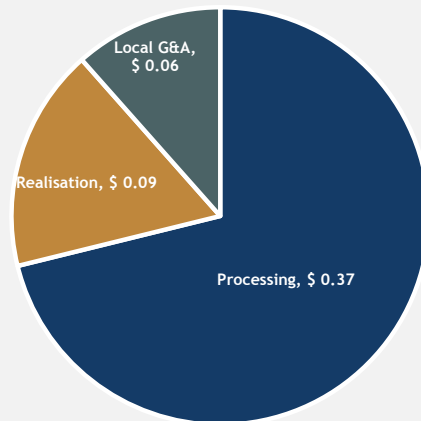


KOUNRAD, PRODUCTION AND COSTS

Copper production and outlook

- Total copper production to end Q1 2018, 71,496t
- FY 2018 production guidance 13,000t to 14,000t
- 2018, 65% copper production to come from Western Dumps (2017, 40%)

2017 C1 cash cost \$0.52/lb (vs copper price, \$3.24/lb)

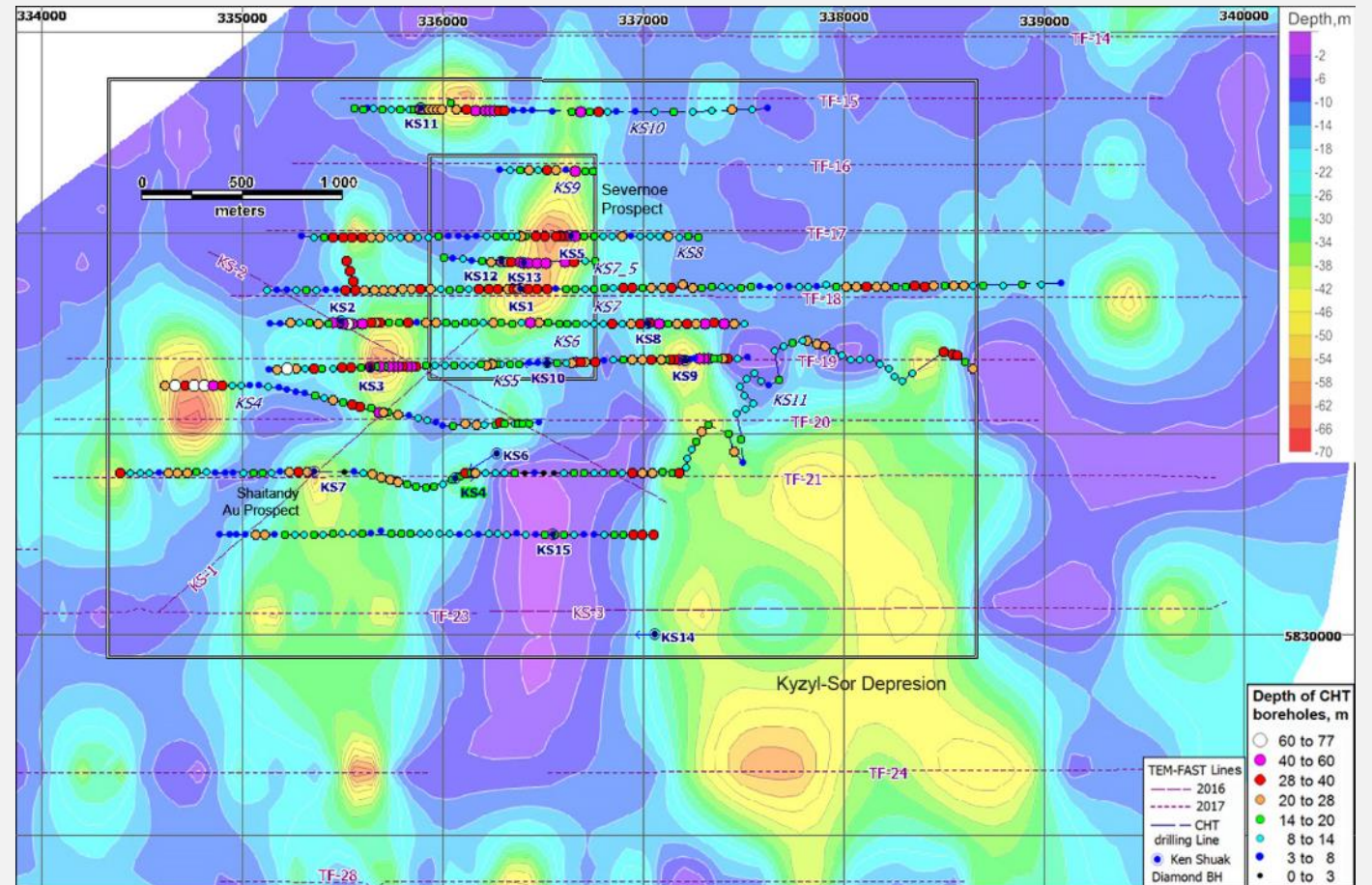


Source: Wood Mackenzie

SHUAK, OVERVIEW

\$2.5m 2018 exploration programme commenced May

- 2017 exploration programme \$1.5m
 - CHT drilling programme, 17,530m
 - Diamond drilling programme, 5,242m
- All diamond drilling lab results and CHT results received
- New areas of oxide mineralisation identified at Kyzyl-Sor
- Encouraging intercepts of sulphide mineralisation at Mongol V and Mongol I-II, gold and molybdenum also identified



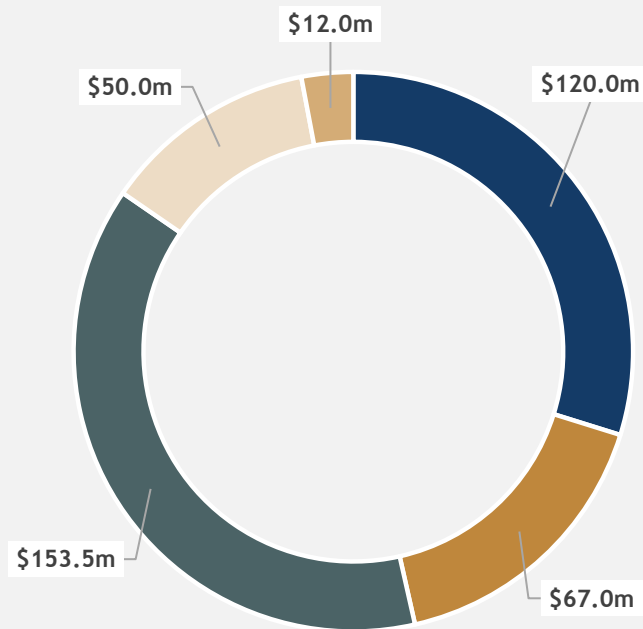
Участок Кызыл-Сор. Скважины КГК на карте мощностей коры выветривания по данным TEM-FAST (Коротков, 2017)
Kyzyl-Sor Site. CHT Bore Holes on the map showing saprolite thickness according to TEM-FAST Survey (Korotkov, 2017)

BUY



SASA, ACQUISITION

\$402.5m acquisition



- New debt (Traxys), LIBOR +4.75%, 5 years
- Sasa debt (SocGen / Investec), LIBOR +5%, 5+ years
- Equity placing at 230p
- Equity consideration shares at 241.5p
- Deferred consideration, monthly repayments for 6 months from Q4 2018



SASA, OVERVIEW

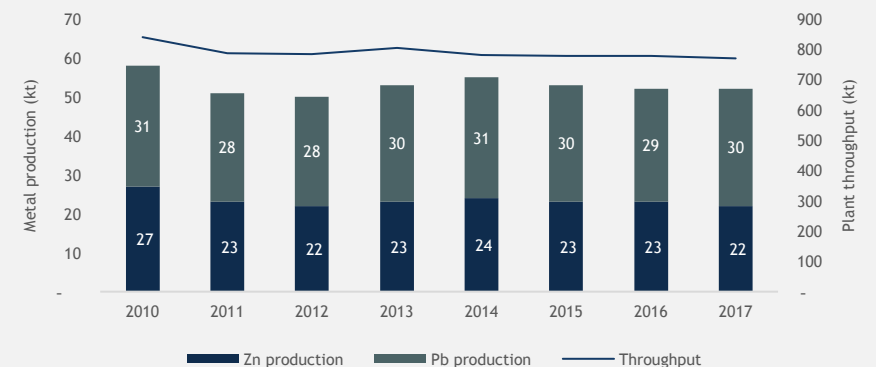
- Sasa is a zinc / lead skarn deposit
- Ore body dips at approximately 35°, with 2-3 parallel lenses, 1km strike, vertical distance of approximately 700m (accessible by adits into the mountain)
- Mining method: sub-level caving, sub levels at 7m intervals
- Uses single boom jumbos and diesel loaders, and either trucks (30% ore) or ore passes, rail and shaft to surface (70% ore)
- Primary ore body, Svinja Reka, with reserves of 10.9mt
- Capital development to all main mine levels already completed, multiple access via two adits and shaft
- Growth potential from significant inferred mineral resources and other brownfield exploration targets
- Plan to further explore along strike and at depth, and to implement modern exploration techniques

2018 outlook

- 2018 zinc production guidance 21,000t to 23,000t
- 2018 lead production guidance 28,000t to 30,000t

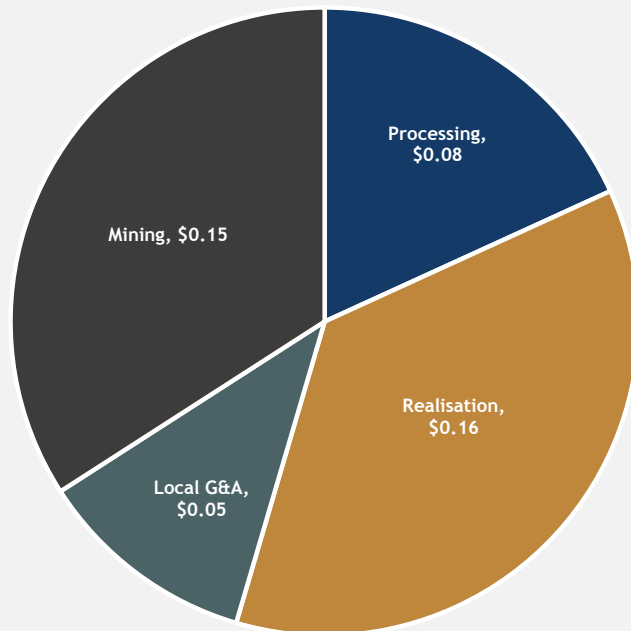
Category	Quantity (mt)	Grade			Contained		
	Mt	Pb (%)	Zn (%)	Ag (g/t)	Pb (kt)	Zn (kt)	Ag (koz)
Svinja Reka, Reserves							
Probable / Total	10.9	3.9	3.1	18.4	421	337	6,447
Svinja Reka, Inferred Resources							
Inferred	2.7	3.2	2.1	16.6	84	56	1,426
Golema Reka, Resources							
Inferred / Total	7.4	3.7	1.5	18.6	273	112	4,424

Prepared by SRK in July 2017

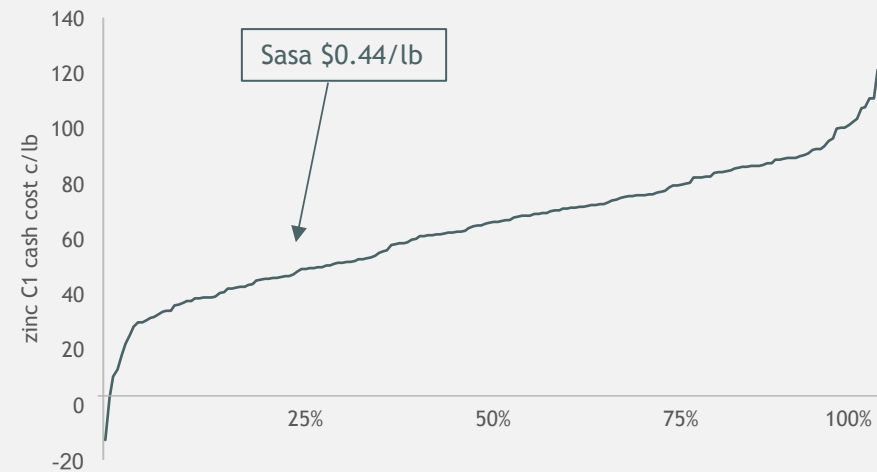


SASA, COSTS

2017 C1 cash cost \$0.44/lb (vs zinc price, \$1.44/lb)



Unit costs, Run of Mine (RoM)	2017	2016
Mining, \$000	14,413	13,331
Processing, \$000	7,499	8,201
Local G&A, \$000	5,019	4,822
Total operating costs, \$000	26,931	26,354
RoM, t	792,068	782,823
Unit cost, \$/t	34.0	33.7



Source: Wood Mackenzie

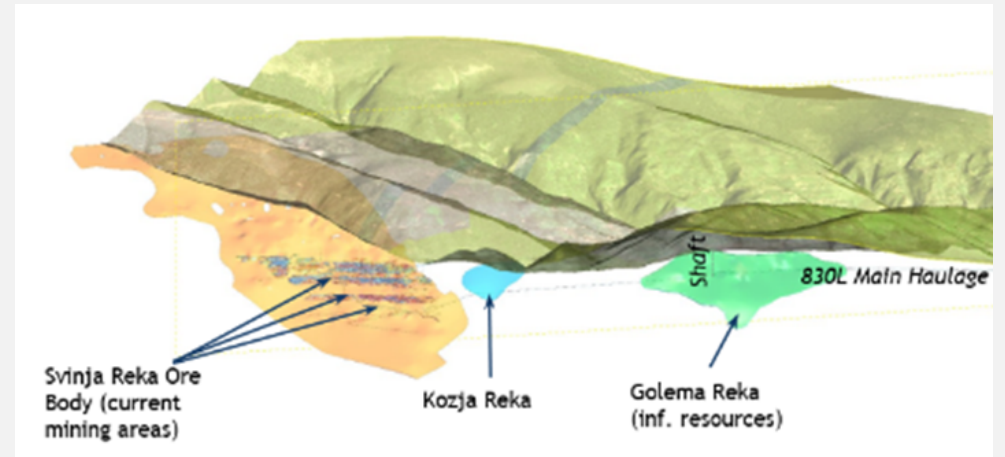
SASA, THE FUTURE

Mine and processing plant activities

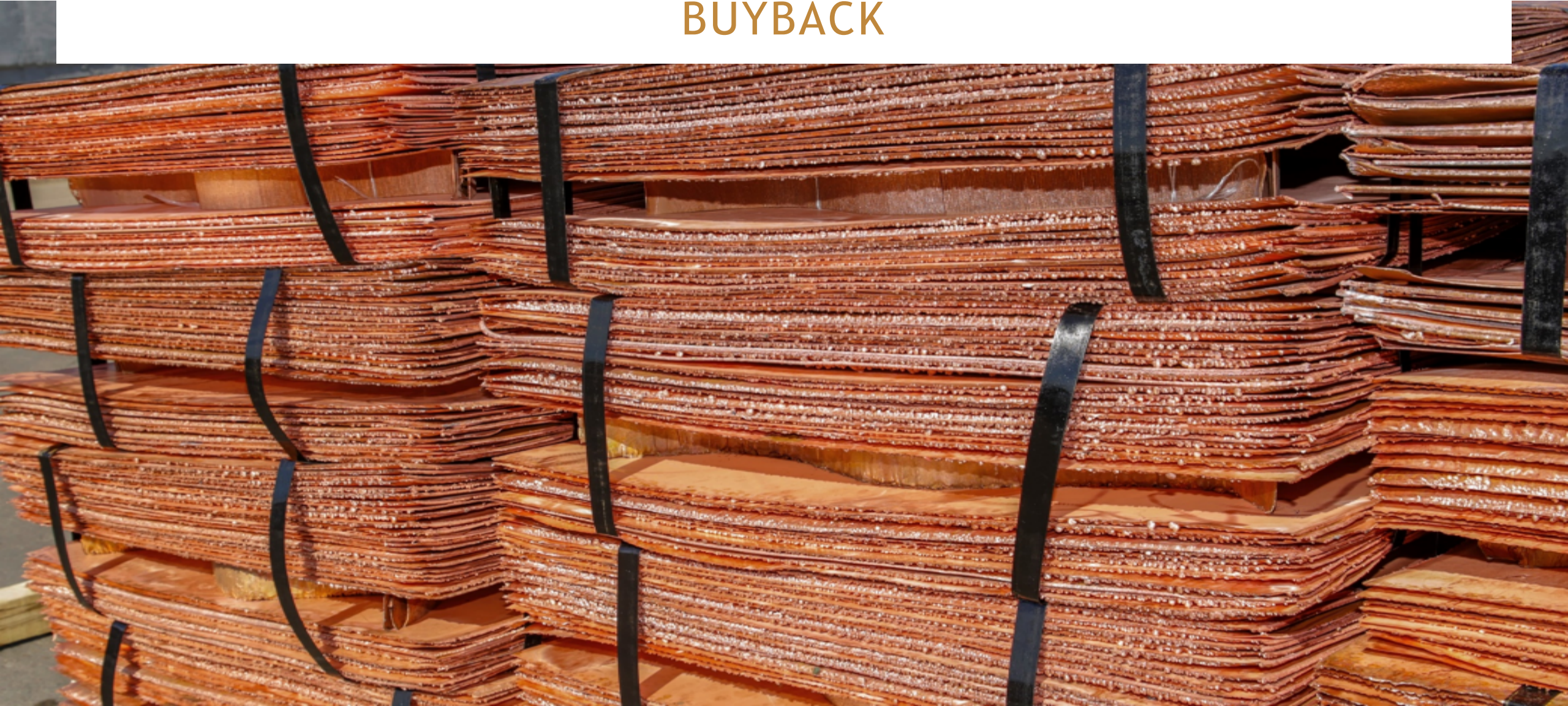
- Infrastructure to access stoping block between 910 and 830 levels completed
 - Extraction of ore from this area, 2018-2023
- Decline access to 750 level commenced in 2017
- Infrastructure to access stoping block between 830 and 750 levels will continue in 2018
- Mining fleet upgraded in 2017, new Atlas Copco and Sandvik equipment
- Current exploration objective is to replace resources and maintain approximately 20 year life of mine

Tailings

- Construction of TSF4 commenced in Q2 2017
 - Completion H2 2018
 - Designed to contain 6.5+mt tailings
 - Sufficient for operations 2018-2026+
 - Cost estimate \$10.9m



BUYBACK



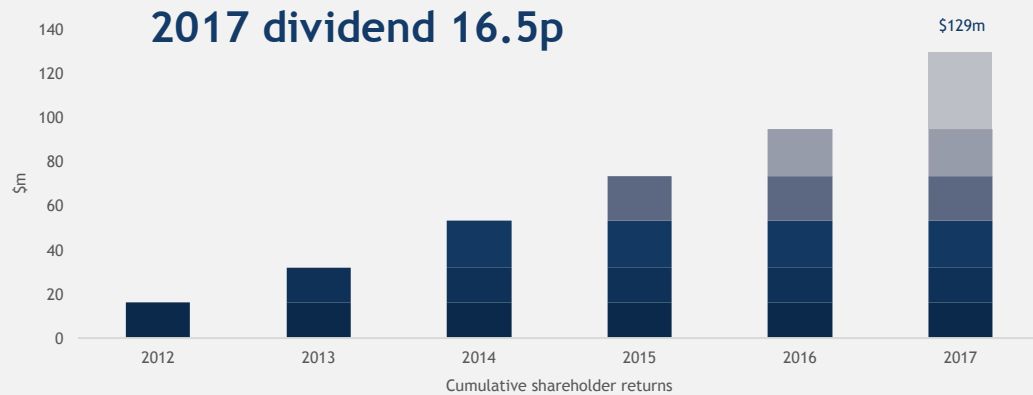
2012 SHARE BUYBACK

- July - December 2012, CAML commenced a share buyback scheme with cash generated from Kounrad
- Board decision taken due to the low share price at the time which did not reflect the true value of the business
- Shareholder approval at 31 May 2012 AGM
- 1,318,929 shares were purchased at a weighted average price of 93p, totalling £1.2m
- During buyback programme, CAML share price increased from 69p in June 2012 to 97p at end of buyback period in December 2012
- Increase in share price equated to increase in CAML market capitalisation of £24m

CAML share price performance July to December 2012



DELIVERING SHAREHOLDER VALUE

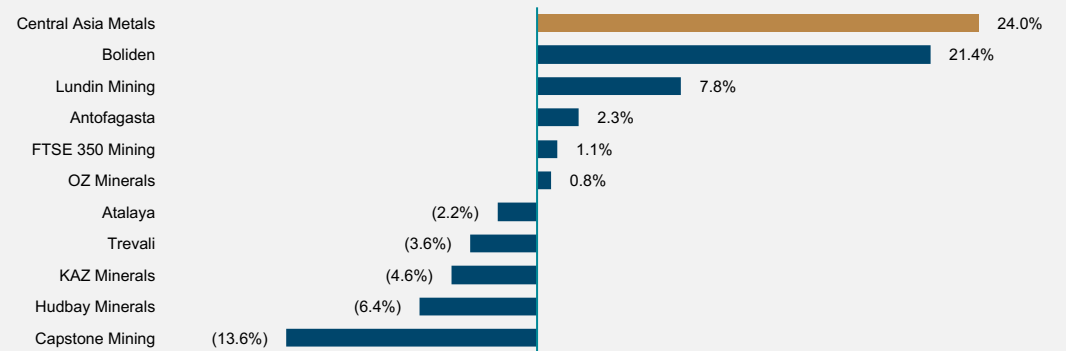


2018 dividend policy

“CAML will return to shareholders a target range of between 30% and 50% of free cash flow, defined as net cash generated from operating activities less capital expenditure”



TSR CAGR since IPO



CAML SUMMARY FINANCIAL PERFORMANCE

	Total (68 months)	2017 (Sasa 2 months)	2016	2015	2014	2013	2012 (8 months)
Kounrad production, Cu tonnes	68,425	14,103	14,020	12,071	11,136	10,509	6,586
Sasa payable production, Cu eq. tonnes	3,333	3,333	-	-	-	-	-
Group total, Cu eq. payable tonnes	71,758	17,436	14,020	12,071	11,136	10,509	6,586
Average Cu sale price, \$/t	6,390	6,107	4,994	5,336	6,794	7,114	7,935
Copper C1 cash cost, \$/lb	0.58	0.52	0.43	0.60	0.62	0.66	0.63
Zinc C1 cash cost, \$/lb	0.44	0.44*	-	-	-	-	-
Group revenue, \$m	446.8	106.5	69.3	67.3	76.6	76.0	51.1
Group adjusted EBITDA, \$m	268.4	66.4	39.9	34.9	47.3	48.1	31.8
Group adjusted EBITDA margin	60%	62%	58%	52%	62%	63%	62%
Dividend/share buy-back, \$m	129.1	33.6	21.6	20.3	21.8	15.6	16.2

*calculated on a 12 month 2017 basis for Sasa

HOW BEST TO DELIVER VALUE FOR SHAREHOLDERS

Buy

- Must pay a fair price for a good asset
- Must be accretive for current shareholders and not stretch balance sheet
- Understanding the asset is crucial - legal, accounting, technical DD
- ‘Soft issues’ can be challenging
- Sasa acquisition enabled CAML to continue to pay dividends
- Acquiring Sasa was a good decision for CAML

Build

- Develop the project internally
- Choice of team, technical approach etc from the beginning
- Kounrad has been the foundation of CAML business and a great success
- Exploration potential in Shuak, may be a future SX-EW development project

Buyback

- Paid \$129m or 77p/ share in dividends in less than 6 years
- CAML dividend policy has been well received by market and shareholders
- Demonstrates intention to create value for shareholders
- Once a dividend policy is instigated, history has shown the market does not respond well to stopping. CAML dividend was a significant factor in CAML decision to buy Sasa
- All mines are finite, so it is not wise for companies to solely return cash to shareholders as businesses have to invest for the future, be it for growth or replacement production
- A good balance of growth and dividends has worked well for CAML



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