Central Asia Metals

Re-initiation of coverage/ H113 results

Meeting targets, paying dividends, lowest costs

Metals & mining

14 October 2013

Central Asia Metals' (CAML) H113 production was in line with its full-year production target of 10kt copper cathode. Attributable (60%) gross revenue was US$21.2m from the sale of 5,035t at an average realised copper price of US$6,996/t. All-in costs of production remain in the lowest quartile for the industry at US$1.06/lb, providing significant leeway during periods of copper price weakness. Continuing with its policy of returning value to shareholders, CAML will pay a 4p/share interim dividend (equal to 25% of attributable revenues) on 15 November 2013. An impairment of US$13.6m has been recorded for its non-core Mongolian assets, reducing their carrying value to zero, resulting in an H113 net loss of US$5.1m. We refrain from drawing comparison with 2012 production results as H113 is the first full six-month period when Kounrad has operated at steady state levels.

Year end	Revenue (US$m)	PBT* (US$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/11	1.1	(5.9)	(6.9)	0.0	N/A	0.0
12/12	30.7	14.8	12.0	16.9	20.0	7.0
12/13e	43.3	25.5	22.4	11.9	10.7	5.0
12/14e	65.7	41.6	31.8	13.6	7.5	5.7

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments. 2012 dividends of 10.7p included special 3.7p.

Western dumps yielding similar Cu recoveries to east

CAML has already notified the market that its pilot-scale testing of the much larger sulphidic western dumps has indicated potential copper recoveries of 40-45%, ie similar to recovery rates at the eastern dumps. This is due to higher degrees of natural oxidation (by bacterial action) of the sulphide and mixed dumps since their creation in the Soviet era 70-80 years ago.

Costs: Comfortably within lowest quartile

CAML's H113 direct cash cost of production (C1 equivalent) is US$0.76/lb. Even factoring in its other overheads (Kazakh MET tax, Balkhash G&A, depreciation, distribution and selling costs), it still ranks only sixth cheapest at US$1.06/lb. We also consider that all its peers carry by-product credits, where CAML has none.

Valuation: Potential £1.66 per share (fully diluted)

Following the interims we adjust our model for a slight 7% increase in G&A costs from US$6.25m to US$6.70m for FY13, an 8.2% increase in all-in operating costs from US$2,167/t to US$2,344/t (largely due to cost and increased consumption of electricity due to a particularly harsh Kazakh winter). The average copper price received was 11.8% lower at US$6,996/t (vs FY12 of US$7,935/t). This results in our per share valuation remaining at £1.66, based on only the oxide material being re-treated to 2029 (the last year of operation under this scenario), a 10% discount rate and copper prices of US$3.21/lb for 2013, and US$2.96/lb long term. Our valuation assumes successful completion of the SAT deal in Q114, with CAML accounting for 100% of Kounrad's profits from 1 January 2014.

Price	**148p**
Market cap	**£126m**
	US$1.62/£
Net cash (US$m) at end June 2013	26.5
Shares in issue	84.8m
Free float	75%
Code	CAML
Primary exchange	AIM
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	9.2	30.4	51.8
Rel (local)	10.9	30.7	33.6
52-week high/low		152.5p	89.5p

Business description

Central Asia Metals (CAML) currently owns 60% of the Kounrad copper project, with state-owned Kazakh partner SaryArka currently taking 40% on a free-carried basis. It also continues to progress the sale of its Handgait and Ereen projects located in Mongolia.

Next events

Receipt of remaining sub-soil permits	End-2013
Completion of deal	End-Q114
Issue of shares to Mr Rakishev	End-Q114

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Edison profile page

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Investment summary

Company description: Simple waste dump reprocessing

CAML listed its IPO in October 2010, raising US$60m, US$39m of which was used to design and construct the 10,000t pa Kounrad SX-EW copper cathode plant in Kazakhstan, which CAML successfully completed, notably US$8m under budget. CAML is now in its second year of operating the Kounrad plant at its designed run rate of 10ktpa and has generally reported production figures in line with or above budgeted levels. The company's focus in 2013 is to produce 10kt of copper cathode, while maintaining its low operating cost base, and to complete the transfer of the Kounrad project from the SAT Group, thus taking its ownership from 60% to 100%.

Valuation: Potentially £1.66 on completion of SAT deal

We retain our production forecasts going forward, reflecting only CAML's 100% ownership of Kounrad, which we assume will be effective from 1 January 2014. We adjust our previous base case valuation of £1.20/share (60% ownership and Cu prices of US$3.64/lb [2013], US$2.96/lb long term and c 10ktpa Cu cathode production to 2029) for CAML's new framework agreement. This includes dilution of 21.2m shares (23%) from 2014 and a maximum £0.9m cash payment to Mr Rakishev for dividends missed while the deal completes. We also adjust our 2013 copper price to US$3.21/lb to reflect current copper price weakness. On this basis our valuation becomes £1.66 per share, representing a c 12% premium to the current share price – a narrowing from 43% in our July update note, reflecting our view that the market prices in successful completion to the SAT deal. All valuations use a discount rate of 10%.

Financials: 2013 production target achievable

Production to end Q313 is estimated by management at 7,800t, leaving 2,200t for Q413 to meet its full-year target of 10,000t of copper cathode. With successful commissioning and ramp-up of the Kounrad plant during its first eight months of operation in 2012, and 2,117t of cathode produced in Q412, we consider CAML will achieve this target.

Dividends: 4p interim dividend = 25% of attributable revenues

We forecast CAML to have end-FY13 cash of US$39.0m after payment of the 4p (US$5.2m) interim dividend, plus payment of the special, interim and final 2012 dividends totalling 10.7p per share (all totalling US$19.7m). The company's balance sheet then leaves it comfortably positioned to meet its targeted dividend policy to pay out at least 20% of attributable earnings.

Sensitivities: Operationally sound, risk lies with expansion

CAML's Kounrad in situ waste dump leaching operation has been largely de-risked through a successful commissioning phase in 2012 and 18 months of almost flawless operation at designed levels (it lost only two days of operation due to a build-up of particulates or 'crud' within the PLS pond circuit). Also, investors should note that CAML' s method of copper cathode production is absent of typical geological and mining risks, purely due to Kounrad comprising a series of historical copper-containing waste dumps formed from the mining of the adjacent Kounrad open pit. We consider the main risks to CAML's investment case lie not with the current operation, but with the potential expansion to 20ktpa, and to a lesser extent, the completion of the SAT deal. The latter point, if successful, would mean CAML takes sole ownership of Kounrad.

De-risked through simple copper production

CAML's simple and relatively cheap method of copper cathode production, via in situ leaching of its waste dumps, should allow it to weather the most adverse changes in the copper price. CAML is de-risked further as no geological or conventional mining risk is involved with the in situ leaching process.

The Kounrad copper project

The Kounrad project is located approximately 18km north of the town of Balkhash in the Karaganda Province of south-central Kazakhstan. Mining infrastructure, due in large part to the old Kounrad mine, is well developed and the project is accessible by paved road. The company currently owns 60% of the Kounrad project, with the remaining 40% owned by Kazakh partner SaryArka, which is free carried, having provided CAML with the rights to treat the Kounrad dumps (although this is subject to transferring ownership of the 40% to CAML). The sub-soil contract covers 23.5km^2 and is valid until 20 August 2034. It was acquired in 2007 from the state entrepreneurial corporation, SaryArka, through CAML's wholly owned Kazakh subsidiary, Sary Kazna LLP. The two companies signed the Kounrad Joint Operating Agreement, and incorporated Kounrad Copper Company LLP (KCC), which is responsible for the construction and operation of the commercial solvent extraction electrowinning (SX-EW) plant.

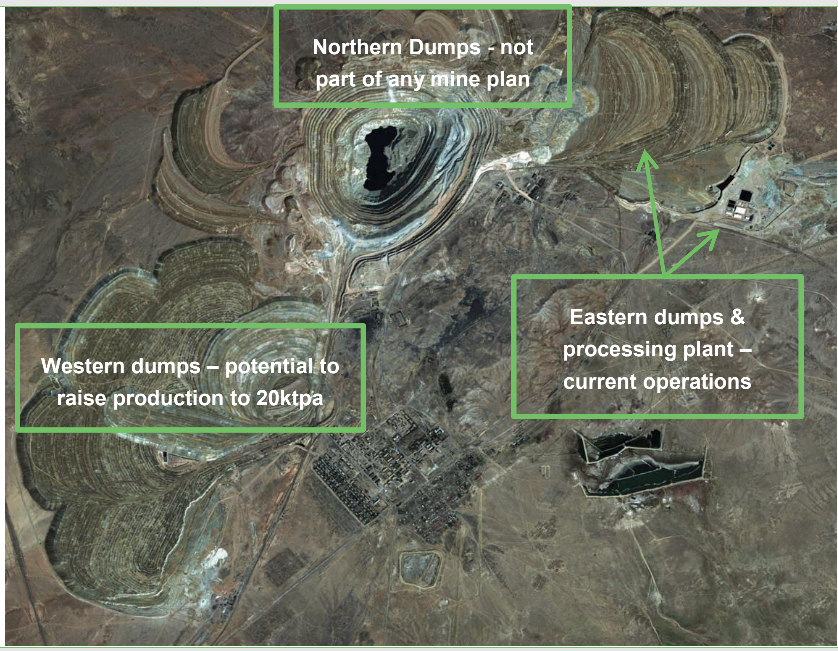
Exhibit 1: CAML project locations

Source: Central Asia Metals

Three resource types: Oxide, sulphide and mixed/waste

The waste dumps are divided into three main ore-bearing waste types: oxide, sulphide and mixed/waste materials. The oxide waste is located on the eastern margin of the open-pit mine and has been approved by the Republic of Kazakhstan (GKZ). Sulphide and mixed waste materials are located in the western area and have been estimated internally by Balkashmed, the state-owned operator of the Kounrad mine (which later became Kazakhmys), but not yet approved by GKZ. In January 2011, Wardell Armstrong International was commissioned to undertake resource modelling for the subsequent JORC classification of all dumps, which has now been completed (see following section). Depending on approval of further reserves, there may be potential to increase production capacity beyond the planned 10,000 tonnes per year production rate by adding a second SX-EW plant to treat the western sulphide dumps.

Exhibit 2: Location of Kounrad dumps



Source: Central Asia Metals

Kounrad's copper now classified using JORC guidelines

As per the company's stated intentions in its 2010 IPO, the Kounrad waste dumps have now been classified using JORC resource estimation guidelines. The resource estimate given below was undertaken by consultants Wardell Armstrong International in 2013 and based on 302 new drill holes completed by CAML. These were used to confirm the validity of historical Russian data compiled in the mining and subsequent formation of the waste dumps.

Exhibit 3: Kounrad WAI 2013 resource estimate using JORC Code (2004)

Resource type	Category	Quantity Mt	Grade %	Contained copper kt	IPO (2010)	Variance
Eastern dumps						
Oxide	Indicated	89.7	0.1	85.8		
	Inferred	79.6	0.1	81.7		
Total		169.3		167.5	173.7	-3.57%
Western dumps						
Sulphide	Indicated	275.4	0.10	276.2		
	Inferred	169.4	0.09	160.3		
Mixed	Indicated	20.9	0.03	6.2		
	Inferred	12.1	0.03	4.0		
Total		477.8		446.7	456.8	-2.21%
Total Eastern and Western		647.1		614.2	630.5	-2.59%

Source: Central Asia Metals

Exhibit 4 shows that the historical information collected by the Russians during Kounrad's operation is of a high standard and correlates well with the 2013 resource estimate undertaken by Wardell Armstrong using 302 new drill holes. This tight correlation, with a variance of only 2.59% between resource estimates based on new and old data, validates to a high degree CAML's claim at IPO stage that it had enough recoverable copper to support a mine life in excess of 25 years at a production rate of 10kt copper per year.

Northern dumps – not of importance to either 10ktpa or 20ktpa scenarios

Wardell Armstrong also completed a resource estimate for the Northern dumps. Note that these dumps do not form part of CAML's mine plans, likely due to their small size.

Exhibit 4: Resource estimate for Northern dumps

Resource type	Category	Quantity Mt	Grade %	Contained copper kt	IPO	Variance
Northern dumps	Indicated	3.0	0.04	1.3		
Mixed	Inferred	2.9	0.05	1.4		
Total		5.9		2.7	105.9	(97.45%)

Source: Central Asia Metals

CAML's management assumes that the large variance between the resource estimate at IPO based on Russian historical data on the Northern dumps and Wardell Armstrong's 2013 estimate is due to the poor collection of data when the dumps were formed in the late 1980s to early 1990s. This timeframe coincides with the fall of communism in Russia and the break-up of the USSR. It is highly fortuitous that the difference between the historical Russian data and Wardell Armstrong estimate concerns dumps that do not form any part of the current mine plan for Kounrad. Therefore, the issue of a material difference between these two estimates can be treated as purely academic.

Expansion to 20ktpa – two main options exist

A number of options are available to CAML to raise production to 20ktpa. The first is to construct a brand new second plant (ie a replica of the one currently in operation) to process the much larger western sulphide dumps. The second plant would be almost identical to the first, costing potentially around US$55m (pending suitable feasibility studies with updated costs) and located at a separate site away from the first, thereby needing its own rail spur and water supply (which would need to be sourced from other than the existing old mine servicing the current eastern dumps plant). While a brand new plant might be favourable, it would require a new water source to be found and a new electricity supply.

An alternative development scenario would be to expand the current SX-EW plant, harnessing infrastructure synergies, but also requiring many kilometres of piping to deliver the pregnant leach solution from the western dumps to the site located near the eastern dumps. This has the added benefit of power and some water infrastructure being already in place. It has not yet been announced to market whether the existing water source is appropriate for a 20ktpa operation.

Western dumps – met work shows similarities to east

CAML has also progressed its investigations into the economics of recovering copper from the much larger Western 'sulphide dumps'. These dumps were previously thought to have lower recoveries in the order of 35-40% of acid leachable copper. This was due to the copper found being associated with more acid-resistant sulphide ore mineralogy. Exhibit 5 details the pilot plant testing and metallurgical results obtained from the western dumps to date.

Exhibit 5: Metallurgical test results

Period	Dump	Head grade %	Recovery %
Sulphide ore			
December 2011 – February 2012	1a	0.27	33.0
May – August 2012	1a	0.22	47.8
	1a	0.26	37.1
November 2012 – January 2013	21	0.18	46.5
	21	0.13	46.0
	1a	0.13	43.0
	1a	0.09	46.7
Average		0.18	42.9
Mini plant			
June – November 2011	1a	0.19	45.0
Mixed ore			
May – August 2012	5	0.03	31.1
	15	0.07	47.8
	16	0.02	21.0
	22	0.02	33.7
November 2012 – January 2013	22	0.05	40.0
	16	0.03	38.0
Average		0.04	35.3

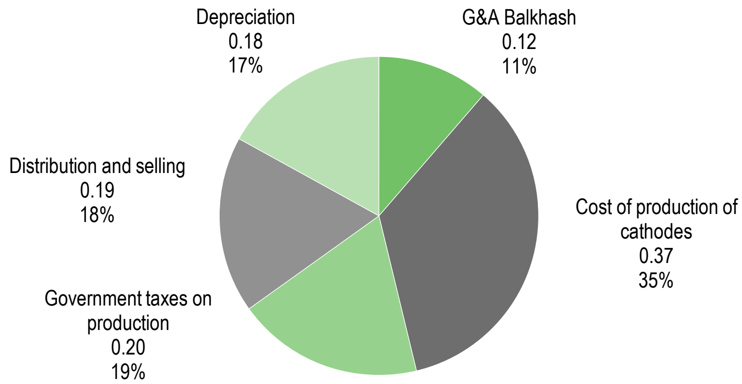
Source: Central Asia Metals 2012 results presentation

CAML has now seen in its metallurgical testing of western 'sulphide' dump material that it appears to yield similar amounts of copper to that of the eastern dumps, due mainly to the natural oxidation of the sulphide mineralogy since the western dumps were formed. The lower recovery of an average of 35.3% on the 'mixed' (oxide+sulphide) material is in line with CAML's original assumptions for the amount of acid-leachable copper from the western dumps. The 'mixed' material constitutes only 7.4% of the total western dumps.

Cost of production breakdown

The following exhibit details the all-inclusive cash cost breakdown of producing one tonne of copper at Kounrad.

Exhibit 6: All-inclusive cost of producing one tonne of copper – total US$1.06/lb



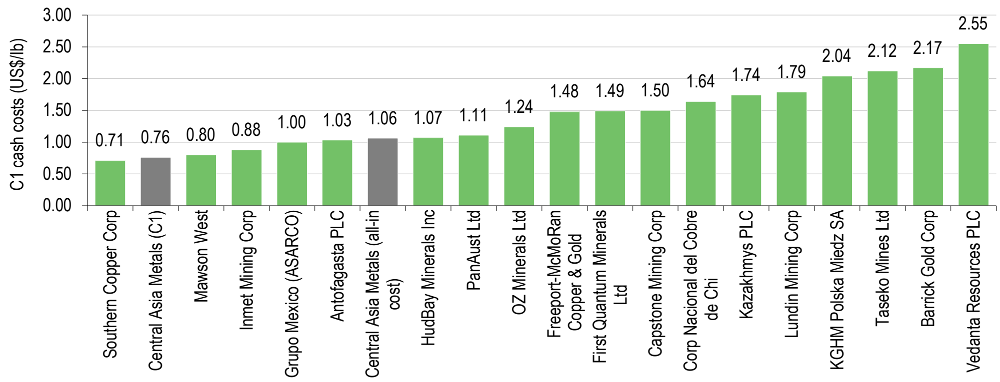
Source: Central Asia Metals H113 results presentation

CAML's FY12 all-in cost of production was US$0.98/lb, c 8% lower than its H113 stated figure of US$1.06/lb. CAML has indicated that the amount spent on power went up by c 25%, primarily due to an increase in consumption and the increase in cost due to Kazakh inflation.

C1 cash costs – compares very favourably to peers

The following exhibit displays a group of 18 copper producers across five exchanges, operating worldwide. There has been no bias placed on the dataset and the following companies are simply those available with C1 cash costs of production from the Bloomberg Industries website.

Exhibit 7: C1 cash costs of production for copper producers



Source: Bloomberg Industries (apart from CAML)

Exhibit 7 above indicates CAML has the second lowest C1 cash cost of production at US$0.76/lb compared with 18 of its peers, including the likes of Codelco and the three copper majors listed in London (ANTO, KAZ, VED). Even when factoring in its other overheads (Balkhash G&A, depreciation, Kazahkstan Minerals Extraction Tax [MET] and distribution and selling costs), it still ranks sixth lowest at US$1.06/lb. All peer costs are historical for 2012 and are classified as C1.

Mongolian assets – not core to investment case

CAML has three Mongolia-based assets, Handgait and Ereen, which are up for sale, and Alag Bayan, which is subject to a joint venture agreement with Ibex Mongolia LLC.

Mergers and acquisitions specialist Cutfield Freeman was appointed in February 2012 to oversee the sale of Handgait and Ereen. Since that time a number of buyers have been sourced, but some were unable to raise the required capital to complete the sale. However, CAML is currently in negotiations with Mongolian Resource Corporation (MRC), and if the deal completes an announcement will be made in due course.

Alag Bayan – limited work to progress project

The Alag Bayan licence covers an area 39.4km^2 and is located approximately 100km from the world-class copper-gold porphyry Oyu Tolgoi mine, and 80km from the Suvarga copper deposit. Based on exploration work completed so far, including IP surveys undertaken by partner, Ibex, a limited scope drill programme was implemented with a view to securing a mining licence for the project. This drill programme, comprising a total of 12,500m, has been drilled on the licence area and a mining permit application was lodged with the Mongolian ministry on 26 March 2013.

Furthermore, in 2012 Ibex completed the requirements of an agreement with CAML, whereby the latter would transfer 35% to Ibex. This work consisted of Ibex drilling seven drill holes for 3,529m. However, difficulties have arisen subsequently in Mongolia concerning a new draft mining law, which has placed material uncertainty over the transfer of share ownership in companies in the mining industry to foreign investors.

CAML states it is committed to progressing its Alag Bayan project in a commercially responsible manner and to complete the sale of Ereen and Handgait.

Base case assumptions

Our base case valuation is based on the assumption that CAML completes the transfer of the 40% of Kounrad currently owned by the SAT Group by end 2013. We assume CAML therefore controls 100% of Kounrad from 1 January 2014. Our base case valuation is currently based on Kounrad producing 10ktpa of copper cathode to 2044. The main assumptions underpinning our base case valuation are presented in Exhibit 8.

Exhibit 8: Assumptions used in 'base case' valuation

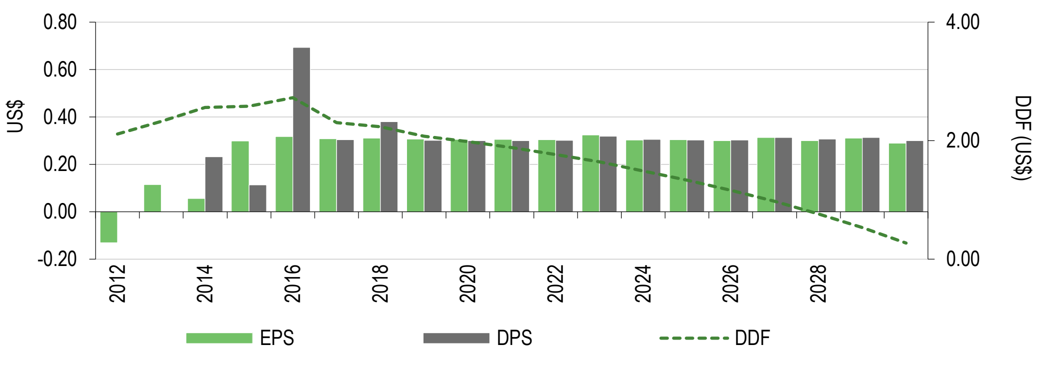
Parameter	Unit	Value
Average annual copper production over life of mine	Tonnes	9,920
Recovery rate	%	50
Initial capex	US$m	55
Sustaining capex	US$m	2.5
Average total annual operating costs	US$m	15.9
Opex per lb recovered Cu	US$/lb	0.98
Period of ore extraction	Year	2012 to 2029
Tax rate	%	20
Copper price (2013)	US$/lb	3.21
Copper price (long term)	US$/lb	2.96
Minority interest	%	40
Discount rate	%	10
Cable rate	US$/£	1.54
Number of shares used in base case valuation*	millions	106

Source: CAML, Edison Investment Research. Note: *Fully diluted shares.

Valuation

Based on the assumptions presented above and CAML successfully operating the Kounrad eastern dumps SX-EW plant until 2029, and paying out all its surplus cash as dividends (the basis for our dividend discount model), we estimate that the dividend stream to investors from 2013 to 2029 is worth £1.66 (fully diluted for the 21.2m shares to be issued to Mr Rakishev at end Q114 on successful completion of the SAT deal), as shown in Exhibit 9.

Exhibit 9: Edison estimate of 'base case' fully diluted EPS and theoretical DPS, FY13-44



Source: Edison Investment Research

Total oxide and sulphide valuation, potential 98% value uplift

Alternatively, if CAML were to make a positive investment decision into developing a second SX-EW plant comparable to that currently in operation at the eastern dumps, to raise annual production to 20ktpa copper cathode from 2016 until 2029, we would value (at 100% ownership) CAML's shares at £3.05.

This valuation uses the same operating cost and valuation inputs as per Exhibit 8 and includes capex of US$55m to fund development and construction of the second SX-EW plant. It does not try to take account of any potential cost savings that might arise from expanding the eastern dump SX-EW plant to 20ktpa and piping the pregnant leach solution from the western dumps.

Sensitivities

Mining companies are subject to a number of sensitivities, including political, developmental, environmental and geological risks. The following exhibits detail those risks specific to CAML operating its Kounrad copper project in Kazakhstan:

Exhibit 10: Sensitivity to discount rate (%)

Discount rate (%)	5	7.5	10	15	17.5	20
NPV (£)	2.33	1.95	1.66	1.25	1.10	0.99

Source: Edison Investment Research

Exhibit 11: Sensitivity to copper price (US$/lb)

US$/lb	2.00	2.50	2.96	3.50	4.00	4.50
NPV (£)	1.03	1.34	1.66	1.97	2.29	2.60

Source: Edison Investment Research

Exhibit 12: Sensitivity to percentage change in operating costs

% change	-20	-10	0	+10	+20	+30
NPV (£)	1.78	1.72	1.66	1.60	1.55	1.48

Source: Edison Investment Research. Note: *Approximate spot price of copper at 1 October 2013.

Sub-soil waivers still required to complete SAT deal

The successful completion of this deal is reliant on CAML, and, importantly, Mr Rakishev acquiring the requisite sub-soil user agreement waivers from the Kazakh authorities. While it has taken time to progress the deal, this new agreement and the influence of Mr Rakishev, SAT Group's chairman, should help expedite this process.

SAT deal – chairman Rakishev to act as intermediary

Due to a longer-than-anticipated process to acquire the remaining 40% of the Kounrad copper project from the SAT Group for the issuance of 8.6m shares (valued using a share price of £1.39 at £12.0m), CAML has revised this original agreement and now intends to issue 21.2m shares (valued using a share price of £1.39 at £29.5m), or 20% of the enlarged post-acquisition share capital. While this revised deal or framework agreement obviously pays a higher price to give CAML sole control of Kounrad, CAML shareholders will realise a 67% uplift in the value of their holding for only 23% share dilution if the deal completes by end 2013 as currently envisaged.

Financials: H113 results in line

CAML's H113 production was in line with its full-year target of 10kt copper cathode. Attributable (60%) gross revenue was US$21.2m from the sale of 5,035t at an average realised copper price of US$6,996/t. All-in costs of production remain in the lowest quartile for the industry at US$1.06/lb, providing significant leeway during periods of copper price weakness. Continuing with its policy of returning value to shareholders, CAML will pay a 4p/share interim dividend (equal to 25% of attributable revenues) on 15 November 2013. An impairment of US$13.6m has been recorded for its Mongolian assets, reducing their carrying value to zero, resulting in an H113 net loss of US$5.1m. We refrain from drawing comparison with 2012 production results as H113 is the first full six-month period when Kounrad operated at steady state levels.

2013 production target achievable on current performance

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Dividends: 4p interim dividend = 25% of attributable revenues

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Expansion to 20ktpa possible from internal cash flows

From our financial model, we consider CAML has the ability to fund from internal cash flows a second standalone SX-EW plant costing US$55m. Under this scenario, our assumptions for expanding production to 20ktpa via such a plant, we forecast the US$55m would be spent in 2015. We estimate that this would leave CAML with an end-2015 cash balance of c US$21.5m. For now, we do not forecast CAML paying a dividend in 2015, primarily due to the lack of a firm positive investment decision on how to expand production to 20ktpa at the time of writing this report.

20ktpa by expanding first Eastern Dumps SX-EW plant

A second option is currently under consideration by CAML, which would transport pregnant leach solution from the Western dumps to an expanded Eastern Dumps SX-EW plant. The cost savings by taking this route to 20ktpa would, *inter alia*, be via realising operational synergies that already exist at the eastern dumps, and also utilising certain parts of the existing Eastern Dumps infrastructure such as the rail spur and electricity sub-stations (though these might require upgrading). We have no idea of the cost savings possible until CAML releases detailed technical studies on this option, but go so far to say that it should improve upon our £3.05 valuation based on building an entirely new 10ktpas SX-EW plant at the Western Dumps (page 8).

Costs up in line with Kazakh inflation – c 6-8%

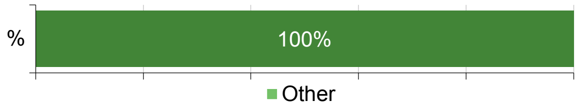
CAML's FY12 all-in cost of production was US$0.98/lb. CAML's current (H113) all-in production cost is now US$1.06/lb, a 7.5% increase. This should be measured against Kazakhstan inflation, which remains relatively high, with a simple average across the first half of 2013 of 6.45% (source: National Bank of Kazakhstan). This could explain the majority of cost inflation seen at Kounrad. We note from discussions with management that it saw energy costs (one of the largest components of CAML's operating cost figure) rise due to an increased power requirement at the SX-EW plant. This was not only due to an increase in the cost of electricity, but also an increase in consumption as a result of the harsh Kazakh winter. We would expect electricity consumption to stabilise as CAML learns the subtleties of operating Kounrad through the winter months.

Exhibit 13: Financial summary

US$000s	2011	2012	2013e	2014e
Year end 31 December	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	1,121	30,656	43,257	65,739
Cost of Sales	(974)	(5,770)	(11,682)	(18,051)
Gross Profit	147	24,887	31,575	47,688
EBITDA	(5,922)	15,937	25,155	42,491
Operating Profit (before amort. and except.)	(6,137)	14,995	24,875	40,988
Amortisation	0	0	0	0
Exceptionals	0	0	0	0
Other	(5,247)	(512)	(13,567)	0
Operating Profit	(11,384)	14,483	11,308	40,988
Net Interest	191	(212)	585	617
Profit Before Tax (norm)	(5,946)	14,783	25,460	41,605
Profit Before Tax (FRS 3)	(11,193)	14,271	11,893	40,212
Tax	0	(4,477)	(6,492)	(7,919)
Profit After Tax (norm)	(5,942)	10,306	18,967	33,686
Profit After Tax (FRS 3)	(11,193)	9,794	5,400	32,293
Average Number of Shares Outstanding (m)	85.5	85.8	84.8	106.1
EPS – normalised (c)	(6.9)	12.0	22.4	31.8
EPS – normalised and fully diluted (c)	(6.9)	12.0	22.4	31.8
EPS – (IFRS) (c)	(13.1)	11.4	6.4	30.4
Dividend per share (c)	0.0	16.9	11.9	13.6
Gross Margin (%)	13.1	81.2	73.0	72.5
EBITDA Margin (%)	(528.1)	52.0	58.2	64.6
Operating Margin (before GW and except.) (%)	(547.3)	48.9	57.5	62.3
BALANCE SHEET				
Fixed Assets	43,710	44,110	28,092	35,911
Intangible Assets	8,899	7,474	7,703	7,703
Tangible Assets	22,462	20,287	15,766	23,585
Long term debtors	12,349	12,343	0	0
Investments	0	4,006	4,623	4,623
Total current assets including assets held for sale	25,728	47,462	43,570	58,214
Stocks	541	2,592	1,802	2,739
Debtors	720	2,885	2,000	13,562
Cash	16,043	33,855	38,975	41,120
Other/Assets held for sale	8,424	8,131	792	792
Current Liabilities	(1,253)	(18,255)	(13,385)	(9,382)
Creditors	(1,253)	(18,255)	(13,385)	(9,382)
Short term borrowings	0	0	0	0
Long Term Liabilities	(2,165)	(2,289)	(2,139)	(4,897)
Long term borrowings	0	(150)	0	0
Other long term liabilities	(2,165)	(2,139)	(2,139)	(4,897)
Net Assets	66,020	71,029	56,138	79,845
CASH FLOW				
Operating Cash Flow	(13,526)	28,422	34,551	23,981
Net Interest	235	376	585	617
Tax	0	(9)	(6,492)	(7,919)
Capex	(17,665)	(6,706)	(3,000)	(2,500)
Acquisitions/disposals	(321)	(1,118)	(841)	0
Financing	147	(1,830)	0	0
Dividends	0	0	(19,707)	(12,034)
Net Cash Flow	(31,130)	19,135	5,095	2,145
Opening net debt/(cash)	(47,366)	(16,043)	(33,705)	(38,975)
HP finance leases initiated	0	0	0	0
Other	(193)	(1,473)	175	0
Closing net debt/(cash)	(16,043)	(33,705)	(38,975)	(41,120)

Source: Company accounts, Edison Investment Research

EDISON

Contact details	Revenue by geography
11 Albemarle Street London W1S 4HH United Kingdom +44 (0)20 7898 9001 www.centralasiametals.com/	

CAGR metrics		Profitability metrics		Balance sheet metrics		Sensitivities evaluation	
EPS 10-14e	N/A	ROCE 13e	68.0%	Gearing 13e	(47.5%)	Litigation/regulatory	●
EPS 12-14e	62.6%	Avg ROCE 10-14e	33.0%	Interest cover 13e	70.7	Pensions	○
EBITDA 10-14e	N/A	ROE 13e	33.8%	CA/CL 13e	2.6	Currency	◖
EBITDA 12-14e	63.3%	Gross margin 13e	81.2%	Stock days 13e	30.9	Stock overhang	○
Sales 10-14e	159.7%	Operating margin 13e	48.9%	Debtor days 13e	34.4	Interest rates	◖
Sales 12-14e	46.4%	Gr mgn / Op mgn 13e	1.7x	Creditor days 13e	217.3	Oil/commodity prices	●

Management team

CEO: Nick Clarke

Nick Clarke has 38 years' mining experience, including 16 years in South Africa, Ghana and Saudi Arabia. He was MD of Oriel Resources and Wardell Armstrong International, where he managed numerous projects in Central Asia. Mr Clarke is a graduate of Camborne School of Mines and a chartered engineer.

CFO: Nigel Robinson

Nigel Robinson is a former Royal Navy officer. He qualified as a charted accountant with KPMG and later worked for six years in various management roles with British Airways, before leaving in 2002 to become more involved with smaller enterprises. He joined CAML in 2007 and was appointed CFO in 2009.

Chairman: Christopher Nigel Hurst-Brown

Christopher Hurst-Brown is also CEO of Hotchkis and Wiley and an NED of Borders & Southern Petroleum. Previously, he was chairman of Lloyds Investment Managers (1986-90), a director of Mercury Asset Management and later an MD of Merrill Lynch Investment Managers. He is a chartered accountant.

Technical Director: Howard Nicholson

Howard Nicholson is a metallurgist with 33 years' experience in project development and mine operations management. Formerly the COO of European Minerals Corporation, he contributed to the development of a large copper-gold mine in Kazakhstan, before which he held senior management positions with Ashanti Goldfields, Lonrho, and Anglo American.

Principal shareholders	(%)
Lansdowne Partners	13.43
Legal & General Investment Management multiple portfolios	11.61
Legal & General Group	10.96
Commonwealth American Partners	8.78
Montoya Investments	6.03
Montoya Investments multiple portfolios	6.03
Legal & General Investment Management multiple portfolios	5.94

Companies named in this report

SAT Group