

24 September 2015

**Kemin Resources plc**  
("Kemin" or the "Company")

**Interim report – 6 months to 30 June 2015**

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Kemin Resources Plc (AIM:KEM), the molybdenum and tungsten exploration and development company with substantial interests in Kazakhstan, announces its unaudited interim results for the six months ended 30 June 2015.

**Highlights:**

- The value of the Drozhilovskoye and Smirnovskoye deposits to be enhanced by a comprehensive exploration programme;
- Completion of Competent Person's Reports to be postponed until the completion of the additional exploration programme;
- Continued support for the Company from Amrita Investments Limited; and
- Attributable loss marginally reduced to £423k (2014: £427k);

**Commenting on the results, Sanzhar Assaubayev, CEO of Kemin Resources said:**

*"Our Drozhilovskoye and Smirnovskoye deposits are substantial assets but, given the continued cyclical downturn in commodity prices that we have seen during H1 2015, our Board is of the opinion that it makes economic sense to preserve these projects for a higher molybdenum and tungsten price environment. In making the decision not to rush our CPRs, we can now concentrate on focused exploration and appraisal work on the deposits and continuing to add value for shareholders. Our major shareholder remains committed to Kemin and to progressing both projects."*

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**Information on the Company**

Kemin Resources plc (AIM: KEM) was formed into its present structure in April 2013 by the reverse take-over of GMA Resources plc by the 'Joint Venture Kazakh-Russian Mining Company LLP' (KRMC).

The Company is focussed on developing its two molybdenum and tungsten deposits Drozhilovskoye and Smirnovskoye. Each of the deposits is assessed to have significant value.

Kemin's 90% owned Kazakh entity, KRMC, is the developer and future operator of the two subsoil licences that allow mining to take place at each deposit.

Both deposits are located in northern Kazakhstan.

**Chief Executive Officer's Review**

Since reporting the 2014 results, the Board continues to believe that the price for molybdenum oxide and tungsten concentrates could remain depressed for some time into the future and potentially decrease further in light of the reducing demand for steel in China. It is also noted that new molybdenum and tungsten mines are expected to commence production in the near future thereby providing an additional hurdle for the recovery of price of both commodities.

The Board is of the opinion that both Drozhilovskoye and Smirnovskoye remain very attractive projects for Kemin Resources and because of their relatively high grades, low strip ratios and their proximity to the largest steel producer in the world, China, they remain outstanding investment opportunities. However, the Board believes that in light of the current market conditions and molybdenum and tungsten commodity prices, it makes little economic sense to accelerate these projects into production. Instead, the Board believes the current environment gives the Company time to further optimize the projects and continue to explore these highly prospective areas within both sub soil licenses.

Kemin's management team has been working closely with Venmyn Deloitte, the consultants on the Competent Person's Reports for both Drozhilovskoye and Smirnovskoye. Together, a number of key actions have been identified that, if completed, would materially improve the understanding of both deposits. This has the potential to significantly improve the economics of both deposits. In addition, the work programme planned would also focus on 'right sizing' the mine developments to ensure that mining and processing capacity could be tailored to meet the future demand profile expected for both commodities.

During this period, there will also be a more targeted approach to potential Chinese groups with interests in molybdenum and tungsten production, trading and end use. The aim would be to explore the possibilities of development for the assets, whilst ensuring reliable off take agreements for both commodities.

Therefore, the Board has taken the decision to delay the current CPR's and complete additional new work on both Drozhilovskoye and Smirnovskoye which will include;

1. Additional exploration targeting higher grade zones,
2. Updating the geological models to reflect new drilling, higher cut off grades and exploration encompassing new areas within both sub soil licences,
3. Additional metallurgical testing with the intention to better optimise recoveries,
4. A new marketing study to encompass the recent impacts in the Chinese steel market, and the current market for molybdenum and tungsten, and
5. Approaching potential Chinese groups to determine financing structures and opportunities available to work with these groups to develop the Drozhilovskoye and Smirnovskoye deposits.

## Chief Executive Officer's Review (*continued*)

Upon completion of this additional work, both CPR's will recommence and provide the Board and shareholders of Kemin Resources with a clearer understanding of the economic attractiveness of both projects, potential for off take agreements, and a better understanding of financing structures that could be used to develop both projects.

During the last six months, meetings have been held with a number of interested parties, including Chinese groups, to discuss opportunities for the development of Drozhilovskoye and Smirnovskoye. At this stage, other than the exchanges of data, Kemin Resources has not entered into any detailed or specific discussions that are material to its business interests.

The major shareholder of Kemin Resources, has given comfort to the Board of its continued commitment to the Company. If required, they will provide financial support to Kemin in the future, this may include assistance with the development of the projects. In light of depressed commodity prices, the Board members have agreed that the Company should take a cautious approach by strengthening its understanding of the potential of the deposits, better understanding the possible structures to develop the projects and find reliable offtake opportunities for the concentrates from the mines. While the Board accepts that its approach will have a significant impact on the development time line of the projects, it believes this to be prudent in the current economic climate.

Sanzhar Assaubayev

CEO Kemin Resources Plc

### **Kemin Resources Plc Consolidated income statement Six months ended 30 June 2015**

	<b>Six months to 30 June 2015 (unaudited) £000</b>	Six months to 30 June 2014 (unaudited) £000	Year ended 31 December 2014 (audited) £000
<b>Continuing operations</b>			
Administrative expenses	<b>(225)</b>	(165)	(340)
Share based payment	-	-	-
<b>Operating Loss</b>	<b>(225)</b>	(165)	(340)
Finance Income	-	-	1
Finance Expense	<b>(206)</b>	(305)	(531)
Loss before taxation	<b>(431)</b>	(470)	(870)
Income tax expense	-	-	-
<b>Loss for the period</b>	<b>(431)</b>	(470)	(870)

Loss for the period attributable to:

Equity shareholders of the parent	<b>(423)</b>	(427)	(818)
Non-controlling interest	<b>(8)</b>	(43)	(52)
	<b>(431)</b>	(470)	(870)

**Loss per ordinary share**

Basic &amp; Diluted

(0.2p)

(0.3p)

(0.5p)

**Consolidated statement of comprehensive income**  
**Six months ended 30 June 2015**

	Six months to 30 June 2015 (unaudited) £000	Six months to 30 June 2014 (unaudited) £000	Year ended 31 December 2014 (audited) £000
Loss for the period	(431)	(470)	(870)
Currency translation differences arising on translations of foreign operations*	(13)	167	121
<b>Total comprehensive loss</b>	<b>(444)</b>	<b>(303)</b>	<b>(749)</b>

\* items which may be re-classified to statement or profit or loss.

Loss for the period attributable to:

Equity shareholders of the parent	(434)	(277)	(703)
Non-controlling interest	(10)	(26)	(46)
	<b>(444)</b>	<b>(303)</b>	<b>(749)</b>

**Kemin Resources Plc**  
**Consolidated Statement of financial position**  
**Six months ended 30 June 2015**

	30 June 2015 (unaudited) £000	30 June 2014 (unaudited) £000	31 December 2014 (audited) £000
<b>Non-current assets</b>			
Intangible assets	2,719	1,738	2,801
Property, plant and equipment	24	19	26
Other non-current assets	146	23	152
Restricted cash	6	2	6
	<b>2,895</b>	<b>1,782</b>	<b>2,985</b>
<b>Current assets</b>			
Other receivables	37	40	32
Cash and cash equivalents	473	1,963	704
	<b>510</b>	<b>2,003</b>	<b>736</b>
<b>Total assets</b>	<b>3,405</b>	<b>3,785</b>	<b>3,721</b>
<b>Current liabilities</b>			
Trade and other payables	1,250	1,619	1,319
Loans and borrowings	635	524	592
Other liabilities	23	17	-
	<b>1,908</b>	<b>2,160</b>	<b>1,911</b>

<b>Non-current liabilities</b>			
Loans and borrowings	2,903	2,323	2,773
Other liabilities	6	13	5
	<b>2,909</b>	<b>2,336</b>	<b>2,778</b>
<b>Total liabilities</b>	<b>4,817</b>	<b>4,496</b>	<b>4,689</b>
<b>Net liabilities</b>	<b>(1,412)</b>	<b>(711)</b>	<b>(968)</b>
<b>Equity</b>			
Ordinary share capital	1,748	1,748	1,748
Deferred share capital	6,168	6,168	6,168
Share premium	37,414	37,415	37,414
Merger reserve	(41,682)	(41,682)	(41,682)
Share based payment reserve	1,105	1,105	1,105
Other reserve	921	731	921
Currency translation reserve	150	196	161
Retained earnings	(7,114)	(6,300)	(6,691)
	<b>(1,290)</b>	<b>(619)</b>	<b>(856)</b>
Non-controlling interest	(122)	(92)	(112)
<b>Total equity</b>	<b>(1,412)</b>	<b>(711)</b>	<b>(968)</b>

**Kemin Resources Plc**  
**Consolidated Statement of changes in equity**  
**Six months ended 30 June 2015**

	Ordinary share capital £000	Deferred share capital £000	Share premium £000	Merger reserve £000	Share based payment reserve £000	Other reserve £000	Currency translation reserve £000	Retained earnings £000	Attributed to owners of the parent £000	Non- controlling interest £000	Total £000
<b>1 January 2015</b>	1,748	6,168	37,414	(41,682)	1,105	921	161	(6,691)	(856)	(112)	(968)
Loss for the period	-	-	-	-	-	-	-	(423)	(423)	(8)	(431)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	(11)	(11)	(11)	(2)	(13)
<b>Total comprehensive loss</b>	-	-	-	-	-	-	(11)	(423)	(434)	(10)	(444)
<b>At 30 June 2015</b>	<b>1,748</b>	<b>6,168</b>	<b>37,414</b>	<b>(41,682)</b>	<b>1,105</b>	<b>921</b>	<b>150</b>	<b>(7,114)</b>	<b>(1,290)</b>	<b>(122)</b>	<b>(1,412)</b>
<b>At 1 January 2014</b>	1,520	6,168	35,693	(41,682)	1,105	702	46	(5,873)	(2,321)	(66)	(2,387)
Loss for the period	-	-	-	-	-	-	-	(427)	(427)	(43)	(470)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	150	-	150	17	167
<b>Total comprehensive loss</b>	-	-	-	-	-	-	150	(427)	(277)	(26)	(303)
Shares issued	228	-	1,824	-	-	-	-	-	2,052	-	2,052
Share issue cost	-	-	(102)	-	-	-	-	-	(102)	-	(102)
Modification of loans received	-	-	-	-	-	29	-	-	29	-	29
<b>At 30 June 2014</b>	<b>1,748</b>	<b>6,168</b>	<b>37,415</b>	<b>(41,682)</b>	<b>1,105</b>	<b>731</b>	<b>196</b>	<b>(6,300)</b>	<b>(619)</b>	<b>(92)</b>	<b>(711)</b>
<b>At 1 January 2014</b>	1,520	6,168	35,693	(41,682)	1,105	702	46	(5,873)	(2,321)	(66)	(2,387)
Loss for the year	-	-	-	-	-	-	-	(818)	(818)	(52)	(870)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	115	-	115	6	121
<b>Total comprehensive profit - 31 December 2014</b>	-	-	-	-	-	-	115	(818)	(703)	(46)	(749)
Shares issued in the year	228	-	1,824	-	-	-	-	-	2,052	-	2,052
Share issue expenses	-	-	(103)	-	-	-	-	-	(103)	-	(103)
Modification of loans received	-	-	-	-	-	219	-	-	219	-	219
<b>At 31 December 2014</b>	<b>1,748</b>	<b>6,168</b>	<b>37,414</b>	<b>(41,682)</b>	<b>1,105</b>	<b>921</b>	<b>161</b>	<b>(6,691)</b>	<b>(856)</b>	<b>(112)</b>	<b>(968)</b>

**Kemin Resources Plc**  
**Consolidated cash flow statement**  
**Six months ended 30 June 2015**

	Six months to 30 June 2015 (unaudited) £000	Six months to 30 June 2014 (unaudited) £000	Year ended 31 December 2014 (audited) £000
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(231)</b>	<b>(188)</b>	<b>(740)</b>
<b>Investing activities</b>			
Additions to intangible assets	-	(7)	(947)
Restricted cash	-	1	-
Additions to property, plant and equipment	-	-	(4)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(6)</b>	<b>(951)</b>
<b>Financing activities</b>			
Proceeds on issue of shares	-	2,136	2,052
Issue costs	-	(186)	(103)
Loans repaid	-	(238)	(514)
Proceeds from borrowings	-	434	949
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>2,146</b>	<b>2,384</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(231)</b>	<b>1,952</b>	<b>693</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>704</b>	<b>11</b>	<b>11</b>
Cash and cash equivalents at the end of the period	<b>473</b>	<b>1,963</b>	<b>704</b>

**Kemin Resources Plc**  
**Notes to the consolidated financial information**  
**Six months ended 30 June 2015**

**1 Basis of preparation**

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU.

The consolidated interim financial information have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2015. The consolidated interim financial information for the period 1 January 2015 to 30 June 2015 is unaudited and incorporates unaudited comparative figures for the interim 1 January 2014 to 30 June 2014 and the audited financial information for the year to 31 December 2014. It does not include all disclosures that would otherwise be required within a complete set of financial statements.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these have a material impact on the Group.

### Going Concern

As at 30 June 2015, the Group had cash in hand of £0.47m (2014:£1.9m).

Under a loan agreement dated 10 April 2013, Amrita Investment Limited (a company incorporated in the British Virgin Islands and ultimately controlled by the Assaubayev family) made available a facility of £7,000,000 on an unsecured basis. This was to be applied towards the Group's working capital requirements and the settlement of debts due of the Joint Venture Kazakhstan-Russian Mining Company LLP (KMRC).

The loan bears interest at LIBOR+5%. The loan is repayable on the earliest of the fifth anniversary of the agreement or of the fundraising completion date in respect of any equity fundraising which raises at least £5,000,000, (before expenses). At this point the Lender may choose to convert the loan in to the ordinary shares of the Company at the conversion rates stipulated within the contract.

The Directors are confident that the Group has sufficient resources available to meet its liabilities as they fall due and its working capital requirements going forward and have therefore prepared these financial statements on a going concern basis.

### Kemin Resources Plc

#### Notes to the consolidated financial information (*continued*)

#### Six months ended 30 June 2015

## 2 Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss for the financial period, six months to 30 June 2015 is £423,000, (30 June 2014 £427,000; 31 December 2014 £818,000).

The weighted average number of ordinary shares for calculating the basic loss per share and diluted loss per share for the six months to 30 June 2015 is 1,748,833,041, (30 June 2014 153,288,644; 31 December 2014 163,438,889).

## 3 Functional and presentational currency

The Group has prepared its financial statements in British Pounds. The functional currency of Joint Venture Kazakhstan-Russian Mining Company LLP (KRMC) trading company in Kazakhstan is the Kazakhstan Tenge ("KZT"). The functional currency of Kemin Resources is Pound Sterling. The rates used to convert Kazakhstan Tenge into British Pounds in these financial statements are as follows:

	30 June 2015		30 June 2014		31 December 2014	
	Closing	Average	Closing	Average	Closing	Average
KZT= £	291.04	278.74	312.52	290.87	280.07	291.83

The currency translation movement on the Group's net investment in its subsidiaries in Kazakhstan is taken to reserves.

The financial statements of all Group companies are translated into British Pounds whereby their income statements are translated at the average rate of exchange for the year and their statement of financial position at the closing rate of exchange at the reporting date. Currency translation adjustments arising on the restatement of opening net assets, together with adjustments arising from the retranslation of intergroup and long term foreign currency loans to subsidiaries, are taken direct to reserves.



Transactions denominated in currencies other than the functional currency of a Company are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the income statement.

#### **4 Events after the balance sheet date**

There were no significant transactions after the reporting date.

#### **5 Approval of interim group financial statements**

The interim group financial statements for the six months to 30 June 2015 were approved by the directors on 24 September 2015.

#### **6 Ultimate Controlling Party**

The controlling party of Kemin Resources plc is Bergfolk Corporation, by virtue of the fact that it owns 76% of the voting rights in the company. The ultimate controlling party is the Assaubayev family.

#### **Kemin Resources Plc**

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#### **Company Details**

Directors	Sanzhar Assaubayev, Chief executive Kanat Assaubayev, Chairman Ashar Qureshi, Non-Executive Director (Vice-Chairman) Aidar Assaubayev, Non-Executive Director William Trew, Non-Executive Director Ken Crichton, Non-Executive Director Neil Herbert, Non-Executive Director
Secretary	Rajinder Basra
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Auditors to the group	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Gowlings (UK) LLP 15 <sup>th</sup> Floor 125 Old Broad Street London

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