Kemin Resources Plc
Annual Report 2014

Welcome to Kemin Resources Plc

Highlights

- Completion of £2.05m fundraising in June 2014 to advance the work programme, and supportive strategic shareholder in place to support ongoing activities.
- Drozhilovskoye and Smirnovskoye supported locally and have been included in State Programme on Accelerated Industrial Innovative Development (SPAIID).
- Progression of Competent Persons Report (CPR) to establish resources under JORC (2012). The final CPR results for both deposits are expected to be released in Q3 2015.
- Investigation underway as to the possibility of a one million tonne per year pilot plant as a quick route to cash flow.
- The Company has also reviewed its ongoing cost commitments and as one of the cost-cutting measures undertaken it was decided that it was not in the Company's interests to retain the services of the joint broker Peat & Co., at the current time.

Kemin Resources Plc (AIM:KEM) is an exploration and development company; its principal mining assets are located in northern Kazakhstan.

At a glance

Kemin Resources Plc (AIM: KEM) was formed into its present structure in May 2013 with 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 allows mining to take place at each deposit.

Both deposits are located in north west Kazakhstan.

To read more about Kemin Resources Plc, please visit our website **www.keminresources.com**

Areas of exploration

1 Drozhilovskoye

The Drozhilovskoye molybdenum-tungsten deposit is located in the Denisovski rayon of the Kostanayskaya oblast, 55km north east of Zhitigara and 31km north west of the rayon centre, Denisovka. The small settlement of Okrainka lies some 4km from the deposit.

The deposit area covers approximately 6.6km^2. In addition to the molybdenum and tungsten content, the deposit is also thought to contain quantities of bismuth, beryl, lithium, rubidium, caesium, copper, gold and silver.

Since the deposit was discovered in 1964, considerable exploration work has taken place culminating in the most recent resource statement undertaken in 2005 (using the former Soviet Union resource and reserve classification system common in Central Asia), which estimated a GKZ approved Category C1 and C2 resource estimate for the northern stockwork of 37.2Mt at 0.107% molybdenum and 0.086% tungsten trioxide. This assumed a 0.05% molybdenum equivalent cut-off grade. Importantly, the first resource estimate undertaken in 1974 defined a GKZ approved estimate for the whole deposit at a C2 category of approximately 140Mt at 0.188% molybdenum. Subsequently additional drilling has been done and the latest non JORC resource estimated is presented in the Chief Executive Officer's report.

Total deposit area

6.6km^2

2 Smirnovskoye

The Smirnovskoye molybdenum-tungsten-copper deposit is located in the Karabalykskу rayon, 120km north west of the Kostanay oblast and some 41km north of Karabalyk, the district centre in northern Kazakhstan. The village of Smirnovka is in the immediate vicinity of the deposit. The deposit area covers approximately 13.7km^2.

The deposit has been divided into a larger northern and a smaller southern zone. Within both zones, the principal ore mineral is molybdenite which is associated with chalcopyrite and pyrite. Other minerals are rare.

The deposit has been studied in less detail than Drozhilovskoye, although a 1996, GKZ approved, resource estimate produced a combined Category C1 and C2 resource for both the larger northern and smaller southern zones of approximately 109Mt at a grade of 0.1378% molybdenum using a 0.05% molybdenum equivalent cut-off grade.

A further estimate was undertaken in 2007 which gave an estimate of 108Mt at a grade of 0.1056% molybdenum using the same cut-off grade. Subsequently, additional drilling has been undertaken and the latest non JORC resource estimated is presented in the Chief Executive Officer's report.

Total deposit area

13.7km^2

Contents

Chairman's statement

The Company has continued to develop its significant deposits against the background of falling prices.

2014 was a challenging year for the development of Kemin's molybdenum and tungsten deposits in Drozhilovskoye and Smirnovskoye which are both located in north west Kazakhstan.

Molybdenum, which is primarily used for strengthening steel, has been hit hard by the lower demand for steelmaking by China and other large steel producers. At the beginning of 2013 the price for molybdenum oxide was $26,400/t and this had fallen to $22,500/t by the commencement of 2014. The price subsequently fell further in early May 2015 to $17,500/t, a reduction of 34% since January 2013.

Similarly, from January 2013 to May 2015 the price of ferro tungsten has also fallen by 22%. Although both Kemin's deposits are predominately molybdenum ore, the potential tungsten concentrates revenues add a major positive financial impact to the deposits.

Importantly, both Drozhilovskoye and Smirnovskoye have molybdenum grades that are superior to many other mines and the tungsten credits strengthen the economics of the deposits further. In addition to this the Company will also benefit from the support of the Kazakhstan government as both Drozhilovskoye and Smirnovskoye are included within its State Programme on Accelerated Industrial Innovative Development (SPAIID). We expect that this will lead to assistance in the construction of infrastructure and aid to the Company with tax related incentives.

The Board expects molybdenum and tungsten prices to recover in the longer term given an improvement in the world economy. Overall we remain confident that the demand for high quality steels using molybdenum will continue and much of that demand will come from China, a neighbour and trading partner of Kazakhstan. Kazakhstan and China already have well established railway networks that link both countries for cross border trading.

In order to gauge the options available to the Company, the Board has opened preliminary discussions directly with potential partners in China on how best to develop the projects and how to access markets for our molybdenum and tungsten concentrates. This work remains ongoing and further updates will be reported as progress is made. The Board has noted some encouraging early interest from Chinese participants in the molybdenum and tungsten industries.

The Board and I agree that the Drozhilovskoye and Smirnovskoye deposits provide a very compelling development opportunity with good grades, simple low strip ratio open-pit mining and we are well located to the largest market for molybdenum and tungsten concentrates. The drop in the molybdenum and tungsten prices has encouraged us to make changes to the cut-off grade we use in estimating our JORC resources, with a view to how the projects may be developed. However, our overall view of these projects has not wavered. Drozhilovskoye and Smirnovskoye are exceptional, long life deposits with significant exploration potential beyond the reserves and resources already identified. The Board is keen to progress the projects and is working closely with the Government of Kazakhstan on the financing of a potential trial 1Mtpa mine at Drozhilovskoye.

Finally I would like to thank our staff and consultants who have worked diligently in progressing the technical work required to advance both the Drozhilovskoye and Smirnovskoye deposits.

Kanat Assaubayev
Chairman

18 June 2015

Government support

1Mtpa

We are working closely with the Government of Kazakhstan on the financing of a potential trial 1Mtpa mine at Drozhilovskoye.

Chief Executive Officer's report

2014 saw major falls in the demand for mineral resources relating to the steel industry including molybdenum and tungsten, and the Company is reviewing its strategy based on the changing parameters.

Background to strategic review

A strategic review was considered prudent during a time of falling demand for steel and the inevitable fall in the price of the commodities used to make speciality steels. The outcome of the strategic review resulted in a revision of Kemin's reserve and resource estimates using a higher cut-off grade. This was to ensure that the reserve and resource base provided a robust financial outcome at a time of low commodity prices. In addition the cost base of the Company was reviewed to conserve cash resources during this developmental stage of the Company.

The intention of the strategic review was to prepare a reserve and resource statement that would ensure both deposits would remain profitable even with low commodity prices well into the future. This strategy is supported by known exploration targets that indicate that with more drilling, significant resources and ultimately reserves can be added to the current reserves and resources. This will extend the life of both deposits well beyond the current resource base.

Both the Drozhilovskoye and Smirnovskoye deposits are large, near surface ore bodies that allow simple open-pit mining at low strip ratios. The Drozhilovskoye deposit is intended to be developed well before the Smirnovskoye deposit due to the fact that the molybdenum and tungsten grades are much higher than those at Smirnovskoye plus there is significantly more drilling and metallurgical test work completed at Drozhilovskoye.

The impact of the strategic review has delayed the development timeline but this work was critical in ensuring a robust development strategy was put in place. The impact of remodelling the geological data of both deposits, to reflect lower commodity prices and the development of supporting mining options has delayed the development timeline by nine months. Although it is disappointing, this work has been crucial in ensuring Kemin develops the deposits to maximise the value for its shareholders in a time of expected lower prices for molybdenum and tungsten.

As part of the finalisation of the strategic review, Kemin engaged Venmyn Deloitte to prepare an independent Competent Persons Report (CPR) for the Drozhilovskoye and the Smirnovskoye deposits. As part of this process Venmyn Deloitte also assisted Kemin, by coordinating with both Datamine Pty and Eurus Mineral Consultants, with studies relating to the mine plan and metallurgical test work. Datamine Pty provided investigations into the optimum mining scenarios for both the Drozhilovskoye and Smirnovskoye deposits aimed at maximising Net Present Values. Eurus Mineral Consultants completed an independent review of the metallurgical test work and proposed flow sheets for the mineral processing plants at Drozhilovskoye.

Mineral resource statement

The full CPR is currently in the final stages and is expected to be published in Q3 2015. This is expected to reclassify the resources under the JORC (2012) code from the previously reported GKZ classifications reproduced below.

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC code") is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and the technical and economic considerations in Public Reports.

The current edition of the code was published in 2012, and moving to a JORC based classification is expected to have a number of benefits and is expected to define much more clearly the targets to be developed.

GKZ resources for the Drozhilovskoye and Smirnovskoye deposits at the cut-off grade of 0.05% Mo were:

GKZ resources

Deposit	Russian reserve classification	Ore tonnes Mt	Molybdenum grade %	Molybdenum metal equivalent Kt	Tungsten Grade %	Tungsten Metal Equivalent Kt
Drozhilovskoye	C1	139.8	0.188	262.9	0.046	64.3
Smirnovoskoye	C1	170.5	0.130	221.7	0.010	17.1
Total	C1	310.3	0.156	484.6	0.026	81.4

When Kemin's deposits are benchmarked against other molybdenum mining operations, our grades and large tonnages are superior to many other existing open-pit molybdenum mines and deposits that are highlighted for future development.

Chief Executive Officer's report (continued)

Local support for our projects

During 2014, Kemin was also able to announce that its Smirnovskoye and Drozhilovskoye deposits have been approved for inclusion in the State Programme on Accelerated Industrial Innovative Development (SPAIID). These assets have been identified as strategic mineral developments for Kazakhstan, and the Government will:

- build infrastructure to connect Kemin's planned processing plant to the Bukhara-Ural gas pipeline, and will provide electricity, water and transportation networks;
- ensure regulatory approvals are issued in a timely manner. Additionally, the Government of Kazakhstan has enacted broad legislative changes that will further increase state support for key mineral development projects including:
  - income tax exemptions for 10 years;
  - land tax exemptions for 10 years;
  - property tax exemptions for 8 years;
  - reimbursement of up to 30% of project capital expenditure;
  - guarantees to keep tax rates and state tariffs unchanged for a period of 10 years;
  - policies to allow investors to hire foreign staff for the period of construction without applying labour quotas.

The impact of this support by the Government of Kazakhstan and the proposed legislative changes has further strengthened the investment case for both deposits and considerably reduced the risk, and should aid the Company in receiving the necessary development permits in a timely manner. This is an important step forward for both deposits development prospects.

Looking forward

Following the conclusion of the CPR, management expects to commission a definitive feasibility study for the Drozhilovskoye deposit initially, and anticipates that this will be completed during early 2016.

With the support of the Government of Kazakhstan, the Board is continuing to review the option of a pilot processing plant of 1 million tonne pa (Mtpa) capacity as an initial early, quick start, investment option prior to the major investment required at the 5Mtpa operation at Drozhilovskoye and then Smirnovskoye.

This provides a unique opportunity to:

- test and improve enrichment technology;
- establish a customer base;
- define an efficient logistics chain to customers.

These discussions, whilst ongoing, were delayed during 2014 as part of the strategic review to ensure that a robust development scenario is in place for the 1 Mtpa prior to any finalisation of financing.

China offers a variety of options to Kemin in terms of off-take agreements, potential joint venture partners who wish to supplement their access to molybdenum and tungsten concentrates, and metals and mining companies producing molybdenum and tungsten. At this early stage Kemin has conducted an initial scoping study to better understand its options in China and the interest of Chinese companies in doing business with Kemin. Kemin has been pleased by the initial interest shown by Chinese companies and looks forward to further discussions in due course.

Timeframe & Development

Event	Timing
Publication of CPR	Q3 2015
Updated feasibility study completion	Q1 2016
Kazakhstan development bank funding stage 1 Drozhilovskoye	Q1 2016
First stage construction complete	Late 2016
Production starts	Early 2017
Raise funds stage 2 & 3 expansions at Drozhilovskoye	Late 2017
Feasibility study complete for development of Smirnovskoye	Late 2016
Funding completed for Smirnovskoye & construction starts	Mid 2018

Funding

To finance working capital, in June 2014, the Company completed a fundraising of £2.05m, gross, via a placement of 22,804,310 new ordinary shares. In addition, the Company continues to benefit from the support being provided by Amrita Investments Limited, which has provided a facility to draw funding to meet liabilities as they fall due.

The Company has sufficient cash flow facilities to meet its current obligations. It will assess its future funding requirements on finalisation of its future plans, and is considering a number of options.

Fundraising

£2.05m

In June 2014, the Company completed a fundraising of £2.05m, gross, via a placement of 22,804,310 new ordinary shares.

Financial performance review

The consolidated loss attributable to Kemin Resources shareholders in the twelve months ended 31 December 2014 was £818,000 (FY 2013: £3,092,000 loss). These costs relate to the ongoing administrative costs and capital costs in developing the projects. In 2013 the costs were much higher as they principally related to higher legal and professional costs associated with the reverse takeover. In addition, a non-recurring adjustment was made for the share based payment arising as part of the reverse takeover of £2.6m. The strategic review conducted during 2014 has led to a significant reduction in ongoing head office costs.

Cash spend is tightly monitored against budgets and the limited capital expenditure programme.

The Company is continuing to spend resources on capital development and aiming to control all costs within tight financial limits. In the current year £1,162,000 was spent on development of the projects, resulting in total capital spend to date on both projects of £2.8m.

Principal risks and uncertainties

The principal risks exposed to the Company are:

- availability of future funding;
- political and economic environment;
- fluctuation in commodity prices;
- financial risk;
- the resource differing in grade and quantity to that predicted by feasibility studies.

Mitigation of risks and uncertainties

The Company's management has analysed the risks and uncertainties and monitors the risks as far as it is practical given the early development of the Group.

While the Company has sufficient working capital facilities at present to meet its cash flow requirements, it is considering the availability of future funding options. The Company is reviewing its capital structure in this regard with the aim to fix interest rates, where possible, and with the preferred option to raise funds via equity.

Certain factors are beyond the control of the Company such as the fluctuations in the price of the commodities it is going to extract and possible political upheaval. However the Company is aware of these factors and tries to mitigate them as far as possible. The Company maintains close relationships with the Kazakhstan authorities, in order to minimise bureaucratic delays and problems.

In relation to the commodity prices, the project model, which has now been remodelled based on the movement in commodity prices suggests sufficient headroom given the low cost base which will provide a buffer against the effect of any further downward pressure on commodity prices.

The Company has used independent consultants, experienced in resource reports of the type required by the Company, to mitigate as far as possible any material changes in the resource estimates. It has recently further enhanced the estimates by engaging a well respected firm to obtain a JORC (2012) compliant resource statement. Further drilling will be undertaken as necessary based on the future project plan.

Key performance indicators

Given the stage of development of the Company, the key performance indicators used by the management for monitoring progress and strategic objectives for the business are set out below:

Key Performance Indicators

	31 December	
	2014	2013
Molybdenum resources (metal equivalent) – C1 (Kt)	**484.6**	484.6
Tungsten resources (metal equivalent) – C1 (Kt)	**81.4**	81.4
Molybdenum resources – inferred grade (%)	**0.156**	0.156
Tungsten resources – inferred grade (%)	**0.026**	0.026
Cash balance (£000's)	**704**	11
Exploration expenditure (cumulative – £000's)	**2,801**	1,382
Net loss (£000's)	**870**	3,099

The key statistic is the level of resources which has been measured by an independent consultancy.

Given the stage of development of the Group, it has a low number of employees who are concentrated in the head office. Details of the Group policy on employees is given on page 09.

The Strategic report was approved and authorised by the Board on 18 June 2015 and signed on its behalf by:

Sanzhar Assaubayev
Chief Executive Officer

Board of Directors

Kemin Resources has a highly experienced Board of Directors with a commitment to driving profitability and long-term shareholder value.

Kanat Assaubayev
Non-Executive Chairman

Kanat Assaubayev is one of Kazakhstan's leading entrepreneurs in the natural resources sector. He was the first Kazakh to receive a doctorate in metallurgy. His early career was in academia where he was the Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He subsequently began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.

Ashar Qureshi
Non-Executive Vice Chairman

Ashar Qureshi is a London based US qualified lawyer who is currently a member partner of Freshfields Bruckhaus Deringer LLP, a Director of Hanson Asset Management Limited and a partner of Naya Capital Management LLP. He was formerly the Vice Chairman of Renaissance Group, where his position was a senior investment-banking role, and prior to that he worked with international firm Cleary Gottlieb Steen & Hamilton LLP. He holds a Juris Doctorate and is a graduate of Harvard Law School and Harvard College.

Sanzhar Assaubayev
Chief Executive Officer

Sanzhar Assaubayev was formerly Director of International Affairs of JSC MMC Kazakhaltyn and an Executive Director of KazakhGold Group Limited, the gold mining corporation. He is also a member of the board of directors of AltynGroup plc. He was educated at the Leysin American School in Switzerland, where he specialised in management, and the American University in the United Kingdom. Sanzhar Assaubayev is the son of Kanat Assaubayev.

Aidar Assaubayev
Non-Executive Director

Aidar Assaubayev is an Executive Director of AltynGroup Kazakhstan LLP. He was formerly Executive Vice Chairman of KazakhGold Limited, the gold mining corporation, and he was also formerly Vice President and a Director of JSC MMC Kazakhaltyn. He graduated from the Kazakh National Technical University in Almaty and he also holds a degree in Economics from the Institute of Systemic Analysis in Moscow. Aidar Assaubayev is the son of Kanat Assaubayev.

William Trew
Non-Executive Director

William Trew has over 32 years of experience in the engineering and mining industry and is a registered Professional Engineer with the Engineering Council of South Africa. He holds a B.Eng. (Mech.) Hon. from the University of Wales Institute Science and Technology and an M. Eng. from Rand Afrikaans University, Johannesburg.

Ken Crichton
Non-Executive Director

Ken Crichton is a mining engineer with over 28 years of experience within the mining industry. After graduating from the University of New South Wales in 1985, a significant proportion of his career has involved working in developing countries and a considerable part in active mine production roles. In the five years prior to joining GoldBridges, he was the Chief Executive Officer of ASCOM Precious Metals Mining, S.A.E., an Egyptian-based minerals company with exploration and mining activities across Africa. Prior to that, he worked for 15 years with BHP Billiton in both Australia and Indonesia. In addition, he worked for four years with Leighton Holdings Group, a leading construction and mining contractor in Papua New Guinea and Australia. He is also an Executive Director of GoldBridges Global Resources Plc.

Neil Herbert
Non-Executive Director

Neil Herbert is a Fellow of the Association of Chartered Certified Accountants and has over 20 years of experience in finance. He has been involved in the management of mining and exploration companies for over 15 years and, until October 2013, was Co-Chairman and Managing Director of AIM quoted Polo Resources Limited (AIM: POL), a natural resources and mine development investment company. Prior to this, he was Finance Director for UraMin Inc., an African focused uranium exploration company, from 2005-2007 during which period he worked to float the company on AIM and the Toronto Stock Exchange in 2006, raising c.US$400 million in equity financing and negotiating the sale of the group to Areva for US$2.5 billion.

Go to **page 33** to view our Company details

Directors' report

The Directors present their report and financial statements for the year ended 31 December 2014.

Principal activity and business review

The principal activity of the Company is that of an exploration and mine development company with a trading subsidiary in Kazakhstan. A review of the business and future prospects is contained in the Strategic report, which includes information on the Company's principal risks and uncertainties and performance indicators to the extent they are relevant at this stage of the Company's development. Although the financial statements are prepared on a going concern basis, reference should be made to the ability of the Company to continue trading as noted below.

Going concern and the availability of project finance

The Group's principal assets are the molybdenum and tungsten deposits at Drozhilovskoye and Smirnovskoye in Kazakhstan. The updated studies indicate substantial economic exploitable reserves. This will be underpinned by a feasibility study which is expected to be completed in 2016. At this stage the Group will access the requirements for future funding and implement a strategy to raise the project finance required for the long-term development needs of the Company.

The Directors anticipate that, whilst the Group may seek to raise further finance in the future, it now has access to sufficient funding for its immediate needs. The Group is currently funded by a working capital facility that is being provided by a company controlled by its principal shareholder. Cash flows indicate that it expects to have sufficient cash flow from this facility to finance its on-going operational requirements. The Directors are confident that further sources of funding can be acquired in the timescales required to meet the future funding requirements as necessary.

On this basis the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Corporate structure

Kemin Resources Plc is a public company limited by shares that is incorporated in England and Wales. The principal subsidiaries of the Company are listed below:

Name of company	Country of incorporation	Nature of trade	Shareholding
GMA Pty Ltd	Australia	Liquidated in 2014	
Technical Training Services Limited	Gibraltar	Liquidated in 2014	
GMA (MALTA) Ltd	Malta	Dormant	owned 100% by Kemin Resources Plc
Joint Venture Kazakh-Russian Mining Company LLP (KRMC)	Kazakhstan	Mining activities	owned 90% by Kemin Resources Plc

Results and dividends

The results of the Company for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income and a commentary on the results is included in the Chairman's statement and the Strategic report. The Group incurred losses in the year of £870,000 (2013: £3,099,000), in the course of developing its principal mining assets in Kazakhstan. The Directors do not recommend the payment of a dividend (2013: £Nil).

Directors

The Directors holding office during the year and up to the date of this report are set out below:

Kanat Assaubayev	Executive Chairman
Ashar Qureshi	Non-Executive Vice Chairman
Sanzhar Assaubayev	Chief Executive Officer
Aidar Assaubayev	Non-Executive Director
Ken Crichton	Non-Executive Director
William James Trew	Non-Executive Director
Neil Herbert	Non-Executive Director

Directors' insurance

The Company has entered into an insurance policy to indemnify the Directors of the Company against any liability when acting for the Company.

Substantial shareholdings

The following entities had a disclosable interest of 3% or more of the nominal value of the Company's shares as at the date of this report.

Shareholder	Shareholding ordinary shares	% owned
Bergfolk Corporation	133,117,846	76.14
Strathland Enterprises Limited	10,642,012	5.3

Financial risk management
Information relating to the Group's financial risk management is set out in note 14 of the financial statements.

Employees
The Group has a policy of providing opportunities for training, career development and promotion to all employees in accordance with their skills and abilities. The Group supports the recruitment of disabled persons where possible. Priority is given to those who become disabled during their employment. The Group endeavours to keep all employees informed on matters affecting them and takes into account the views of employees wherever possible.

Charitable and political contributions
There were no charitable or political contributions made in the year ended 31 December 2014 (2013: £Nil).

Directors' emoluments
Details of Directors' emoluments for the Group for the year are as follows:

	2014 Fee £'000	2013 Fee £'000
Kanat Assaubayev	**–**	–
Ashar Qureshi	**–**	–
Sanzhar Assaubayev	**–**	–
Aidar Assaubayev	**–**	–
Ken Crichton	**27**	26
William James Trew	**–**	1
Neil Herbert	**27**	1
Ralph Browning*	**–**	19
Total	**54**	47

* Resigned on 3 June 2013.

Service contracts
The Non-Executive Directors have contracts with a rolling three-month notice period which may be given by either party.

The Company's policy on Executive Director Remuneration is to attract and retain high quality executives by paying competitive remuneration packages relevant to each Director's role and experience and the external market.

The key management personnel comprises only the Directors.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic report, the Directors' report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union or United Kingdom Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors which extends to the ongoing integrity of the financial statements contained therein.

Communications with shareholders are considered important by the Directors. The Directors regularly speak to investors and analysts during the year. Press releases have been issued throughout the year, a website www.keminresources.com is regularly updated and contains a wide range of information about the Company.

Corporate governance

The Directors are aware of the UK Corporate Governance Code ("the Code") (formerly the Combined Code), the new edition of which was published by the UK Financial Reporting Council in September 2012 and is applicable to all premium listed companies on the London Stock Exchange. As a company which is listed on AIM, the Company is not required to comply with the Code, but the Directors intend to comply with its main provisions as far as is practicable having regard to the size of the Group.

Board composition and committees

The Directors who served during the year are shown on page 08.

The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and intend to comply with the principles of the UK Corporate Governance Code in such respects as they consider appropriate for a company of its size and nature. The Board has a wide range of experience directly relevant to the Group and its activities and its structure ensures that no one individual or group dominates the decision making. At each Annual General Meeting, one third of the Directors must retire by rotation, whereupon they can offer themselves for re-election if eligible.

The Company has established an Audit Committee which is responsible for ensuring that the financial performance of the Group is properly reported and monitored, considering and setting adequate and appropriate accounting policies and reviewing the Auditor's report. The Audit Committee comprises two Directors who are considered to be independent, being Non-Executive Director Ken Crichton and Non-Executive Vice Chairman Ashar Qureshi.

Internal controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and for reviewing its effectiveness. The procedures which include, inter alia, financial, operational and compliance matters and risk management are reviewed on an ongoing basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors do not believe an internal audit function is practicable for a company of this size.

Subsequent events

Details of events after the end of the financial year are set out in note 20 on page 32 of the financial statements.

Auditors

All of the current Directors have taken all of the steps that they ought to haver taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of this information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed in the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Gowlings (UK) LLP, 15th Floor, 125 Old Broad Street, London, EC2N 1AR on 29 June 2015 at 11:30am.

The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

The Directors' report has been approved by the Board and signed on its behalf by:

Sanzhar Assaubayev
Chief Executive Officer

18 June 2015

Independent auditor's report to the members of Kemin Resources Plc

We have audited the financial statements of Kemin Resources Plc for the year ended 31 December 2014 which comprise the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

18 June 2015

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

Consolidated statement of profit or loss
year ended 31 December 2014

	Notes	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Administrative expenses		**(340)**	(154)
Share based payment		**–**	(2,629)
Operating loss	3	**(340)**	(2,783)
Finance income		**1**	–
Finance expense	5	**(531)**	(316)
Loss before income tax		**(870)**	(3,099)
Income tax expense	6	**–**	–
Loss for the year		**(870)**	(3,099)
Loss for the year attributable to:			
Equity shareholders of the parent		**(818)**	(3,092)
Non-controlling interest	8	**(52)**	(7)
		(870)	(3,099)
Loss per ordinary share – basic and diluted			
Attributable to the equity shareholders of the parent – basic	7	**(0.5p)**	(2p)

Consolidated statement of comprehensive income
year ended 31 December 2014

	2014 £'000	2013 £'000
Loss for the year	**(870)**	(3,099)
Items which may be re-classified to statement of profit or loss		
Currency translation differences arising on translations of foreign operations that may be reclassified to the profit or loss	**121**	126
Total comprehensive loss attributable to equity shareholders of the parent	**(749)**	(2,973)
Loss for the year attributable to:		
Owners of the parent	**(703)**	(2,979)
Non-controlling interest	**(46)**	6
	(749)	(2,973)

The accompanying notes are an integral part of these financial statements.

Consolidated statement of financial position

year ended 31 December 2014

	Notes	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Assets			
Non-current			
Intangible assets	9	**2,801**	1,985
Property, plant and equipment	10	**26**	25
Other non-current assets	11	**152**	36
Restricted cash		**6**	3
Non-current assets		**2,985**	2,049
Current			
Other receivable		**32**	6
Cash and equivalents		**704**	11
		736	17
Total assets		**3,721**	2,066
Liabilities			
Non-current			
Borrowings	13	**2,773**	1,940
Other liabilities	12	**5**	–
Non-current liabilities		**2,778**	1,940
Current			
Trade and other payables	12	**1,319**	1,776
Borrowings	13	**592**	737
Current liabilities		**1,911**	2,513
Total liabilities		**4,689**	4,453
Net liabilities		**(968)**	(2,387)
Equity			
Equity attributable to owners of the parent			
Ordinary share capital	15	**1,748**	1,520
Deferred share capital	15	**6,168**	6,168
Share premium account		**37,414**	35,693
Merger reserve		**(41,682)**	(41,682)
Share based payments reserve		**1,105**	1,105
Other reserve		**921**	702
Retained earnings		**(6,691)**	(5,873)
Currency translation reserve		**161**	46
		(856)	(2,321)
Non-controlling interest	8	**(112)**	(66)
Total equity		**(968)**	(2,387)

The financial statements were approved and authorised for issue by the Board of Directors on 18 June 2015 and were signed on its behalf by:

Sanzhar Assaubayev
Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

Company statement of financial position
year ended 31 December 2014

Company number 04674237	Notes	Year ended 31 December 2014 £'000	Reclassified Year ended 31 December 2013 £'000
Assets			
Non-current			
Amount due by subsidiary company	8	**1,639**	603
Non-current assets		**1,639**	–
Current			
Other receivables		**31**	–
Amount due by subsidiary company		**–**	–
Cash and equivalents		**676**	11
		707	11
Total assets		**2,346**	614
Liabilities			
Non-current			
Loans and borrowings	13	**(2,036)**	(1,042)
Non-current liabilities		**(2,036)**	(1,042)
Current			
Trade and other payables	12	**(72)**	(1,184)
Current liabilities		**(72)**	(1,184)
Total liabilities		**(2,108)**	(2,226)
Net assets/(liabilities)		**238**	(1,612)
Equity			
Equity attributable to owners of the parent			
Ordinary share capital	15	**1,748**	1,520
Deferred share capital	15	**6,168**	6,168
Share premium account		**37,414**	35,693
Merger reserve		**52,654**	52,654
Other reserve		**405**	186
Retained earnings		**(98,151)**	(97,833)
Total equity		**238**	(1,612)

The financial statements were approved and authorised for issue by the Board of Directors on 18 June 2015 and were signed on its behalf by:

Sanzhar Assaubayev
Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

Consolidated statement of changes in equity

year ended 31 December 2014

	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Other reserve £'000	Accu-mulated losses £'000	Translation reserve £'000	Attributed to owners of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 January 2013	6,180	–	27,890	(33,892)	76	2,006	(2,857)	(67)	(664)	–	(664)
Loss for the year	–	–	–	–	–	–	(3,092)	–	(3,092)	(7)	(3,099)
Currency translation differences arising on translation of foreign operations	–	–	–	–	–	–	–	113	113	13	126
Total comprehensive loss	–	–	–	–	–	–	(3,092)	113	(2,979)	6	(2,973)
Share consolidation	(6,168)	6,168	–	–	–	–	–	–	–	–	–
Lapsed/forfeited share options	–	–	–	–	(76)	–	76	–	–	–	–
Capital re-organisation on acquisition of KRMC	1,483	–	–	(7,790)	–	499	–	–	(5,808)	(72)	(5,880)
Share based payment arising on acquisition of KRMC	–	–	–	–	1,105	–	–	–	1,105	–	1,105
Conversion of loan stock	25	–	7,803	–	–	(2,006)	–	–	5,822	–	5,822
Modification of loans received	–	–	–	–	–	203	–	–	203	–	203
At 31 December 2013 & 1 January 2014	1,520	6,168	35,693	(41,682)	1,105	702	(5,873)	46	(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
Total comprehensive loss	–	–	–	–	–	–	(818)	115	(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
At 31 December 2014	1,748	6,168	37,414	(41,682)	1,105	921	(6,691)	161	(856)	(112)	(968)

Ordinary share capital: Amount subscribed for share capital at nominal value.
Deferred shares: The shares carry no right to receive income distributions or entitle the shareholders to attend or vote at Company meetings.
Share premium: Amount subscribed for share capital in excess of nominal value.
Merger reserve: Represents the adjustments required to account for the reverse takeover as required by International Financial Reporting Standard 3.
Share based payment reserve: Value of share options granted and calculated with reference to a binomial pricing model. When options lapse or are exercised, amounts are transferred from this account to retained earnings. In addition this reserve includes an amount of £1,105,000 in relation to an adjustment required under IFRS2 to account for the reverse takeover.
Other reserve: Represents the equity component of loans received.
Accumulated losses: Cumulative losses recognised in the consolidated statement of comprehensive income.
Translation reserve: Gains/losses arising on retranslating the net assets of overseas operations into Pound Sterling.

The accompanying notes are an integral part of these Company financial statements.

Company statement of changes in equity
year ended 31 December 2014

	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2013	6,180	–	27,890	–	76	2,006	(44,130)	(7,978)
Loss for the period	–	–	–	–	–	–	(55,407)	(55,407)
Total comprehensive loss	–	–	–	–	–	–	(55,407)	(55,407)
Share consolidation	(6,168)	6,168	–	–	–	–	–	–
Arising on acquisition of investment	1,483	–	–	52,654	–	–	–	54,137
Lapsed/forfeited share options	–	–	–	–	(76)	–	76	–
Modification of loans received	–	–	–	–	–	186	–	186
Conversion of loan stock	25	–	7,803	–	–	(2,006)	1,628	7,450
At 31 December 2013 & 1 January 2014	1,520	6,168	35,693	52,654	–	186	(97,833)	(1,612)
Loss for the period	–	–	–	–	–	–	(318)	(318)
Total comprehensive loss	–	–	–	–	–	–	(318)	(318)
Shares issued in the year	228	–	1,824	–	–	–	–	2,052
Share issue expenses	–	–	(103)	–	–	–	–	(103)
Modification of loans received	–	–	–	–	–	219	–	219
At 31 December 2014	1,748	6,168	37,414	52,654	–	405	(98,151)	238

Ordinary share capital: Amount subscribed for share capital at nominal value.
Deferred shares: The shares carry no right to receive income distributions or entitle the shareholders to attend or vote at Company meetings.
Share premium: Amount subscribed for share capital in excess of nominal value.
Share based payment reserve: Value of share options granted and calculated with reference to a binomial pricing model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.
Other reserve: Represents the equity component of loans received.
Merger reserve: Amount related to the acquisition of KMRC.
Accumulated losses: Cumulative losses recognised in the consolidated statement of comprehensive income.
Translation reserve: Gains/losses arising on retranslating the net assets of overseas operations into Pound Sterling.

The accompanying notes are an integral part of these Company financial statements.

Consolidated statement of cash flows
year ended 31 December 2014

	Notes	**Year ended 31 December 2014 £'000**	Year ended 31 December 2013 £'000
Net cash outflow from operating activities	17	**(740)**	(1,006)
Investing activities			
Additions to intangible assets		**(947)**	–
Additions to property, plant and equipment		**(4)**	(43)
Net cash used in investing activities		**(951)**	(43)
Financing activities			
Proceeds from borrowings		**949**	1,060
Repayment of borrowings		**(514)**	–
Proceeds on issue of shares		**2,052**	–
Expenses on issue of shares		**(103)**	–
Net cash inflow from financing activities		**2,384**	1,060
Increase in cash and cash equivalents		**693**	11
Cash and cash equivalents at the beginning of period		**11**	–
Cash and cash equivalents at the end of period		**704**	11

Company statement of cash flows
year ended 31 December 2014

	Notes	**Year ended 31 December 2014 £'000**	Year ended 31 December 2013 £'000
Net cash outflow from operating activities	17	**(1,272)**	(690)
Financing activities			
Proceeds from borrowings		**949**	689
Loans to subsidiary		**(961)**	–
Proceeds on issue of shares		**2,052**	–
Expenses on issue of shares		**(103)**	–
Net cash inflow from financing activities		**1,937**	689
Increase in cash and cash equivalents		**665**	(1)
Cash and cash equivalents at the beginning of period		**11**	12
Cash and cash equivalents at the end of period		**676**	11

The accompanying notes are an integral part of these Company financial statements.

Notes to the consolidated financial statements
year ended 31 December 2014

1. Accounting policies

Nature of operations and general information
The Group's principal activity is that of mining, exploration and mine development. The parent company's principal activity is managing the trade and the investment of its subsidiary company. It is incorporated in England and Wales and has its registered office and business address at 28 Eccleston Square, London SW1V 1NZ. The shares of Kemin Resources Plc are quoted on the AIM market which is operated by the London Stock Exchange.

Basis of preparation
The Group's consolidated financial statements are for the year ended 31 December 2014. They have been prepared in accordance with the accounting policies set out below.

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost basis. They are presented in Pound Sterling and are rounded to the nearest thousand (£'000) except where otherwise noted.

The preparation of financial statements in compliance with the adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments are estimates and have been made in preparing the financial statements, and their effects, are disclosed in note 2.

In accordance with the provisions of Section 408 of the Companies Act 2006 the profit or loss account of Kemin Resources Plc is not presented.

Going concern
As at 31 December 2014, the Group had cash in hand of £704,000 and at the reporting date the Group's liabilities exceeded its assets by £968,000.

The parent company has an agreement with Amrita Investment Limited, a company incorporated in the British Virgin Islands and ultimately controlled by the Assaubayev family, for the provision of an unsecured £7m loan facility to be applied towards working capital requirements. At present there is still a facility of approximately £5m available under this facility. The Company has received confirmation that liquid funds of not less than £5m are held by Amrita with a financial institution. To compliment this the Company raised equity of £1.9m (net of fees) during the year.

The loan bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or on the date of a fundraising completed date in respect of any equity fundraising, raising at least £5m (before expenses) at which point the Lender may choose to convert the loan in the ordinary shares of the Company at the conversion rates stipulated by the agreement.

The Directors anticipate that while they may seek to raise further finance in the future but presently has access to sufficient funds for its immediate need, and have therefore prepared these financial statements on a going concern basis.

New accounting standards and amendments
A number of new standards and amendments to existing standards and interpretations were applicable from 1 January 2014. The adoption of these amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2014.

The management are evaluating the impact of new standards amendments to standards and interpretations which have been issued but are not yet effective. However they are not expected to have a material impact on the Group's earnings or shareholders' funds.

Basis of consolidation
Business combinations
IFRS 10 Consolidated Financial Statements was adopted in the year to replace IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 has had no material impact on the financial statements.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are de-consolidated from the date on which control ceases.

Segmental reporting
In the opinion of the Directors, who are regarded as the chief operating decision makers, the Group has one business activity, being the exploration for, and development of, the molybdenum, copper and tungsten deposits in Kazakhstan.

The Board of Directors considers there to be only one operating segment, the exploration and development of mineral resources and only one geographical segment, being Kazakhstan. Therefore no additional segmental information is presented.

1. Accounting policies continued

Foreign currency translation

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occurred. The functional currency of KMRC is the Kazakh Tenge which is the currency of KMRC's primary economic environment in which it operates. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of overseas operations are translated into Pound Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rates ruling at the reporting date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On the disposal of foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Group becomes party to the contractual provision of the instrument.

Financial assets

Financial assets of the Group consist of other receivables and cash.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables and cash are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Group's financial liabilities include bank loans, finance lease liabilities, convertible loan stock, bank overdrafts, trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

Interest-free loans and loans below market rate received are initially recorded at fair value. They are estimated using discounted cash flow forecasts, based on a risk-adjusted discount rate which reflects the risks associated with the loans, with reference to the market rates for loans to similar companies. The difference between the fair value and the loan received is recorded within equity, where the loans provided by parties controlled by the Company's ultimate controlling party.

Subsequently, all financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in profit or loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "Finance costs" in the income statement.

Trade payables are recognised initially at their fair value net of transaction costs and subsequently measured at amortised cost less settlement payments.

Notes to the consolidated financial statements (continued)
year ended 31 December 2014

1. Accounting policies continued
Financial liabilities continued
Loans that have a convertible element into equity comprise both a liability and an equity component. The elements are classified in accordance with their contractual provisions. At the date of issue, the liability component is recorded at fair value, which is estimated using the prevailing market interest rate for a similar debt instrument without the equity conversion feature. Thereafter, the liability component is accounted for as a financial liability in accordance with the above.

The residual is the equity component, which is accounted for as an equity instrument.

Upon a conversion of a loan, a number of ordinary shares may be issued corresponding to the value of the loan note being converted and the agreed conversion value of the loan note. The corresponding carrying value of the loan liability and loan equity reserve are released, and the difference between these and the nominal value of the shares issued on conversion is recognised as share premium. Where the terms of the instrument are revised, the instrument is accounted for as a new instrument.

Exploration and evaluation assets
Exploration and evaluation assets comprise of exploration and evaluation expenditure incurred on projects where insufficient work has been performed to confirm whether significant mineralisation exists or whether the project is economically feasible. Costs are capitalised as intangible assets until the decision is made to proceed to development, in which case the related expenditures are transferred to noncurrent assets as mining properties unless the projects are determined not to be commercially viable, in which case the related costs are written off to the statement of comprehensive income. Depreciation on non-current assets used on exploration and evaluation projects is capitalised. Exploration and evaluation assets are not amortised.

Pre-licence costs are recognised as an expense in the statement of comprehensive income as incurred.

Exploration and evaluation assets are assessed at each reporting year to determine whether there are indicators that assets might be impaired.

An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances applies:

- sufficient data exists that renders the resource uneconomic and unlikely to be developed;
- title to the asset is compromised;
- budgeted or planned expenditure is not expected in the forseeable future;
- insufficient discovery of commercially viable resources leading to the discontinuation of activities.

Expenditure on research activities is recognised as an expense in the statement of comprehensive income as incurred.

Property, plant and equipment
Property, plant and equipment is recorded at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided to write off the cost of such assets, other than land, over their useful economic lives on a straight line basis. The periods generally applicable are:

Buildings	5% pa
Production machinery and equipment	Between 5% and 20% pa

Impairment of assets
The carrying amount of non-current assets is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less costs to sell.

In assessing the value in use, the expected future cash flows from the assets is determined by applying a discount rate to the anticipated pre-tax future cash flows. Impairment is recognised in the statement of comprehensive income to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are depreciated/amortised in line with accounting policies.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. The reversal is recognised in the profit and loss account and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior reporting years.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units") for the purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties including the future commodity prices. It is therefore reasonably possible that changes could occur which may affect the recoverability of assets.

1. Accounting policies continued

Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate provided they are enacted or substantively enacted by the reporting date. All changes to current tax liabilities are recognised as a component of tax expense in the profit or loss account.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised as finance expense in the statement of comprehensive income as it occurs.

Provisions are made for the estimated rehabilitation/decommissioning costs relating to areas disturbed during the mines' operation up to the reporting date but not yet rehabilitated. Such provisions are been made in accordance with local legislation.

The estimated cost of rehabilitation includes the current cost of re-contouring, top-soiling and re-vegetation in accordance with legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Carrying values of exploration and evaluation assets and property, plant and equipment

The Group monitors internal and external indicators of impairment relating to its exploration and evaluation assets and property, plant and equipment. Management has considered whether any indicators of impairment have arisen over certain assets relating to the Company's mining operations. After assessing these, management has concluded that no impairment has arisen in respect of these assets during each year.

(ii) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on the management's estimates of the number of years over which the assets will generate economic benefits. This is periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used could result in significant variations in the carrying values.

(iii) Decommissioning and rehabilitation

The ultimate decommissioning and site restoration costs are uncertain and can be impacted by changes to legislation, restoration techniques and changes to the expected timing of closure resulting from changes to ore reserves. As a result, there could be significant adjustments to the provisions established which would affect future results.

(iv) Base of mining operations

The Group's primary base of operations is in Kazakhstan. Kazakhstan's economy continues to display certain characteristics of an emerging market. These characteristics include, in particular, inconvertibility of the national currency in most countries outside of Kazakhstan and relatively high inflation rates. The Kazakh tax, currency and customs legislation is subject to varying interpretations and frequent changes. The financial information has been prepared on the assumption that no significant adverse changes to the economic, regulatory and fiscal environment will arise.

(v) Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts of quoted market prices of comparable instruments. In this regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, could not be realised immediately.

(vi) Income taxes

The Group is subject to income tax in Kazakhstan and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are any transactions and calculations for which the ultimate tax determination is uncertain. As a result, tax liabilities are recognised based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised, when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities.

Notes to the consolidated financial statements (continued)

year ended 31 December 2014

3. Operating loss

This is stated after charging:

	2014 £'000	2013 £'000
Staff costs (note 4)	**59**	12
Fees payable to Company and Group auditors:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**30**	44
Fees payable to the Company's auditors and its associates in respect of:		
The auditing of accounts and associates of the Company pursuant to legislation (including that of countries and territories outside the United Kingdom)	**11**	11

In addition to the amounts disclosed above the auditors also charged £Nil (2013: £44,000) in relation to assistance with admission documents and the capital reorganisation, this was accounted for in reserves in 2013 as part of the reverse acquisition adjustment.

4. Staff number and costs

The average number of persons (including Directors) employed by the Group during the year was:

	2014 Number	2013 Number
By activity		
Administration	**8**	7

	2014 £'000	2013 £'000
Staff costs (including Directors)		
Wages and salaries	**59**	12
	59	12

The total Directors' emoluments as disclosed in the Directors' report was £54,000 (2013: £47,268, of this amount £35,000 has been accounted for in reserves as it was incurred in the parent company prior to the capital reorganisation). The remuneration of the highest paid Director was £27,000 (2013: £26,250).

5. Finance income and expenses

	2014 £'000	2013 £'000
Finance Income		
Interest on unsecured convertible loan stock – net of conversion	**1**	46
Finance expense		
Interest expense	**115**	157
Unwinding of discount	**252**	149
Foreign exchange loss	**164**	10
	531	316

6. Income tax expense

There is no tax charge/credit in the year due to losses incurred by the Group, which are not currently being recognised as a deferred tax asset due to uncertainty over the recoverability of such losses in the foreseeable future.

	2014 £'000	2013 £'000
Loss before tax	**(870)**	(3,099)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 21.25% (2013: 23.25%)	**(185)**	(720)
Effect of:		
Expenses not deductible for tax purposes	**–**	649
Income not subject to tax	**(2)**	–
Different tax rates in overseas territory	**5**	6
Unrecognised tax losses carried forward	**182**	65
Total tax charge for year	**–**	–

The parent company has tax losses of £813,000 available to carry forward (2013: £570,000). Tax losses arising in subsidiary in Kazakhstan are only recognised on the commencement of commercial production.

7. Loss per share

	2014	2013
Basic and fully diluted loss per share		
Loss for the year attributable to the equity holders of the parent entity (£'000)	**(818)**	(3,092)
Weighted average number of shares in issue	**163,430,889**	150,483,730
Loss per share attributable to the equity holders of the parent entity	**(0.5p)**	(2p)

Where a loss has been incurred the diluted loss per share does not differ from the basic loss per share, as the conversion of the convertible loan would have the effect of reducing the loss per share, and are therefore not dilutive under the terms of IAS 33.

8. Investments

The Company had the following investments in subsidiary undertakings during the year:

Name of company	Country of incorporation	Nature of trade	Shareholding
GMA Pty Ltd	Australia	Liquidated in 2014	
Technical Training Services Limited	Gibraltar	Liquidated in 2014	
GMA (MALTA) Ltd	Malta	Dormant	owned 100% by Kemin Resources Plc
Joint Venture Kazakh-Russian Mining Company LLP (KRMC)	Kazakhstan	Mining activities	owned 90% by Kemin Resources Plc

	Subsidiary loan £'000	Total £'000
1 January 2013	**–**	–
Other movements	**603**	603
31 December 2013 and 1 January 2014	**603**	603
Loans to subsidiary	**961**	1,463
Foreign exchange movements	**75**	62
31 December 2014	**1,639**	1,639

The loans, which are denominated in US Dollars, represent investments into the subsidiaries and in the opinion of the Directors the aggregate value of the investments in the subsidiaries is not less than the amount shown in these financial statements. The Directors review the intercompany borrowings on a regular basis, together with the associated cash flows of each company, and consider that no impairment is required.

The recent loans to subsidiaries are charged at a fixed interest rate of 5% and and are repayable giving twelve months notice by the lender, and these are also included within fixed assets. The foreign exchange movement on the loans/investments to subsidiaries is to revalue the amounts which are denominated in US Dollars to the year end exchange rate. The movement is reflected within the income statement of the parent company and is treated as part of the net investment in the subsidiary and on consolidation is taken to the translation reserve.

Notes to the consolidated financial statements (continued)
year ended 31 December 2014

8. Investments continued

Non-controlling interests

KRMC, a 90% owned subsidiary of the Company has material non-controlling interests (NCI).

Summarised financial information in relation to KRMC, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the period ended 31 December	2014 £'000	2013 £'000
Administrative expenses	(36)	(30)
Operating loss	(36)	(30)
Finance expenses	(352)	(40)
Loss before tax	(388)	(70)
Tax expense	–	–
Loss after tax	(388)	(70)
Loss allocated to NCI	(52)	(7)
Other comprehensive income allocated to NCI	6	13
Total comprehensive (loss)/income allocated to NCI	(46)	6
Dividends paid to NCI	–	–
Cash flows from operating activities	(393)	–
Cash flows from investing activities	(26)	–
Cash flows from financing activities	446	–
Net cash inflows	27	–

As at 31 December	2014 £'000	2013 £'000
Assets		
Intangible assets	2,182	1,382
Property plant and equipment	25	25
Other non-current assets	157	40
Trade and other debtors	1	7
Cash and cash equivalents	27	–
Liabilities		
Trade and other payables	(1,258)	(480)
Loans and other borrowings	(2,255)	(1,634)
Accumulated non-controlling interests	(112)	(66)

9. Intangible assets

Exploration & evaluation assets	Contract No. 1605 £'000	Contract No. 1606 £'000	Total £'000
Cost			
At 1 January 2013	85	1,345	1,430
Additions	326	320	646
Exchange difference	(6)	(85)	(91)
At 31 December 2013 & 1 January 2014	405	1,580	1,985
Additions	348	599	947
Exchange difference	(19)	(112)	(131)
At 31 December 2014	734	2,067	2,801

Exploration and evaluation assets relate to the capitalised licence costs and subsequent exploration expenditure incurred in respect of the Smirnovskoye deposit (licence No. 1605) and the Drozhilovskoye deposit (licence No. 1606) awarded to KRMC in December 2004 for the exploration and production of tungsten, molybdenum and copper at the Smirnovskoye and the Drozhilovskoye deposit respectively.

Both deposits are located in the Kostanay region of Kazakhstan.

10. Property, plant and equipment

	Land and buildings £'000	Machinery and equipment £'000	Total £'000
Cost			
At 1 January 2013	4	87	91
Exchange difference	–	(5)	(5)
At 31 December 2013 & 1 January 2014	4	82	86
Additions	–	4	4
Exchange difference	–	(7)	(7)
At 31 December 2014	4	79	83
Depreciation			
At 1 January 2013	(2)	(61)	(63)
Charge for the year	(1)	(2)	(3)
Exchange difference	–	5	5
At 31 December 2013 & 1 January 2014	(3)	(58)	(61)
Charge for the year	–	(1)	(1)
Exchange difference	2	3	5
At 31 December 2014	(1)	(56)	(57)
Net book values			
At 31 December 2014	3	23	26
At 31 December 2013	1	24	25
At 1 January 2013	2	26	28

Notes to the consolidated financial statements (continued)
year ended 31 December 2014

11. Other non-current assets

	Company		Group	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
VAT recoverable	**–**	–	**123**	12
Prepayments	**–**	–	**29**	24
	–	–	**152**	36

12. Trade and other payables

	Company		Group	
Current	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Trade payables	**38**	920	**1,092**	920
Other payables and accruals	**34**	264	**227**	856
	72	1,184	**1,319**	1,776

Non-Current	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Trade payables	**–**	–	**–**	–
Other payables and accruals	**–**	–	**5**	–
	–	–	**5**	–

13. Loan and borrowings

			Company	
	Interest rate	Maturity	**2014 £'000**	2013 £'000
Non-current liabilities				
Borrowings – Amrita Investments Limited	LIBOR +5%	2018	**2,036**	1,042
			2,036	1,042

Amrita Investment Limited is a company incorporated in the British Virgin Islands and ultimately controlled by the Assaubayev family. It entered into an agreement for the provision of an unsecured £7m loan facility to be applied toward the Group's working capital requirements.

13. Loan and borrowings continued

The loan from Amrita Investments Limited bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or when an equity fundraising is undertaken that raises at least £5m (before expenses) at which point the Lender may choose to convert the loan into the ordinary shares of the Company at the conversion rates stipulated by the agreement. The loan may also be terminated at an earlier date by mutual agreement between the parties.

	Currency	Interest rate	Maturity	Group **2014** **£'000**	 2013 £'000
Current					
AlmaSnabResours LLP	KZT	0%	on demand	**128**	141
Lanochkin S.S.	KZT	0%	on demand	**56**	57
Storm continental SA	USD	5%	on demand	**253**	196
Centasia Mining Corp.	USD	10%	on demand	**155**	162
Zadessa Limited	USD	0%	on demand	–	181
Non-current				**592**	737
Hawkinson Capital INC	USD	20%	2016	**378**	321
Hawkinson Capital INC	KZT	0%	2016	**244**	233
Hawkinson Capital INC	KZT	0%	2016	–	14
Altyn MunaiGaz LLP	KZT	0%	2016	**115**	126
Altyn Group Kazakhstan LLP	KZT	0%	2016	–	204
Amrita Investment Limited	£	LIBOR +5%	2018	**2,036**	1,042
				2,773	1,940

Financial liabilities refer to unsecured interest on non interest bearing loans received from related parties and other companies. Interest-free loans are initially recognised at fair value, and are subsequently accounted for at amortised cost using an effective interest rate.

The effective interest rates used to measure the initial fair value of the interest-free loans were the interest rates on long-term loans granted in Kazakhstan. The Kazakhstan bank rates were applied at the date of receipt of the next tranche under the interest-free loan, which ranged from 10.0% to 10.8% (2013: from 10.0% to 10.8%).

As per the Addendum, dated 29 October 2008, to the loan agreement signed with Hawkinson Capital INC, 20% interest has not been accrued since 29 October 2008.

Loans provided as short-term are past due and are payable on demand. As at the reporting date and signing date of the financial statements the Company had not agreed with the lenders on repayment dates of past due financial liabilities, and these amounts are currently being negotiated.

All non-current loans as noted above are controlled by the ultimate owners and agreements are currently in place or have been obtained to reschedule repayment of the debts to a period at least one year from the date of these financial statements.

Notes to the consolidated financial statements (continued)

year ended 31 December 2014

14. Financial risk management objectives and policies

The Group and Company's principal financial liabilities comprise unsecured loans and other payables which are measured at amortised cost or fair value. Its principal financial assets comprise cash deposits in banks and other receivables which are all categorised as loans and receivables. These instruments arise from investing and borrowing activities.

The Group and Company are exposed to market risk by virtue of holding financial liabilities and assets. The Board reviews and agrees policies for managing the risks arising from the holding of these instruments, such as changes in interest rates and liquidity risks. The Company does not:

- actively engage in trading of financial assets for speculative purposes;
- buy or sell derivative securities or contracts; or
- execute financial instruments or contracts to hedge its exposure to exchange rates or interest rates. The most significant financial risks to which the Group is exposed are described below.

a) Liquidity risk

The Group had £704,000 of net bank balances at the year-end (2013: £111,000). The Directors monitor cash flow on a regular basis as the Company is in the development stage and the cash flows are predictable on a monthly basis. The Company is currently utilising the working capital facility as provided by Amrita Investment Limited and is in the process of considering various avenues to raise further funds.

The table below summarises the maturity profile of the Group's and Company's financial liabilities at 31 December 2014 based on contractual undiscounted payments:

Group	Less than 1 year or on demand £'000	More than 1 year but less than 2 years £'000	More than 2 years but less than 5 years £'000	More than 5 years £'000	**Total £'000**
2014					
Trade payables	1,092	–	–	–	**1,092**
Other payables and accruals	227	–	–	–	**227**
Borrowings	592	737	2,036	5	**3,370**
	1,911	737	2,036	5	**4,689**
2013					
Trade payables	920	–	–	–	**920**
Other payables and accruals	856	–	–	–	**856**
Borrowings	737	898	–	1,394	**3,029**
	2,513	898	–	1,394	**4,805**

Company	Less than 1 year or on demand £'000	More than 1 year but less than 2 years £'000	More than 2 years but less than 5 years £'000	More than 5 years £'000	**Total £'000**
2014					
Trade payables	38	–	–	–	**38**
Other payables and accruals	34	–	–	–	**34**
Borrowings	–	–	2,036	–	**2,036**
	72	–	2,036	–	**2,108**
2013					
Trade payables	920	–	–	–	**920**
Other payables and accruals	264	–	–	–	**264**
Borrowings	–	–	–	1,394	**1,394**
	1,184	–	–	1,394	**2,578**

14. Financial risk management objectives and policies continued

b) Interest rate risk

The Group and Company have floating rate obligations. However, the sensitivity of the Group or Company to changes in the base rate is not considered material.

c) Forex risk

The Group credit risk arises from fluctuations in foreign currency exchange rates due to the significant proportion of the KRMC's funding being in Pound Sterling, whilst KRMC's principal operating costs are denominated in Kazakh Tenge which is KMRC's functional currency. There is no forex risk in the Company as the principal costs are incurred in Pound Sterling with the funding in Pounds. As the operating costs are at low levels at present the credit risk is not material. However, it is the intention to minimise the effect of foreign currency fluctuations for the Group and Company by maintaining its cash reserves in sufficient quantum in currencies it expects to incur expenditure. The amounts due in foreign currencies are noted below:

Group 2014	Pound Sterling £'000	US Dollar £'000	Kazakh Tenge £'000	**Total £'000**
Loans and receivables at amortised cost				
Cash and cash equivalents	676	–	28	**704**
Other receivables	31	–	1	**32**
	707	–	29	**736**
Financial liabilities held at amortised cost				
Trade payables	38	–	1,054	**1,092**
Other payables and accruals	34	112	86	**232**
Loans and borrowings	2,036	787	542	**3,365**
	2,108	899	1,682	**4,689**

Group 2013	Pound Sterling £'000	US Dollar £'000	Kazakh Tenge £'000	**Total £'000**
Loans and receivables at amortised cost				
Cash and cash equivalents	11	–	–	**11**
Other receivables	–	6	–	**6**
	11	6	–	**17**
Financial liabilities held at amortised cost				
Trade payables	317	603	–	**920**
Other payables and accruals	264	–	592	**856**
Loans and borrowings	1,042	860	775	**2,677**
	1,623	1,463	1,367	**4,453**

Company 2014	Pound Sterling £'000	US Dollar £'000	Kazakh Tenge £'000	**Total £'000**
Loans and receivables at amortised cost				
Cash and cash equivalents	676	–	–	**676**
Amount due from subsidiary	–	1,639	–	**1,639**
Other receivables	31	–	–	**31**
	707	1,639	–	**2,346**
Financial liabilities held at amortised cost				
Trade payables	38	–	–	**38**
Other payables and accruals	34	–	–	**34**
Loans and borrowings	2,036	–	–	**2,036**
	2,108	–	–	**2,108**

Notes to the consolidated financial statements (continued)
year ended 31 December 2014

14. Financial risk management objectives and policies continued
c) Forex risk continued

Company 2013	Pound Sterling £'000	US Dollar £'000	Kazakh Tenge £'000	**Total £'000**
Loans and receivables at amortised cost				
Amount due from subsidiary	–	603	–	**603**
Cash and cash equivalents	11	–	–	**11**
	11	603	–	**614**
Financial liabilities held at amortised cost				
Other creditors and accruals	317	603	–	**920**
Unsecured convertible loan stock	264	–	–	**264**
Loans and borrowings	1,042	–	–	**1,042**
	1,623	603	–	**2,226**

The effect of a 10% strengthening/depreciation of the Pound Sterling against the US Dollar or Kazakh Tenge at the reporting date on the Pound Sterling denominated payables carried at that date with all other variables remaining constant, results in the following effect on the Group's and Company's losses and net liabilities and is shown below:

Group	**2014 Pound Sterling £'000**	2013 Pound Sterling £'000
BP£ appreciation by 10%	**(149)**	(283)
BP£ depreciation by 10%	**149**	283

Company	**2014 Pound Sterling £'000**	2013 Pound Sterling £'000
BP£ appreciation by 10%	**(164)**	(104)
BP£ depreciation by 10%	**164**	104

d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management considers as part of its capital, the financial sources of funding from shareholders and third parties with an equity investment in the Group. These are analysed as set out below:

	2014 £'000	2013 £'000
Share capital	**7,916**	7,688
Share premium	**37,414**	35,693
Total managed as capital	**45,330**	43,381

e) Fair value

The Directors consider that the fair value of all financial assets and liabilities are not materially different from the carrying values.

15. Share capital

Ordinary shares

Issued and fully paid ordinary 1p shares:

	Number	£'000
1 January 2014	**152,028,731**	1,520
Issued during the year		
Share placement	**22,804,310**	228
	174,833,041	1,748

Deferred shares

Issued and fully paid ordinary 499p shares:

	Number	£'000
1 January 2014 & 31 December 2014	**616,776,994**	6,168

On 30 June 2014 the Company issued 22,804,310 new ordinary shares of 1p each, to provide additional working capital and provide funds for the further development of the mining projects.

16. Capital commitments and contingent liabilities

The Group had the following capital commitments and contingent liabilities at the reporting date:

KRMC has a commitment to perform obligations under the exploration work programme amounting to £781,000 (KZT 218m), including investing £746,000 (KZT 209m) in subsoil use operations, and making tax payments of £32,000 (KZT 8.9m). The work is to be performed for the extended exploration period from July 2013 to May 2016.

KRMC has a commitment to provide professional training to the Kazakhstan staff as follows. During the exploration period, 0.1% of the exploration costs. During the production period, 0.1% of the direct operating costs of production. Currently there are no payables under this obligation.

Transfer annually 1% of the exploration costs and 0.1% of the direct operating costs of production to a special deposit account for formation of an abandonment fund, in 2014 an amount of £3,570 – KZT 1,000,000 was transferred, (2013: £3,000 – KZT 656,000).

The Company had capital commitments of £16,000 at the reporting date, and no contingent liabilities.

17. Notes to the cash flow statement

	Company		Group	
Current	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Loss before taxation	**(318)**	(55,407)	**(870)**	(3,099)
Adjusted for:				
Finance expenses	**191**	242	**531**	316
Interest received	**(14)**	–	**–**	–
Share based payment expense	**–**	–	**–**	2,629
Depreciation of tangible assets	**–**	–	**1**	3
Amounts owed by subsidiary	**–**	(603)	**–**	–
(Decrease) in trade and other receivables	**(31)**	–	**(145)**	(29)
(Decrease)/increase in trade and other payables	**(1,039)**	941	**(257)**	(996)
Impairment of investment	**–**	54,137	**–**	–
Foreign currency translation	**(61)**	–	**–**	170
	(1,272)	(690)	**(740)**	(1,006)

Notes to the consolidated financial statements (continued)
year ended 31 December 2014

18. Related party transactions
For the purposes of this financial information, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 Related Party Disclosures. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely the legal form. In the normal course of business the Group enters into transactions with its shareholders, Directors, and other related parties.

The remuneration of key management, being the Directors, is shown in note 4.

Other related party transactions and related balances outstanding at each reporting year are as noted in note 13, being loans made to the Group by Companies controlled by the Assaubayev family.

	2014 £'000	2013 £'000
Group		
Shareholder loans to subsidiary		
AltynMunaiGaz LLP	**135**	126
AltynGroupKazakhstan LLP	**–**	204
Hawkinson Capital INC	**718**	568
Lanochkin S.S.	**56**	57
Shareholder loans to parent company		
Amrita Investment Limited	**2,318**	1,042
	3,227	1,997
Company		
Shareholder loans to parent company		
Amrita Investment Limited	**2,318**	1,042
	2,318	1,042

19. Ultimate controlling party
The controlling party and parent entity of Kemin Resources Plc is Bergfolk Corporation, by virtue of the fact that it owns 76.14% of the voting rights of the Company. The ultimate controlling party is the Assaubayev family by virtue of the fact that they control the majority shareholder.

20. Events after the reporting date
On 16 April 2015 the Company applied to the Ministry for Investment and Development of the Republic of Kazakhstan for an extension of the exploration period of the contract No. 1605 until the end of 2018. Contract No. 1606 currently expires in May 2016, and is expected to be extended at that time.

Company details

Directors

Kanat Assaubayev	Executive Chairman
Ashar Qureshi	Non-Executive Vice Chairman
Sanzhar Assaubayev	Chief Executive Officer
Aidar Assaubayev	Non-Executive Director
Ken Crichton	Non-Executive Director
William James Trew	Non-Executive Director
Neil Herbert	Non-Executive Director

Secretary

Rajinder Basra FCA

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Glossary of terms

Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore.
masl	Metres above sea level.
JORC code	Australasian code for the reporting of exploration results, mineral resources and ore reserves (Joint Ore Reserves Committee). See www.jorc.org/main.php
GKZ	GKZ is a classification system used within CIS states. This system classifies mineralisation estimates into seven categories of three major groups, based on the level of exploration performed into Explored Reserves (A, B, C1), Evaluated Reserves (C2) and Prognostic Resources (P1, P2, P3). These categories are based on the degree of reliability of data and their comparative importance to the national economy.
Mineral resource	A concentration or occurrence of solid material of economic interest in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
Indicated resource	That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Inferred resource	That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
Ore reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Probable reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
Mineral inventory	A term used to describe mineral resources and mineable reserves which are not static as additional resource delineation is not yet complete, and engineering calculations are pending. As such what might be a mineral resource today may be a mineable reserve tomorrow.

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