



# Kemin Resources Plc

(Formerly GMA Resources Plc)

Audited annual report and financial statements

For the year ended 31 December 2012



# Financial Statements

for the year ended 31 December 2012

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## Directors, Officers and Advisers

### Directors

William James Trew  
Ken Crichton  
Sanzhar Assaubayev  
Aidar Assaubayev

### Secretary

John Bottomley

### Registered Office

One America Square  
Crosswall  
London EC3N 2SG

### Business Address

Tower Business Centre, Tower Street  
Swatar BKR 3013  
MALTA

### Independent Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU

### Nominated Adviser and Broker

Strand Hanson Limited  
26 Mount Row  
Mayfair  
London W1K 3SQ

### Solicitors

Gowlings (UK) LLP  
15th Floor  
125 Old Broad Street  
London EC2N 1AR

Cleary, Gottlieb, Steen and Hamilton LLP  
City Place House  
55 Basinghall Street  
London EC2V 5EH

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Company number:** 04674237 (England and Wales)



## Director's Statement

Dear Shareholders,

The loss attributable to Kemin Resources shareholders in the twelve months ended 31 December 2012 was £2.892m (FY 2011: £12.724m loss). The 2011 loss arose primarily from the write down of the Company's Algerian subsidiary Enterprise d'Exploitation des Mines d'Or Spa ("**ENOR**").

The disposal of ENOR for a nominal sum was finally completed on 17 April 2012. The Company's shares were suspended at that time awaiting the completion of the acquisition of Joint Venture Kazakh-Russian Mining Company LLP ("**KRMC**") by reverse takeover (the "**Acquisition**"). Terms used and not defined herein have the meaning given to them in the announcement released by the Company on 4 February 2013..

I am pleased to say that on the anniversary of Kemin's AIM rule 15 designation as an investment company, 17th April 2013, the Company announced the completion of the Acquisition. The Acquisition has given rise to a change of the Company's name from GMA Resources Plc to Kemin Resources Plc and re-admission to AIM as Kemin Resources Plc (EPIC: KEM).

At the completion of the Acquisition the Company issued a total of 148,320,720 B Shares to Bergfolk (133,117,846 B Shares), Strathland (10,642,012 B Shares) and Hanson (4,560,862 B Shares) which carry voting but no economic rights. Additionally, upon completion of the Acquisition the Company completed a capital reorganisation which had the effect of converting every 500 Existing Ordinary Shares into 1 New Ordinary Share and one Deferred Share, resulting in the number of New Ordinary Shares in issue immediately following Admission being 1,236,006.

The Contract Reinstatement occurred on 31 May 2013. As a consequence, the B Shares were automatically converted into New Ordinary Shares of the Company and the Loan Shares issued.

Sanzhar Assaubayev, Bill Trew and Aidar Assaubayev have joined the Board as CEO, Non-Executive Chairman and Non Executive Director respectively.

All costs related to the Acquisition have been paid and a working Capital Facility Agreement set up. Draw down requests may be made by the Company on a monthly basis.

Following the Contract Reinstatement, the Group is now well placed to provide shareholders with the prospect of successfully developing the joint venture assets in Kazakhstan.

**Ken Crichton**

*Director*

5 June 2013



# Report of the Directors

The Directors present their report and financial statements for the year ended 31 December 2012.

## Principal activity and business review

The Group's principal activity previously was that of gold mining, exploration and mine development in Algeria. Following the disposal of its subsidiary in Algeria, the Company became an investing Company. A review of the business and future prospects is contained in the Chairman and Chief Executive Officer's Statement which are incorporated herein by reference.

On 28th February 2013 the Company changed its name from GMA Resources Plc to Kemin Resources Plc following the completion of the Acquisition.

## Corporate structure

Kemin Resources Plc is a public company limited by shares that is incorporated in England and Wales and domiciled in Malta. The principal subsidiaries of the company are listed below. References to "the Group" in this report refer collectively to Kemin Resources Plc and its subsidiaries.

GMA Pty Ltd	Australia	owned 100 % by Kemin Resources Plc
Technical Training Services Ltd	Gibraltar	owned 100 % by Kemin Resources Plc
GMA (MALTA) Ltd	Malta	owned 100 % by Kemin Resources Plc

## Results and dividends

The loss for the year attributable to the Kemin shareholders was £2,892,000 or 233.98p per share for 2012 (2011: loss of £12,724,000 or 1,061.28p per share).

The results of the Group for the year ended 31 December 2012 are set out in the Consolidated Statement of Comprehensive Income and a commentary on the results is included in the Chairman and Chief Executive Officer's Statement. The Directors do not recommend the payment of a dividend (2011: £nil).

## Directors

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

David Netherway (Resigned as Non-Executive Chairman on 6 January 2012)  
Ken Crichton (Non-Executive Director)  
Francois Gauthier (Resigned as Non-Executive Director on 6 January 2012)  
Omar El-Alfy (Resigned as Non-Executive Director on 6 January 2012)  
Ralph Browning (Resigned as Non-Executive Director on 3 June 2013)  
William James Trew (Non-executive Chairman appointed 17 April 2013)  
Sanzhar Assaubayev (Chief Executive Officer appointed 17 April 2013)  
Aidar Assaubayev (Non-executive Director appointed 23 April 2013)

## Substantial shareholdings

Immediately prior to admission, the Company completed a capital reorganisation which had the effect of converting every 500 Existing Ordinary Shares into 1 New Ordinary Share and one Deferred Share resulting in the number of New Ordinary Shares in issue immediately following Admission being 1,236,006 New Ordinary Shares. The Company also issued a total of 148,320,720 B Shares to Bergfolk (133,117,846 B Shares), Strathland (10,642,012 B Shares) and Hanson (4,560,862 B Shares) which automatically converted into New Ordinary Shares upon Contract Reinstatement.

# Report of the Directors

continued

The following entities had a disclosable interest of 3 per cent or more of the nominal value of the Company's shares as at the date of this report:-

	<b>Shareholding New Ordinary Shares</b>	<b>%</b>
Bergfolk Corporation	133,117,846	89.01
Strathland Enterprises Limited	10,642,012	7.12
Hanson Central European Fund LP	4,560,862	3.05

## Financial Risk Management

Information relating to the Group's financial risk management is set out in Note 16 of the financial statements.

## Employees

The Group provides 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 2012 (2011: £ nil).

## Principal risks and uncertainties

During the year the Company's principal activity was that of an investment company and its main risk was that no suitable investment would be identified within the required timeframe.

## Key performance indicators

Prior to completion of the Acquisition, the Company was classified as an investing company and no key performance indicators were deemed to be relevant.

The Director's are currently in the process of revising and setting appropriate key performance indicators for the business going forward.

## Creditors' payment policy and practice

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms of the transaction, ensuring suppliers are made aware of the terms of payment and the need to abide by such terms of payment. Owing to the disposal of ENOR and the reclassification of the company as an investment company there were no trade creditors at the reporting date (2011: 10 days).

## Statement of Directors' responsibilities

The Directors are responsible for preparing 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 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). 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 profit or loss of the Group for that year. 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.

# Report of the Directors

continued

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

## 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. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Auditors

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

BDO LLP were appointed as auditors on 5 February 2013.

## BY ORDER OF THE BOARD

**John Bottomley**

*Secretary*

5 June 2013

# Remuneration Report

## Directors' emoluments

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

Director	2012		2011	
	Fee £'000	Bonus £'000	Total £'000	Total £'000
D.G. Netherway*	–	–	–	52
F.J. Gauthier*	–	–	–	31
Omar El-Alfy*	–	–	–	–
K R Crichton	24	–	24	–
R Browning	56	–	56	25
<b>Total</b>	<b>80</b>	<b>–</b>	<b>80</b>	<b>108</b>

\*Former Non-Executive Director

## Service contracts

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

## Remuneration policy for Executive Directors

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 packages include employment related benefits.

## Compensation of key management personnel

	2012 Total £'000	2011 Total £'000
Short-term employee benefits	80	108

The key management personnel comprise only the Directors.

# Independent auditor's report

to the members of Kemin Resources Plc

We have audited the group financial statements of Kemin Resources Plc for the year ended 31 December 2012 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated 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.

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 group 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 group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Basis for qualified opinion on financial statements

With respect to the amount of £25,024,000 included within loss from discontinued operations (which relates to the Group's former subsidiary, ENOR spa) in the consolidated statement of comprehensive income for the comparative year ended 31 December 2011 and the associated disclosures in the related notes and the consolidated statement of cash flows, the evidence available to us was limited. As a result of the disposal of ENOR spa, we did not have access to the financial records and management of ENOR spa, and have been unable to obtain sufficient appropriate audit evidence concerning the Group's share of any financial activities and cash flows generated in 2011 by ENOR up to the date of loss of control. The audit report on the prior year financial statements was qualified in this respect by the former auditors.

## Qualified opinion on financial statements

In our opinion, except for the possible effect of matters included in the basis for qualified opinion paragraph, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2012 and its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

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



# Independent auditor's report

to the members of Kemin Resources Plc

## Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to discontinued operations, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made.

## Other matter

We have reported separately on the parent company financial statements of Kemin Resources Plc for the year ended 31 December 2012. The opinion in that report is qualified.

## Scott Knight (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

5 June 2013

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

## Consolidated statement of comprehensive income

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000 Restated
Administration expenses		(422)	(872)
<b>Operating (loss)/profit</b>	3	<b>(422)</b>	(872)
Finance income		–	171
Finance expense	6	<b>(2,470)</b>	–
<b>Loss before income tax</b>		<b>(2,892)</b>	(701)
Income tax expense	7	–	–
Loss on continuing operations		<b>(2,892)</b>	(701)
Loss on discontinued operations	5	–	(25,024)
<b>Loss for the year</b>		<b>(2,892)</b>	(25,725)
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		–	(1)
<b>Total comprehensive loss for the year</b>		<b>(2,892)</b>	(25,726)
<b>Loss for the year attributable to:</b>			
Equity holders of the parent		<b>(2,892)</b>	(12,724)
Non-controlling interest		–	(13,001)
		<b>(2,892)</b>	(25,725)
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the parent		<b>(2,892)</b>	(12,725)
Non-controlling interest		–	(13,001)
		<b>(2,892)</b>	(25,726)
<b>Loss per share – basic and fully diluted</b>			
Loss per share attributable to the equity holders of the parent entity	8	<b>(233.98p)</b>	(1,061.28p)
Loss per share attributable to discontinued operations	8	–	(1,002.81p)
Loss per share attributable to continuing operation	8	<b>(233.98p)</b>	(58.47p)

The notes on pages 14 to 31 form part of the financial statements.

# Consolidated statement of financial position

Company no. 04674237

	Note	31 December 2012 £'000	31 December 2011 £'000 Restated
<b>ASSETS</b>			
<b>Non-current</b>			
Intangible assets	9	–	–
Property, plant and equipment	10	–	–
Non-current assets		–	–
<b>Current</b>			
Cash and cash equivalents		12	22
Current assets		12	22
<b>Total assets</b>		<b>12</b>	<b>22</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent:			
Share capital	16	6,180	6,180
Share premium account		27,890	27,890
Share based payments reserve		76	340
Loan stock reserve		2,006	1,413
Currency translation reserve		–	–
Retained earnings		(44,130)	(41,522)
		(7,978)	(5,699)
Non-controlling interest	15	–	–
<b>Total equity</b>		<b>(7,978)</b>	<b>(5,699)</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Long-term borrowings		–	–
Long-term finance leases		–	–
Unsecured convertible loan stock		–	–
Non-current liabilities		–	–
<b>Current</b>			
Bank overdraft		–	–
Trade and other payables	11	254	260
Short-term borrowings	12	406	–
Short-term finance leases		–	–
Unsecured convertible loan stock	12	7,330	5,461
Current liabilities		7,990	5,721
<b>Total liabilities</b>		<b>7,990</b>	<b>5,721</b>
<b>Total equity and liabilities</b>		<b>12</b>	<b>22</b>

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 5 June 2013 and were signed on its behalf by:

**Ken Crichton**  
Director

The notes on pages 14 to 31 form part of the financial statements.

## Consolidated statement of changes in equity

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Loan stock reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
<b>Balance at 1 January 2012 (Restated)</b>	<b>6,180</b>	<b>27,890</b>	<b>340</b>	<b>1,413</b>	<b>–</b>	<b>(41,522)</b>	<b>(5,699)</b>	<b>–</b>	<b>(5,699)</b>
Arising on modification of convertible debt	–	–	–	593	–	–	593	–	593
Lapsed/forfeit options	–	–	(284)	–	–	284	–	–	–
Share based payment charges	–	–	20	–	–	–	20	–	20
<b>Transactions with owners</b>	<b>–</b>	<b>–</b>	<b>(264)</b>	<b>593</b>	<b>–</b>	<b>284</b>	<b>613</b>	<b>–</b>	<b>613</b>
<b>Loss for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,892)</b>	<b>(2,892)</b>	<b>–</b>	<b>(2,892)</b>
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,892)</b>	<b>(2,892)</b>	<b>–</b>	<b>(2,892)</b>
<b>Balance at 31 December 2012</b>	<b>6,180</b>	<b>27,890</b>	<b>76</b>	<b>2,006</b>	<b>–</b>	<b>(44,130)</b>	<b>(7,978)</b>	<b>–</b>	<b>(7,978)</b>

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Loan stock reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
<b>Balance at 1 January 2011</b>	<b>5,584</b>	<b>27,405</b>	<b>254</b>	<b>1,534</b>	<b>(1,640)</b>	<b>(28,870)</b>	<b>4,267</b>	<b>11,286</b>	<b>15,553</b>
Issue of share capital	496	124	–	–	–	–	620	–	620
Conversion of loan stock	100	361	–	(121)	–	–	340	–	340
Lapsed options	–	–	(71)	–	–	71	–	–	–
Share based payment charges	–	–	157	–	–	–	157	–	157
<b>Transactions with owners</b>	<b>596</b>	<b>485</b>	<b>86</b>	<b>(121)</b>	<b>–</b>	<b>71</b>	<b>1,117</b>	<b>–</b>	<b>1,117</b>
<b>Loss for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(12,723)</b>	<b>(12,723)</b>	<b>(13,001)</b>	<b>(25,724)</b>
<b>Other comprehensive income:</b>									
Exchange differences on translation of foreign operations	–	–	–	–	(1)	–	(1)	–	(1)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(12,723)</b>	<b>(12,724)</b>	<b>(13,001)</b>	<b>(25,725)</b>
<b>Disposal of subsidiary</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,641</b>	<b>–</b>	<b>1,641</b>	<b>1,715</b>	<b>3,356</b>
<b>Balance at 31 December 2011 (Restated)</b>	<b>6,180</b>	<b>27,890</b>	<b>340</b>	<b>1,413</b>	<b>–</b>	<b>(41,522)</b>	<b>(5,699)</b>	<b>–</b>	<b>(5,699)</b>

The notes on pages 14 to 31 form part of the financial statements.

## Consolidated statement of cash flows

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000 Restated
	<b>Note</b>	
<b>Operating activities</b>		
Loss for the year	(2,892)	(25,725)
Non-cash items	19 2,490	9,219
Net changes in working capital	19 (6)	14,454
Cash flows from operating activities	(408)	(2,052)
<b>Investing activities</b>		
Purchase of intangible assets	–	(111)
Cash flows from investing activities	–	(111)
<b>Financing activities</b>		
Net proceeds from issue of share capital	–	620
Repayment of borrowings	–	(5,856)
Payment of interest on borrowings	(8)	(274)
Payments on finance lease	–	(3,104)
Proceeds from borrowings	406	10,611
Net cash from financing activities	398	1,997
<b>Net (decrease) in cash and cash equivalents</b>	<b>(10)</b>	<b>(166)</b>
Foreign exchange differences	–	6
<b>Cash and cash equivalents at beginning of period</b>	<b>22</b>	<b>182</b>
<b>Cash and cash equivalents at end of period</b>	<b>12</b>	<b>22</b>

The notes on pages 14 to 31 form part of the financial statements.

# Notes to consolidated financial statements

For the year ended 31 December 2012

## 1. Accounting policies

### **Nature of operations and general information**

The Group's principal activity was previously that of gold mining, exploration and mine development in Algeria. Kemin Resources Plc is the Group's ultimate parent company and as set out below, it reached an agreement to dispose of its only trading subsidiary during 2011 after which it became an investing company. It is incorporated in England and Wales and has its registered office at One America Square, Crosswall, London EC3N 2SG and its business address at Tower Business Center, Tower Street, Swatar BKR 3013, Malta. The shares of Kemin Resources Plc are quoted on the AIM market which is operated by the London Stock Exchange.

The financial statements for the year ended 31 December 2012 were approved by the Board of Directors on 5 June 2013.

### **Basis of preparation**

The Group's consolidated financial statements are for the year ended 31 December 2012. 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 (IFRS) as adopted by the European Union.

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

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

### **Prior year restatement**

The consolidated financial statements for the year ended 31 December 2011 have been restated to reflect the disposal of ENOR Spa (ENOR), a 52% subsidiary company of the Company with gold mining operations in Algeria, in the period in which control was lost.

In December 2011 the Company announced that it had agreed the terms of the disposal of its interest in ENOR to Sonatrach, the Algerian company holding the remaining 48% in ENOR. Pursuant to the disposal, the Company, through its wholly-owned subsidiary, Gold Mines of Algeria Pty Ltd (GMA Australia), agreed to transfer its interest in ENOR to Sonatrach for one dinar (less than £1).

ENOR was the only trading asset of the Group, accounting for all its revenues in the year ended 31 December 2011. Consequently, the disposal constituted a fundamental change of business under the AIM Rules and was conditional on the approval of Shareholders at a General Meeting of the Company which was duly passed on 6 January 2012.

Although the formal transfer of ENOR and the settlement of the transaction was formalised in April 2012, in the opinion of the Directors, the actual control over ENOR was lost in December 2011 when Kemin agreed to formally withdraw all of its presence on ENOR's board and relinquished its power to cast the majority of votes at meetings of the Board. Consequently, Kemin no longer had the power to govern the financial and operating policies of ENOR since December 2011 at which point ENOR was no longer a subsidiary company of Kemin.

Following the re-statement the Group has not presented the financial position for the beginning of the earliest prior period presented as it was not affected by the restatement.

# Notes to consolidated financial statements

continued

## 1. Accounting policies continued

Previously, the net assets of ENOR were treated as a disposal group at 31 December 2011 and the reconciliation between the previously reported financial position as at 31 December 2011 and the restated financial position are as follows:

	31 December 2011 £'000	Adjustment £'000	31 December 2011 (restated) £'000
Current assets	37,310	(37,288)	22
Current liabilities	(49,340)	43,619	(5,721)
<b>Net assets</b>	<b>(12,030)</b>	<b>6,331</b>	<b>(5,699)</b>
Share capital	6,180	–	6,180
Share premium	27,890	–	27,890
Share-based payment reserve	340	–	340
Loan stock reserve	1,413	–	1,413
Currency translation reserve	(1,641)	1,641	–
Retained earnings	(44,497)	2,975	(41,522)
	<b>(10,315)</b>	<b>4,616</b>	<b>(5,699)</b>
Non-controlling interest (NCI)	(1,715)	1,715	–
<b>Total equity and NCI</b>	<b>(12,030)</b>	<b>6,331</b>	<b>(5,699)</b>

The reconciliation between the previously reported financial results for the year ended 31 December 2011 and the restated financial results are as follows:

	Year ended 31 December 2011 £'000	Adjustment £'000	Year ended 31 December 2011 (restated) £'000
Administration expenses	(872)	–	(872)
<b>Operating loss</b>	<b>(872)</b>	<b>–</b>	<b>(872)</b>
Finance income – net	171	–	171
<b>Loss before and after tax</b>	<b>(701)</b>	<b>–</b>	<b>(701)</b>
Loss on continuing operations	(701)	–	(701)
Loss on discontinued operations	(27,998)	2,974	(25,024)
<b>Total loss for the year</b>	<b>(28,699)</b>	<b>2,974</b>	<b>(25,725)</b>

### Going concern

As at 31 December 2012, the Company had cash on hand of £12,000 being the Company's only asset. At the reporting date the Group's liabilities exceeded its assets by £7,978,000.

On 4 February 2013 the Company entered into an agreement, as amended on 10 April 2013, 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 £7,000,000 loan facility to be applied toward the Group's working capital requirements and the settlement of any KRMC debts.

# Notes to consolidated financial statements

continued

## 1. Accounting policies continued

The loan bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or fundraising completed date in respect of any equity fundraising raising at least £5,000,000 (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.

On 31 May 2013, following the Contract Reinstatement, the unsecured convertible Loan Stock outstanding at the end of the reporting period (note 12) was converted into New Ordinary Shares (note 21).

Following the signing of the Amrita loan agreement and conversion of the Loan Stock, the Directors are confident that the Group has sufficient resources available to meet its liabilities as they fall due and its working capital requirements going forward and have therefore prepared these financial statements on a going concern basis.

### New Accounting Standards and amendments

The following new standards and amendments to standards are mandatory for the first time for the Group for financial year beginning 1 January 2012. Except as noted, the implementation of these standards is not expected to have a material effect on the Group.

Standard	Effective date	Impact on initial application
IFRS 7 – Amendment – Transfer of Financial Assets	1 July 2011	No impact
IFRS 1 – Amendment – Severe hyperinflation and removal of fixed dates	1 July 2011	No impact

No other IFRS issued and adopted but not yet effective are expected to have an impact on the Group's financial statements.

Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date
IAS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IAS 19	Employee Benefits	1 January 2013
IFRS 7	Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS improvements	(2009-2011 Cycle)	1 January 2013
IFRS 10, 11 and 12*	Transition Guidance	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 9*	Financial Instruments	1 January 2015

\* Not yet endorsed by the European Union

# Notes to consolidated financial statements

continued

## 1. Accounting policies continued

### **Basis of consolidation**

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries (the Group) as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase 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 the acquired operations are included in the consolidated income statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

### **Segmental reporting**

Following the disposal of ENOR the Group no longer has any operating segments. Prior to ENOR's disposal, in the opinion of the Directors, the Group had one operating segment, being the exploration for, development of and production of gold in Algeria and the Group's Chief Operating Decision Makers reviewed the financial information on that basis.

The operating segment's disclosures for 2011 are not presented as the Directors did not have access to sufficient information from ENOR.

### **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. 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 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 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 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.

### **Impairment of assets**

If indicators of impairment arise, an impairment review is performed. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the carrying value exceeds the recoverable amount the carrying value is reduced to its recoverable amount with the impairment recognised in the profit or loss.

# Notes to consolidated financial statements

continued

## 1. Accounting policies continued

### **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. The periods generally applicable are:

Buildings	12 years
Production machinery and equipment	3 to 10 years
Other equipment	3 to 5 years

Assets under construction are allocated to other depreciable asset categories and are amortised in accordance with the policy set out above, from the date that they are deemed to be complete or in respect of "mining assets", the date that commercial production is deemed to have been achieved. Land is held at cost and is not depreciated.

### **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 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.

Derecognition 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.

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 on an accruals basis 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 derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial liabilities are recognised when the Group 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.

# Notes to consolidated financial statements

continued

## 1. Accounting policies continued

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

The unsecured convertible loan stock comprises 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 conversion of loan note debt, a number of ordinary shares will 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 loan note liability and loan stock 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.

### **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.

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.

### **Share based employee compensation**

The Group operates equity settled share based compensation plans for remuneration of its employees.

Directors, employees and consultants services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the share option awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation is ultimately recognised as an expense in statement of comprehensive income with a corresponding credit to other reserves – share based payments. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of shares options expected to vest. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer than originally estimated share options are ultimately exercised.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are reallocated to share capital with any excess being recorded as share premium.

# Notes to consolidated financial statements

continued

## 2. Critical accounting estimates and judgements

### Estimates and assumptions

#### Fair value of financial instruments and share based payments

The Group determines the fair value of financial statements and equity settled share-based payments using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

The methods and assumptions applied, and the valuation techniques used, are disclosed in notes 17 and 20.

### Judgements

#### Loss of control over ENOR

Despite the formal transfer of ENOR and the settlement of the transaction formalised in April 2012, in the opinion of the Directors, the actual control over ENOR was lost in December 2011 when Kemin agreed to irrevocably withdraw all of its presence on ENOR's Board and relinquished its power to cast the majority of votes at meetings of the Board.

Refer to note 1 for further details.

## 3. Operating loss

This is stated after charging:

	2012	2011
	£'000	Restated £'000
Staff costs (note 4)	100	(i)
Share based payment	20	157
<b>Fees payable to Company and Group auditors:</b>		
Audit services – BDO	27	–
Audit services – GT	–	45
Assistance with admission documents and reverse takeover transaction	44	–

(i) – information not available for 2011 due to the Directors not having access to information on ENOR.

# Notes to consolidated financial statements

continued

## 4. Staff number and costs

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

	2012 Number	2011 Restated Number
By activity		
Production and development	–	(i)
Administration	2	(i)
	2	(i)

  

	2012 £'000	2011 £'000
Staff costs (including Directors)		
Wages and salaries	80	(i)
Social security costs	–	(i)
	80	(i)

(i) – information not available for 2011 due to the Directors not having access to information on ENOR.

The total Directors' emoluments for the year were £80,000 (2011: £108,000) and those of the highest paid Director were £56,000 (2011: £102,000). Further information on Directors' emoluments is given in the Remuneration Report.

## 5. Discontinued operations

In December 2011 the Group lost control of its 52% subsidiary undertaking ENOR spa (note 1). The post-tax gains on disposal of the discontinued operations were determined as follows:

	2011 Restated £'000
<b>Consideration received:</b>	
Cash	–
	–
<b>Net assets disposed:</b>	
Non-current assets	22,320
Current assets	14,968
Non-current liabilities	(2,984)
Current liabilities	(40,635)
	<b>(6,331)</b>
Less non-controlling interest	1,715
Recycling of accumulated translation differences	1,641
Gain on disposal of discontinued operation before and after tax	(2,975)

# Notes to consolidated financial statements

continued

## 5. Discontinued operations continued

Profits from discontinued operations charged to the statement of comprehensive income were determined as follows:

	<b>2011 Restated £'000</b>
Gain on disposal	2,975
Expenses other than finance costs	(27,999)
Finance costs	–
Loss before tax	(25,024)
Tax (expense)/credit	–
<b>Total result of discontinued operations</b>	<b>(25,024)</b>
Basic and diluted earnings per share attributable to the owners of the parent	(1,002.81p)

Cash flows attributable to the operating, investing and financing activities of the disposable group are not presented due to the Directors not having access to the sufficient financial information of ENOR.

## 6. Finance income and expenses

	<b>2012 £'000</b>	<b>2011 Restated £'000</b>
<b>Finance income</b>		
Interest on unsecured convertible loan stock – net of conversion	–	171
	–	171
<b>Finance expense</b>		
Interest on bank loans and overdrafts	(8)	–
Interest on unsecured convertible loan stock	(2,462)	–
	<b>(2,470)</b>	–

## 7. 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.

	<b>2012 £'000</b>	<b>2011 Restated £'000</b>
Loss before tax	(2,892)	(701)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(709)	(186)
Effect of:		
Expenses not deductible for tax purposes	2	–
Higher tax rates in overseas territory	(303)	(59)
Unrecognised tax losses carried forward	1,010	245
Total tax charge for year	–	–

# Notes to consolidated financial statements

continued

## 8. Loss per share

	2012	2011 Restated
Basic and fully diluted loss per share		
Loss for the year attributable to the equity holders of the parent entity (£'000)	(2,892)	(12,724)
Loss for the year attributable to discontinued operations (£'000)	–	(25,024)
Less attributable to non-controlling interests (£'000)	–	13,001
Attributable to the equity holders of the parent entity (£'000)	–	(12,023)
Loss for the year attributable to continuing operation (£'000)	(2,892)	(701)
Weighted average number of shares in issue after restructuring (see Note 21)	1,236,006	1,198,932
Loss per share attributable to the equity holders of the parent entity	(233.98p)	(1,061.28p)
Loss per share attributable to discontinued operations	–	(1,002.81p)
Loss per share attributable to continuing operation	(233.98p)	(58.47p)

Where a loss has been incurred the diluted loss per share does not differ from the basic loss per share as neither the exercise of share options, nor the conversion of the loan stock, would have the effect of reducing the loss per share and are therefore not dilutive under the terms of IAS 33.

## 9. Intangible assets

### Software licences

	2012 £'000	2011 Restated £'000
<b>Cost</b>		
At 1 January	–	88
Additions	–	111
Disposals	–	(199)
<b>At 31 December</b>	–	–
<b>Amortisation</b>		
At 1 January	–	80
Provided in the year	–	10
Disposals	–	(90)
<b>At 31 December</b>	–	–
<b>Net book values</b>	–	–

# Notes to consolidated financial statements

continued

## 10. Property, plant and equipment

	Land and buildings £'000	Assets under construction £'000	Mining assets £'000	Production machinery and equipment £'000	Other equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2011	8,177	99	26,664	18,263	1,006	54,209
Disposal	–	–	–	(9)	–	(9)
Disposals	(8,182)	(99)	(26,681)	(18,265)	(1,006)	(54,233)
Exchange difference	5	–	17	11	–	33
<b>At 31 December 2011 &amp; 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Depreciation</b>						
At 1 January 2011	3,126	–	1,420	14,498	761	19,805
Charge for the year	575	–	628	10,890	112	12,205
Disposal	(3,704)	–	(2,048)	(25,397)	(873)	(32,022)
Exchange difference	3	–	–	9	–	12
<b>At 31 December 2011 &amp; 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net book values</b>						
<b>At 31 December 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
At 31 December 2011	–	–	–	–	–	–
At 1 January 2011	5,051	99	25,244	3,765	245	34,404

Included in production machinery and equipment are assets held under a finance lease arrangement.

## 11. Trade and other payables

	2012 £'000	2011 Restated £'000
Trade payables	134	–
Other payables and accruals	120	260
	<b>254</b>	<b>260</b>

# Notes to consolidated financial statements

continued

## 12. Loans and borrowings

	Interest Rate %	Maturity	2012 £'000	2011 Restated £'000
Current				
Unsecured convertible loan stock	10–15%	2013	7,330	5,461
Borrowings	LIBOR + 5%	2013	406	–
			<b>7,736</b>	<b>5,461</b>

On 25 May 2007 the Company issued £5,700,000 of unsecured convertible loan stock (Loan Stock 1). The loan stock bears a coupon rate of 10% and repayable on 30 June 2009. The repayment date was subsequently extended to 31 December 2011 and then 31 December 2012. The loan stock can be converted at any time into shares of the Company at the holder's option at the rate of 1 share per 5 pence of the loan.

On 29 December 2008 the Company issued £1,190,000 of unsecured convertible loan stock (Loan Stock 2). The loan stock bears a coupon rate of 15% and repayable on 31 December 2011. The repayment date was subsequently extended to 31 December 2012. The loan stock can be converted at any time into shares of the Company at the holder's option at the rate of 1 share per 5 pence of the loan.

On 7 December 2012 the terms of the unsecured convertible bond were amended to extend the maturity date from 31 December 2012 to 31 December 2013. This is considered a substantial modification and has been accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The fair value of the new liability component at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 20%.

On 17 April 2013 the Group announced the completion of the Acquisition. Prior to the completion of the Acquisition, the Loan Stock Holders agreed to convert the Loan Stock into New Ordinary Shares conditional upon the Contract Reinstatement occurring by 31 May 2013.

On the 31 May 2013 the MINT notified the Company that the Subsoil Use Contracts had been re-instated and consequently the Loan Stock had been converted into New Ordinary Shares. A total 2,472,011 New Ordinary Shares have been issued.

## 13. Financial risk management objectives and policies

The Group's principal financial liabilities comprise unsecured convertible loan stock 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 the Group's investing and borrowing activities. The Group is 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 Group 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.

# Notes to consolidated financial statements

continued

## 13. Financial risk management objectives and policies continued

### a) Liquidity risk

The Group had £12,000 of net bank balances at the year-end (2011: £22,000). The Directors monitor cash flow on a monthly basis and at Board meetings. The ability of the Group to raise cash is discussed in detail in the "basis of preparation" section in respect of its impact on the going concern assumption and an expected reverse takeover transaction.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2012 based on contractual undiscounted payments:

	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
<b>2012</b>					
Trade payables	134	–	–	–	134
Other payables	120	–	–	–	120
Loans	406	–	–	–	406
Unsecured convertible loan	7,736	–	–	–	7,736
	<b>8,396</b>	–	–	–	<b>8,396</b>
<b>2011</b>					
Other creditors	260	–	–	–	260
Unsecured convertible loan stock	5,461	–	–	–	5,461
	<b>5,721</b>	–	–	–	<b>5,721</b>

### b) Interest rate risk

The Group has no floating rate obligations and thus the sensitivity of the Group to changes in base rate is minimal.

### c) Credit risk

The Group's Sterling cash deposits are held with UK regulated financial institutions.

### 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:

	2012 £'000	2011 £'000
Share capital	6,180	6,180
Share premium	27,890	27,890
Total managed as capital	<b>34,070</b>	34,070

# Notes to consolidated financial statements

continued

## 14. Fair value of financial assets and liabilities

A comparison by category of carrying values and fair values of the Group's financial instruments is set out below:

	2012 Carrying value £'000	2012 Fair value £'000	2011 Carrying Value £'000	2011 Fair value £'000
<b>Financial assets</b>				
Cash on hand	12	12	22	22
<b>Financial liabilities</b>				
– carried at amortised cost				
Overdraft	–	–	–	–
Bank loans	(406)	(406)	–	–
Finance leases	–	–	–	–
Unsecured convertible loan stock	(7,736)	(7,736)	(5,461)	(5,461)
Trade payables	(134)	(134)	–	–
Other payables	(120)	(120)	(260)	(260)

## 15. Non-controlling interests

Movements on the balance with non-controlling shareholders are given below:

	2012 £'000	2011 £'000
At 1 January	–	11,286
Share of net loss of subsidiary undertaking	–	(13,001)
Disposal of subsidiary	–	1,715
At 31 December	–	–

## 16. Share capital

	2012 Number	2012 £'000	2011 Number	2011 £'000
<b>Authorised</b>				
Ordinary shares of 1p each	1,000,000,000	10,000	1,000,000,000	10,000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 1p each:				
Beginning of the year	618,002,894	6,180	558,402,894	5,584
Conversion of loan notes	–	–	10,000,000	100
Issued in the year	–	–	49,600,000	496
End of the year	618,002,894	6,180	618,002,894	6,180

# Notes to consolidated financial statements

continued

## 16. Share capital continued

### Reserve description and purpose

The following describes the nature and purpose of each reserve within equity:

- **Share capital:** Amount subscribed for share capital at nominal value.
- **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 (see note 20). When options lapse or are exercised, amounts are transferred from this account to retained earnings.
- **Loan stock reserve:** Amount of proceeds on issue of convertible debt relating to the equity component.
- **Currency translation reserve:** Gains/losses arising on retranslating the net assets of overseas operations into sterling.
- **Retained earnings:** Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

## 17. Share based payments

The Company has recognised a charge of £20,000 (2011: £157,000, 2010: £11,000) in the result for the year in respect of its share-based payment plans. For this purpose, the weighted average estimated fair value for the share option granted was calculated using Black-Scholes option pricing model in respect of options. The volatility measured at the standard deviation of expected share price return is based on statistical analysis of the share price over the 12 months prior to grant. The risk free rate has been taken as 0.68 per cent.

The Company has granted options to certain Directors and employees as follows:

Date Granted	Option price	Fair value	In issue at 1 January 2012	Granted number	Lapsed/ forfeited number	In issue at 31 December 2012
08/01/07	10p	1.7 – 3.8p	100,000	–	(100,000)	–
15/03/07	10p	3.4p	4,000,000	–	(4,000,000)	–
26/03/07	10p	1.4 – 3.3p	100,000	–	(100,000)	–
25/09/07	10p	1.4 – 3.5p	1,000,000	–	(1,000,000)	–
22/11/07	10p	1.4 – 3.5p	250,000	–	(250,000)	–
21/12/10	4.3p	1.09p	16,200,000	–	(9,200,000)	7,000,000
			21,650,000	–	(14,650,000)	7,000,000

The Company has a share option scheme for all employees (including Directors). Usually, options granted to employees have a vesting period of twelve to thirty-six months in equal tranches of one third. Options granted to Directors are exercisable at any time after the date of grant. The options are settled in equity once exercised.

If the options remain unexercised after a period of five years from the date of grant, the options expire.

Options are forfeited if the employee leaves the Company before the options vest, at this point the amount in respect of these options is transferred from the Share Option reserve to the Retained Earnings reserve.

# Notes to consolidated financial statements

continued

## 17. Share based payments *continued*

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2012		2011	
	WAEP No	WAEP p	No	p
Outstanding at the beginning of the year	21,650,000	5.85	25,850,000	6.24
Granted during the year	–	–	–	–
Lapsed/Forfeited during the year	(14,650,000)	6.56	(4,200,000)	8.37
Outstanding at the end of the year	7,000,000	4.30	21,650,000	5.85
Exercisable at the year end	7,000,000	4.30	16,850,000	10.00

The share options outstanding at the end of the year have a weighted average remaining contractual life of 3 years (2011 – 2 years).

The fair values of options were calculated using a Black-Scholes Pricing Model.

## 18. Capital commitments and contingent liabilities

The Group had no capital commitments or contingent liabilities at the reporting date (2011: £260,000). During 2011 the Company had an arrangement with Sahara for the provision of services by K Crichton. It was agreed that a monthly management fee of £20,000 be accrued by the Company in consideration of his services. At the Company's election and subject to obtaining any necessary shareholder approvals, the balance could be paid in New Ordinary Shares for the benefit of Sahara. Thus the only contingent liability at the 2011 reporting date refers to the accrued management fee of £260,000 in respect of services provided to the Company by K Crichton through 2011. As a result of the disposal of ENOR the right to this fee was waived by the Director involved.

## 19. Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to the loss for the year to arrive at operating cash flow:

	2012 £'000	2011 £'000 Restated
<b>Adjustments:</b>		
Depreciation of property, plant and equipment	–	12,205
Amortisation of intangible assets	–	10
Gain on discontinued operation	–	(2,975)
Interest income	–	(171)
Interest expense	2,470	–
Foreign exchange	–	(16)
Loss on disposal of property, plant and equipment	–	9
Share-based payment expenses	20	157
<b>Total adjustments</b>	<b>2,490</b>	<b>9,219</b>

# Notes to consolidated financial statements

continued

## 19. Cash flow adjustments and changes in working capital continued

	2012 £'000	2011 £'000 <b>Restated</b>
<b>Net changes in working capital:</b>		
Change in inventories	–	8,181
Change in trade and other receivables	–	816
Change in trade and other payables	<b>(6)</b>	5,457
Total changes in working capital	<b>(6)</b>	14,454

## 20. Related party transactions

Apart from key management remuneration as disclosed in note 4, the Group has an arrangement for the provision of office services with a company Oxford Assets Ltd of which Ralph Browning is a Director. The value of the transactions amounted to £50,000 (2011: £27,000) during the year and there were no balances remaining at the year end. There are no other transactions with related parties during the years ended 31 December 2012 and 31 December 2011.

## 21. Events after the reporting date

1) On 4 February 2013 the Company announced that it had entered into a conditional agreement to acquire 90 per cent of the participatory interest in the charter capital of Joint Venture Kazakh-Russian Mining Company LLP (KRMC).

On 17 April 2013 the Group announced the completion of the Acquisition. Prior to the completion of the Acquisition, the Loan Stock Holders agreed to convert the Loan Stock into New Ordinary Shares conditional upon the Contract Reinstatement occurring by 31 May 2013.

On the 31 May 2013 the MINT notified the Company that the Subsoil Use Contracts had been re-instated and consequently the Loan Stock had been converted into New Ordinary Shares. A total 2,472,011 New Ordinary Shares have been issued.

2) On 28 February 2013 the Company changed its name from GMA Resources Plc to Kemin Resources Plc.

3) On 17 April 2013 Sanzhar Assaubayev, Bill Trew and Aidar Assaubayev have joined the Board as Chief Executive Officer, Non-Executive Chairman and Non Executive Director respectively. On 3 June 2013, Ralph Browning resigned as Non-Executive Director.

4) On 4 February 2013 the Company entered into an agreement, as amended on 10 April 2013, with Amrita Investment Limited, a company incorporated in the British Virgin Islands and ultimately controlled by Assaubayev family, for the provision of an unsecured £7,000,000 loan facility to be applied toward the Group's working capital requirements and the settlement of any KRMC debts. Subsequently the Lender deposited £2,500,000 in an escrow account which is now being restructured.

The loan bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or fundraising completed date in respect of any equity fundraising raising at least £5,000,000 (before expenses) at which point the Lender may chose to convert the loan in the ordinary shares of the Company at the conversion rates stipulated by the agreement.

# Notes to consolidated financial statements

continued

## 21. Events after the reporting date continued

Below is the summary of the statement of financial position of the KMRC as at 30 June 2012:

	<b>Book values as at 30 June 2012 £'000</b>
Non-current assets	1,570
Current assets	12
Total assets	1,582
Total liabilities	(2,275)
<b>Net assets</b>	<b>(693)</b>

The figures shown above are derived from the latest unaudited interim financial statements of KRMC as at 30 June 2012 presented in US dollars; there were no significant movements between the reporting date and the acquisition date. The exchange rate used to translate the interim accounts to Sterling was USD1.56177 to £1.00. For the proforma statement of the net assets of the newly enlarged group please refer to the published listing documents Part V.

The Directors are currently evaluating the impact of the fair value adjustments arising on the reverse takeover and the accounting resulting from that evaluation.

# Independent auditor's report

to the members of Kemin Resources Plc – Parent Company

We have audited the parent company financial statements of Kemin Resources Plc for the year ended 31 December 2012 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 directors' report for the financial year for which the financial statements are prepared is consistent with the parent company 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.



# Independent auditor's report

continued

## Other matter

We have reported separately on the group financial statements of Kemin Resources Plc for the year ended 31 December 2012. The opinion in that report is qualified.

## Scott Knight (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

5 June 2013

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

# Parent Company balance sheet

Company no. 04674237

	Note	31 December 2012 £'000	31 December 2011 £'000
<b>Current assets</b>			
Cash at bank and in hand		12	22
		12	22
<b>Creditors: amounts falling due within one year</b>			
Unsecured convertible loan stock (Note 13 to the Group balance sheet)		(7,330)	(5,461)
Borrowings	4	(406)	–
Other creditors and accruals		(254)	(260)
<b>Net current liabilities</b>		<b>(7,978)</b>	<b>(5,699)</b>
<b>Total assets less current liabilities</b>		<b>(7,978)</b>	<b>(5,699)</b>
<b>Net liabilities</b>		<b>(7,978)</b>	<b>(5,699)</b>
<b>Capital and reserves</b>			
Share capital	5	6,180	6,180
Share premium account	6	27,890	27,890
Share based payments reserve	6	76	340
Loan stock reserve	6	2,006	1,413
Profit and loss account	6	(44,130)	(41,522)
<b>Shareholders' funds</b>		<b>(7,978)</b>	<b>(5,699)</b>

The parent Company financial statements were approved and authorised by the Board of Directors on 5 June 2013 and signed on their behalf by:

**Ken Crichton**  
Director

## Notes to the parent Company balance sheet

### Parent Company accounting policies

The parent Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 2006. The Directors have reviewed the Company's accounting policies and consider that they remain the most appropriate. The particular accounting policies adopted by the parent Company have been consistently applied and are set out below.

### Accounting convention

The accounts are prepared under the historical cost convention and on the going concern basis as further explained in the Group's principal accounting policies.

### Going concern

Refer to page 15 for details of the going concern position.

### Deferred taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the reporting date that gives rise to an obligation to pay more (or less) taxation in the future. Deferred taxation assets are only recognised if recovery against future profits is reasonably certain. Deferred tax balances have not been subject to discounting.

### Share based payments

In accordance with FRS 20 the fair value of equity settled share-based payments to employees is determined at the time of grant and is expensed on a straight line basis over the vesting period calculated by elapsed whole months. At the outset it is expected that all options granted will vest in the employees, but the number of options expected to vest is revised from time to time based upon employees leaving the Company and performance conditions not being met. None of the performance conditions are related to the share price of Kemin Resources Plc. Fair value for share options granted is measured using a Black-Scholes pricing model.

### Related parties

Related parties are considered in terms of the definitions contained within Financial Reporting Standard No 8 "Related party disclosures" (FRS8).

# Notes to the parent Company balance sheet

continued

## 1. Loss for the financial year

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year was £2,892,000 (2011: £1,574,000).

## 2. Employees

The only Company employees in the year were the Directors. The Directors emoluments are shown in the Remuneration Report. They are considered related parties, by virtue of their directorship, and as such their costs are related party transactions.

## 3. Investments in subsidiaries

Subsidiary undertaking	Country of incorporation	Class of share capital held	Proportion owned by Group	Proportion owned by parent undertaking	Nature of business
Gold Mines of Algeria Pty Ltd	Australia	Ordinary	100%	100%	Holding Company
Technical Training Services Ltd	Gibraltar	Ordinary	100%	100%	Service Company
GMA (Malta) Ltd	Malta	Ordinary	100%	100%	Investment Company

## 4. Borrowings

The disclosures for the Company are identical for those of the Group and are set out in Note 12 to the Group financial statements.

## 5. Share capital

The disclosures for the Company are identical for those of the Group and are set out in Note 16 to the Group financial statements.

## 6. Reserves

	Share premium account £'000	Share based payment reserve £'000	Loan stock reserve £'000	Profit and loss account £'000
At 1 January 2012	27,890	340	1,413	(41,522)
Premium on shares issued in year	–	–	–	–
Transfer of reserve on lapsed share options	–	(284)	–	284
Extension of loan stock	–	–	593	–
Loss for the financial year	–	–	–	(2,892)
Share based payment charge	–	20	–	–
At 31 December 2012	27,890	76	2,006	(44,130)

## Notes to the parent Company balance sheet

continued

### 7. Reconciliation of movement in shareholder's funds

	2012 £'000	2011 £'000
Shareholders' funds at 1 January	(5,699)	13,980
Loss for the financial year	(2,892)	(20,796)
Conversion of loan stock	–	340
Arising on modification of loan stock	593	–
Share-based payment	20	157
Issue of shares at a premium	–	620
Shareholders' funds at 31 December	(7,978)	(5,699)

### 8. Share based payments

The disclosures for the Company are identical for those of the Group and are set out in Note 17 to the Group financial statements. Share based payments for the employees of subsidiaries are charged in the parent entity accounts. The charge is not material to the parent or the Group.

### 9. Related party transactions

The disclosures for the Company are identical for those of the Group and are set out in Note 20 to the Group financial statements.

### 10. Post balance sheet events

The disclosures for the Company are identical for those of the Group and are set out in Note 21 to the Group financial statements.

