

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

**Interim report – 6 months to 30 June 2016**

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Kemin Resources Plc (AIM:KEM), the molybdenum and tungsten exploration and development company with substantial interests in Kazakhstan, announces its unaudited interim results for the six months ended 30 June 2016.

**Highlights:**

- The licence extension in relation to the Smirnovskoye (licence 1605) deposit has been approved until 1 August 2018;
- The licence extension in relation to Drozhilovskoye (licence 1606) deposit is currently awaiting approval, with the contract extension expected to be received in the latter part of H2 2016;
- Work programme halted until approval of both licences and detailed exploration programmes are agreed with the Kazakhstan authorities;
- Continued support for the Company from its major shareholder; and
- Attributable loss reduced to £232k (2015: £423k), due to savings in administrative overheads;

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

*"At the current time the management have decided to suspend further exploration work until both licences have been renewed and the work programmes have been agreed with the Kazakh authorities going forward. The Board members are firmly of the opinion that the timing of development is key to maximising the returns to shareholders, and this opinion is shared by the major shareholder that remains committed to project development."*

**For further information, please visit <http://www.keminresources.com> or contact:**

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### **Information on the Company**

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

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

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

Both deposits are located in northern Kazakhstan.

**Chief Executive Officer's Review**

As was noted in the 2015 Annual Report, the current pricing of the two key resources, Molybdenum and Tungsten, does not warrant the Company moving quickly to the production phase. Management has taken the decision to suspend further exploration work until both of the licence extensions are agreed and the work programmes in relation to the two deposits have been confirmed by the authorities.

The application to the Kazakhstan authorities for renewal of the licences required detailed and comprehensive information in relation to the exploration works to be undertaken. The Company has spent a considerable amount of time and effort in drawing up the necessary work programmes, and dealing with correspondence in relation to the work programmes with the authorities. All necessary information has been provided and the expectation is that the licence extension for the Drozhilovskoye licence will be granted in the latter part of H2 2016. The Company is pleased that the necessary permissions in relation to the Smirnovskoye were granted recently and this licence will now run until 1 August 2018.

It was considered key at this time to conserve the available monies, be focused and targeted in the development of the resources and to wait until the exploration plans have been agreed with the authorities. The Company has also looked closely at administrative costs during the period and made savings as appropriate given the current scale of operations.

The objectives and plan going forward remain as follows:

1. Updating the geological models to reflect new drilling, higher cut off grades and exploration encompassing new areas within both subsoil licences.
2. Additional metallurgical testing with the intention to optimise recoveries.

The Board remains positive in relation to the project and recent remodelling based on current prices indicates that the Company has a valuable asset, which will generate good returns for the shareholders.

There is currently an agreement in place with the major shareholder of Kemin Resources to provide cash resources to take the project development forward. Under this agreement cash resources are currently available of approximately £4.7m. The shareholder has agreed with the Board that this facility remains available and they are fully committed to the development of the projects.

Sanzhar Assaubayev

CEO Kemin Resources Plc

**Kemin Resources Plc**  
**Consolidated income statement**  
**Six months ended 30 June 2016**

|                                      | Six months to<br>30 June<br>2016<br>(unaudited)<br>£000 | Six months to<br>30 June<br>2015<br>(unaudited)<br>£000 | Year ended<br>31 December<br>2015<br>(audited)<br>£000 |
|--------------------------------------|---------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|
| <b>Continuing operations</b>         |                                                         |                                                         |                                                        |
| Administrative expenses              | (104)                                                   | (225)                                                   | (309)                                                  |
| <b>Operating Loss</b>                | <b>(104)</b>                                            | <b>(225)</b>                                            | <b>(309)</b>                                           |
| Finance Expense                      | (134)                                                   | (206)                                                   | (952)                                                  |
| Loss before taxation                 | (238)                                                   | (431)                                                   | (1,261)                                                |
| Income tax expense                   | -                                                       | -                                                       | -                                                      |
| <b>Loss for the period</b>           | <b>(238)</b>                                            | <b>(431)</b>                                            | <b>(1,261)</b>                                         |
| Loss for the period attributable to: |                                                         |                                                         |                                                        |
| Equity shareholders of the parent    | (232)                                                   | (423)                                                   | (1,101)                                                |
| Non-controlling interest             | (6)                                                     | (8)                                                     | (160)                                                  |
|                                      | <b>(238)</b>                                            | <b>(431)</b>                                            | <b>(1,261)</b>                                         |
| <b>Loss per ordinary share</b>       |                                                         |                                                         |                                                        |
| Basic & Diluted                      | <b>(0.14p)</b>                                          | <b>(0.2p)</b>                                           | <b>(0.62p)</b>                                         |

**Consolidated statement of comprehensive income**  
**Six months ended 30 June 2016**

|                                                                                 | Six months to<br>30 June<br>2016<br>(unaudited)<br>£000 | Six months to<br>30 June<br>2015<br>(unaudited)<br>£000 | Year ended<br>31 December<br>2015<br>(audited)<br>£000 |
|---------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|
| Loss for the period                                                             | (238)                                                   | (431)                                                   | (1,261)                                                |
| Currency translation differences arising on translations of foreign operations* | (76)                                                    | (13)                                                    | (8)                                                    |
| <b>Total comprehensive loss</b>                                                 | <b>(314)</b>                                            | <b>(444)</b>                                            | <b>(1,269)</b>                                         |

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

Loss for the period attributable to:

|                                   |              |              |                |
|-----------------------------------|--------------|--------------|----------------|
| Equity shareholders of the parent | (291)        | (434)        | (1,210)        |
| Non-controlling interest          | (23)         | (10)         | (59)           |
|                                   | <b>(314)</b> | <b>(444)</b> | <b>(1,269)</b> |

**Kemin Resources Plc**  
**Consolidated Statement of financial position**  
**Six months ended 30 June 2016**

|                                | 30 June 2016<br>(unaudited)<br>£000 | 30 June 2015<br>(unaudited)<br>£000 | 31 December 2015<br>(audited)<br>£000 |
|--------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|
| <b>Non-current assets</b>      |                                     |                                     |                                       |
| Intangible assets              | 2,221                               | 2,719                               | 2,070                                 |
| Property, plant and equipment  | 14                                  | 24                                  | 14                                    |
| Other non-current assets       | 162                                 | 146                                 | 145                                   |
| Restricted cash                | 4                                   | 6                                   | 3                                     |
|                                | <b>2,401</b>                        | <b>2,895</b>                        | <b>2,232</b>                          |
| <b>Current assets</b>          |                                     |                                     |                                       |
| Other receivables              | 25                                  | 37                                  | 15                                    |
| Cash and cash equivalents      | 119                                 | 473                                 | 307                                   |
|                                | <b>144</b>                          | <b>510</b>                          | <b>322</b>                            |
| <b>Total assets</b>            | <b>2,545</b>                        | <b>3,405</b>                        | <b>2,554</b>                          |
| <b>Current liabilities</b>     |                                     |                                     |                                       |
| Trade and other payables       | 1,439                               | 1,250                               | 1,376                                 |
| Loans and borrowings           | 441                                 | 635                                 | 551                                   |
| Other liabilities              | -                                   | 23                                  | -                                     |
|                                | <b>1,880</b>                        | <b>1,908</b>                        | <b>1,927</b>                          |
| <b>Non-current liabilities</b> |                                     |                                     |                                       |
| Loans and borrowings           | 2,936                               | 2,903                               | 2,873                                 |
| Other liabilities              | -                                   | 6                                   | -                                     |
|                                | <b>2,936</b>                        | <b>2,909</b>                        | <b>2,873</b>                          |
| <b>Total liabilities</b>       | <b>4,816</b>                        | <b>4,817</b>                        | <b>4,800</b>                          |
| <b>Net liabilities</b>         | <b>(2,271)</b>                      | <b>(1,412)</b>                      | <b>(2,246)</b>                        |
| <b>Equity</b>                  |                                     |                                     |                                       |
| Ordinary share capital         | 1,748                               | 1,748                               | 1,748                                 |
| Deferred share capital         | 6,168                               | 6,168                               | 6,168                                 |
| Share premium                  | 37,414                              | 37,414                              | 37,414                                |
| Merger reserve                 | (41,682)                            | (41,682)                            | (41,682)                              |
| Share based payment reserve    | 1,105                               | 1,105                               | 1,105                                 |
| Other reserve                  | 1,172                               | 921                                 | 912                                   |
| Currency translation reserve   | (7)                                 | 150                                 | 52                                    |
| Retained earnings              | (8,024)                             | (7,114)                             | (7,792)                               |
|                                | <b>(2,106)</b>                      | <b>(1,290)</b>                      | <b>(2,075)</b>                        |
| Non-controlling interest       | (165)                               | (122)                               | (171)                                 |
| <b>Total equity</b>            | <b>(2,271)</b>                      | <b>(1,412)</b>                      | <b>(2,246)</b>                        |

**Kemin Resources Plc**  
**Consolidated Statement of changes in equity**  
**Six months ended 30 June 2016**

|                                                                               | Ordinary<br>share<br>capital<br>£000 | Deferred<br>share<br>capital<br>£000 | Share<br>premium<br>£000 | Merger<br>reserve<br>£000 | Share based<br>payment<br>reserve<br>£000 | Other<br>reserve<br>£000 | Currency<br>translation<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Attributed to<br>owners of the<br>parent<br>£000 | Non-<br>controlling<br>interest<br>£000 | Total<br>£000 |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|---------------------------|-------------------------------------------|--------------------------|--------------------------------------------|------------------------------|--------------------------------------------------|-----------------------------------------|---------------|
| <b>1 January 2016</b>                                                         | 1,748                                | 6,168                                | 37,414                   | (41,682)                  | 1,105                                     | 912                      | 52                                         | (7,792)                      | (2,075)                                          | (171)                                   | (2,246)       |
| Loss for the period                                                           | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | (232)                        | (232)                                            | (6)                                     | (238)         |
| Currency translation differences arising on translation of foreign operations | -                                    | -                                    | -                        | -                         | -                                         | -                        | (59)                                       | -                            | (59)                                             | (17)                                    | (76)          |
| <b>Total comprehensive loss</b>                                               | -                                    | -                                    | -                        | -                         | -                                         | -                        | (59)                                       | (232)                        | (277)                                            | (194)                                   | (2,560)       |
| Modification of loans received                                                | -                                    | -                                    | -                        | -                         | 260                                       | -                        | -                                          | -                            | 260                                              | 29                                      | 289           |
| <b>At 30 June 2016</b>                                                        | 1,748                                | 6,168                                | 37,414                   | (41,682)                  | 1,105                                     | 1,172                    | (7)                                        | (8,024)                      | (2,106)                                          | (165)                                   | (2,271)       |
| <b>At 1 January 2015</b>                                                      | 1,748                                | 6,168                                | 37,414                   | (41,682)                  | 1,105                                     | 921                      | 161                                        | (6,691)                      | (856)                                            | (112)                                   | (968)         |
| Loss for the period                                                           | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | (423)                        | (423)                                            | (8)                                     | (431)         |
| Currency translation differences arising on translation of foreign operations | -                                    | -                                    | -                        | -                         | -                                         | -                        | (11)                                       | -                            | (11)                                             | (2)                                     | (13)          |
| <b>Total comprehensive loss</b>                                               | -                                    | -                                    | -                        | -                         | -                                         | -                        | (11)                                       | (423)                        | (277)                                            | (10)                                    | (444)         |
| Shares issued                                                                 | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | -                            | -                                                | -                                       | -             |
| Share issue cost                                                              | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | -                            | -                                                | -                                       | -             |
| Modification of loans received                                                | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | -                            | -                                                | -                                       | -             |
| <b>At 30 June 2015</b>                                                        | 1,748                                | 6,168                                | 37,414                   | (41,682)                  | 1,105                                     | 921                      | 150                                        | (7,114)                      | (1,290)                                          | (122)                                   | (1,412)       |
| <b>At 1 January 2015</b>                                                      | 1,748                                | 6,168                                | 37,414                   | (41,682)                  | 1,105                                     | 921                      | 161                                        | (6,691)                      | (856)                                            | (112)                                   | (968)         |
| Loss for the year                                                             | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | (1,101)                      | (1,101)                                          | (160)                                   | (1,261)       |
| Currency translation differences arising on translation of foreign operations | -                                    | -                                    | -                        | -                         | -                                         | -                        | (109)                                      | -                            | (109)                                            | 101                                     | (8)           |
| <b>Total comprehensive profit - 31 December 2015</b>                          | -                                    | -                                    | -                        | -                         | -                                         | -                        | (109)                                      | (1,101)                      | (1,210)                                          | (59)                                    | (1,269)       |
| Shares issued in the year                                                     | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | -                            | -                                                | -                                       | -             |
| Share issue expenses                                                          | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | -                            | -                                                | -                                       | -             |
| Modification of loans received                                                | -                                    | -                                    | -                        | -                         | -                                         | -                        | -                                          | -                            | -                                                | -                                       | -             |
| Contribution to related party                                                 | -                                    | -                                    | -                        | -                         | -                                         | (9)                      | -                                          | -                            | (9)                                              | -                                       | (9)           |
| <b>At 31 December 2015</b>                                                    | 1,748                                | 6,168                                | 37,414                   | (41,682)                  | 1,105                                     | 912                      | 52                                         | (7,792)                      | (2,075)                                          | (171)                                   | (2,246)       |

**Kemin Resources Plc**  
**Consolidated cash flow statement**  
**Six months ended 30 June 2016**

|                                                                 | Six months<br>to<br>30 June<br>2016<br>(unaudited)<br>£000 | Six months<br>to<br>30 June<br>2015<br>(unaudited)<br>£000 | Year ended<br>31 December<br>2015<br>(audited)<br>£000 |
|-----------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|
| <b>Net cash outflow from operating activities</b>               | <b>(188)</b>                                               | <b>(231)</b>                                               | <b>(339)</b>                                           |
| <b>Investing activities</b>                                     |                                                            |                                                            |                                                        |
| Additions to intangible assets                                  | -                                                          | -                                                          | -                                                      |
| Restricted cash                                                 | -                                                          | -                                                          | -                                                      |
| Additions to property, plant and equipment                      | -                                                          | -                                                          | -                                                      |
| <b>Net cash used in investing activities</b>                    | <b>-</b>                                                   | <b>-</b>                                                   | <b>-</b>                                               |
| <b>Financing activities</b>                                     |                                                            |                                                            |                                                        |
| Loans repaid                                                    | -                                                          | -                                                          | (58)                                                   |
| <b>Net cash flow from financing activities</b>                  | <b>-</b>                                                   | <b>-</b>                                                   | <b>(58)</b>                                            |
| <b>Decrease in cash and cash equivalents</b>                    | <b>(188)</b>                                               | <b>(231)</b>                                               | <b>(397)</b>                                           |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>307</b>                                                 | <b>704</b>                                                 | <b>704</b>                                             |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>119</b>                                                 | <b>473</b>                                                 | <b>307</b>                                             |

## **1 Basis of preparation**

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

The consolidated interim financial information have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2016. The consolidated interim financial information for the period 1 January 2016 to 30 June 2016 is unaudited and incorporates unaudited comparative figures for the interim period 1 January 2015 to 30 June 2015 and the audited financial information for the year to 31 December 2015. It does not include all disclosures that would otherwise be required within a complete set of financial statements.

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

### **Going Concern**

As at 30 June 2016, the Group had cash in hand of £0.119m (2015:£0.47m).

Under a loan agreement dated 10 April 2013, Amrita Investment Limited (a company incorporated in the British Virgin Islands and ultimately controlled by the Assaubayev family) made available a facility of £7,000,000 on an unsecured basis. This was to be applied towards the Group's working capital requirements and the settlement of debts due of the Joint Venture Kazakhstan-Russian Mining Company LLP (KMRC). There is currently approximately £4.7m available under this facility.

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

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



**Kemin Resources Plc**  
**Notes to the consolidated financial information (continued)**  
**Six months ended 30 June 2016**

**2 Loss per ordinary share**

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss for the financial period, six months to 30 June 2016 is £232,000, (30 June 2015 £423,000; 31 December 2015 £1,101,000).

The weighted average number of ordinary shares for calculating the basic loss per share and diluted loss per share for the six months to 30 June 2016 is 174,833,041 (30 June 2015 174,833,041; 31 December 2015 174,833,041).

**3 Functional and presentational currency**

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

|        | 30 June 2016 |         | 30 June 2015 |         | 31 December 2015 |         |
|--------|--------------|---------|--------------|---------|------------------|---------|
|        | Closing      | Average | Closing      | Average | Closing          | Average |
| KZT= £ | 449.35       | 493.52  | 291.04       | 278.74  | 498.52           | 336.55  |

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

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

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

**4 Events after the balance sheet date**

There were no significant transactions after the reporting date.

**5 Approval of interim group financial statements**

The interim group financial statements for the six months to 30 June 2016 were approved by the directors on 29 September 2016.

**6 Ultimate Controlling Party**

The controlling party of Kemin Resources plc is Bergfolk Corporation, by virtue of the fact that it owns 76,14% of the voting rights in the company. The ultimate controlling party is the Assaubayev family.

## **Kemin Resources Plc**

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### **Company Details**

|                              |                                                                                                                                                                                                                |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors                    | Sanzhar Assaubayev, Chief Executive<br>Kanat Assaubayev, Chairman<br>Ashar Qureshi, Non-Executive Director (Vice-Chairman)<br>Aidar Assaubayev, Non-Executive Director<br>Neil Herbert, Non-Executive Director |
| Secretary                    | Rajinder Basra FCA                                                                                                                                                                                             |
| Registered office            | 28 Eccleston Square<br>London<br>SW1V 1NZ                                                                                                                                                                      |
| Nominated Adviser and Broker | Strand Hanson Limited<br>26 Mount Row<br>Mayfair<br>London<br>W1K 3SQ<br>Telephone: +44 (0) 20 7409 3494                                                                                                       |
| Auditors to the Group        | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU                                                                                                                                                                |
| Registrars                   | Neville Registrars<br>18 Laurel Lane<br>Halesowen<br>West Midlands<br>B63 3DA                                                                                                                                  |