

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

Interim report – 6 months to 30 June 2018

Kemin Resources Plc (AIM: KEM), the exploration and development company with substantial interests in Kazakhstan, announces its unaudited interim results for the six months ended 30 June 2018.

Highlights:

- Supplement to the licence extension in relation to Drozhilovskoye (licence 1606) deposit has been approved allowing exploration and production until June 2021;
- Core drilling samples from Drozhilovskoye were shipped to China Molybdenum in Q1 2018. They are continuing to conduct technological and analytical testing of the ore samples, results are expected in the near term.
- Continued support for the Company from its major shareholder; and
- Attributable loss reduced to £75,000 (H1 2017: £206,000), due to continuing savings in administrative overheads and income from consultancy;

During the period the Company received financial support from Amrita (as disclosed in note 1) a Company connected with the major shareholder and also from a Director of the subsidiary Company as disclosed in note 7 of the Interim Statements. The loan from the Director of approximately £26,000 under Kazakhstan Company Law is charged with no interest, the loan was to fund short term working capital and the Directors are of the opinion the terms of the transaction are fair and reasonable.

The Company is in the process of changing its Nominated Advisor and will update shareholders as this process moves forward.

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

"The Company is continuing to develop its close relationship with China Molybdenum. The final relationship between the two Companies will depend on the technological results obtained from the samples analysed. It is anticipated on successful completion of testing the next stage will be the development of a test plant. The nature and extent of funds required will be known at that time".

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

Kemin Resources Plc

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

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 mineral resources including molybdenum, tungsten and lithium 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

With both licences renewed the Smirnovskoye licence is valid after the supplemental agreements until July 2019, while the Drozhilovskoye licence has recently been extended to June 2021.

The exploration/drilling work undertaken in the period related principally to the extraction of ore samples and the excavation of test pits at Drozhilovskoye. The resulting samples were sent to China Molybdenum and the Company is awaiting the results of the analysis after which the next stage of development can be planned. Initial design and other associated work has been undertaken in relation to the pilot plant, however a detailed report on the grade and refinement to production techniques is required in order to finalise the design of the pilot plant and funding required. Once the report is finalised the Company will also be able to determine the extent of involvement of China Molybdenum in the project moving forward.

As stated in the Annual Report once the technological report/feedback has been obtained from China Molybdenum the Company will determine the next steps:

- The extent of drilling further confirmatory drill holes and instructing a Competent Persons Report (CPR);
- The development of the 300kt per annum pilot plant;
- Feasibility study to encompass all financial and production data obtained from the pilot plant subject to sourcing additional funding to develop the 3.0mt per year beneficiation plant.

During the period the Company obtained funds from Amrita Investments Limited, (a Company connected to the Assaubayev family), and from a Director of KRMC for working capital purposes and to fund the limited drilling programme. In addition, KRMC provided project consultancy to unrelated Companies in the period which generated funds amounting to approximately £140,000.

The major shareholder Bergfolk Corporation LLP which is owned by the Assaubayev family, is fully committed to continuing to advance the project. Under the facility agreement in place with Amrita Investments Limited the Company has access to circa £4.4m of financing. Further details in relation to this facility are set out later in this report.

The Company is in the process of appointing a change in Nominated Advisor and will update shareholders as plans proceed.

Sanzhar Assaubayev

CEO Kemin Resources Plc

Kemin Resources Plc
Consolidated income statement
Six months ended 30 June 2018

	Six months 30 June 2018 (unaudited) £000	Six months 30 June 2017 (unaudited) £000	Year ended 31 December 2017 (audited) £000
Continuing operations			
Other operating income	140	-	-
Administrative expenses	(62)	(93)	(197)
Operating Profit/(loss)	78	(93)	(197)
Finance Expense	(153)	(115)	(287)
Loss before taxation	(75)	(208)	(484)
Income tax expense	-	-	-
Loss for the period	(75)	(208)	(484)
Loss for the period attributable to:			
Equity shareholders of the parent	(75)	(206)	(463)
Non-controlling interest	-	(2)	(21)
	(75)	(208)	(484)
Loss per ordinary share			
Basic & Diluted	(0.04p)	(0.12p)	(0.26p)

Consolidated statement of comprehensive income
Six months ended 30 June 2018

	Six months 30 June 2018 (unaudited) £000	Six months 30 June 2017 (unaudited) £000	Year ended 31 December 2017 (audited) £000
Loss for the period	(75)	(208)	(484)
Currency translation differences arising on translations of foreign operations*	24	10	(34)
Total comprehensive loss	(51)	(198)	(518)

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

Loss for the period attributable to:

Equity shareholders of the parent	(55)	(200)	(514)
Non-controlling interest	4	2	(4)

(51)

(198)

(518)

Kemin Resources Plc
Consolidated Statement of financial position
Six months ended 30 June 2018

	30 June 2018 (unaudited) £000	30 June 2017 (unaudited) £000	31 December 2017 (audited) £000
Non-current assets			
Intangible assets	2,362	2,502	2,314
Property, plant and equipment	12	14	13
Other non-current assets	137	167	145
Restricted cash	2	4	3
	2,513	2,687	2,475
Current assets			
Other receivables	130	24	27
Cash and cash equivalents	73	8	16
	203	32	69
Total assets	2,716	2,719	2,518
Current liabilities			
Trade and other payables	1,650	1,617	1,657
Loans and borrowings	584	669	696
	2,234	2,286	2,303
Non-current liabilities			
Loans and borrowings	3,524	3,104	3,206
	3,524	3,104	3,206
Total liabilities	5,758	5,390	5,509
Net liabilities	(3,042)	(2,671)	(2,991)
Equity			
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	1,188	1,188	1,188
Currency translation reserve	(28)	9	(48)
Retained earnings	(8,762)	(8,430)	(8,687)
	(2,849)	(2,480)	(2,794)
Non-controlling interest	(193)	(191)	(197)
Total equity	(3,042)	(2,671)	(2,991)

Kemin Resources Plc
Consolidated Statement of changes in equity
Six months ended 30 June 2018

	Ordinary share capital £000	Deferred share capital £000	Share premium £000	Merger reserve £000	Share based payment reserve £000	Other reserve £000	Currency translation reserve £000	Retained earnings £000	Attributed to owners of the parent £000	Non- controlling interest £000	Total £000
1 January 2018	1,748	6,168	37,414	(41,682)	1,105	1,188	(48)	(8,687)	(2,794)	(197)	(2,991)
Loss for the period	-	-	-	-	-	-	-	(75)	(75)	-	(75)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	20	-	20	4	24
Total comprehensive loss	-	-	-	-	-	-	20	(75)	(55)	4	(51)
At 30 June 2018	1,748	6,168	37,414	(41,682)	1,105	1,188	(28)	(8,762)	(2,849)	(193)	(3,042)
At 1 January 2017	1,748	6,168	37,414	(41,682)	1,105	1,188	3	(8,224)	(2,280)	(193)	(2,473)
Loss for the period	-	-	-	-	-	-	-	(206)	(206)	(2)	(208)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	6	-	6	4	10
Total comprehensive loss	-	-	-	-	-	-	6	(206)	(200)	2	(198)
At 30 June 2017	1,748	6,168	37,414	(41,682)	1,105	1,188	9	(8,430)	(2,480)	(191)	(2,671)
At 1 January 2017	1,748	6,168	37,414	(41,682)	1,105	1,188	3	(8,224)	(2,280)	(193)	(2,473)
Loss for the year	-	-	-	-	-	-	-	(463)	(463)	(21)	(484)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	(51)	-	(51)	17	(34)
Total comprehensive loss	-	-	-	-	-	-	(51)	(463)	(514)	(4)	(518)
At 31 December 2017	1,748	6,168	37,414	(41,682)	1,105	1,188	(48)	(8,687)	(2,794)	(197)	(2,991)

Kemin Resources Plc
Consolidated cash flow statement
Six months ended 30 June 2018

	Six months 30 June 2018 (unaudited) £000	Six months 30 June 2017 (unaudited) £000	Year ended 31 December 2017 (audited) £000
Net cash outflow from operating activities	7	(51)	(46)
Investing activities			
Exploration costs	(54)	-	(5)
Net cash outflow from investing activities	(54)	-	(5)
Financing activities			
Loans repaid	(26)	-	-
Advances of borrowings	130	-	8
Net cash flow from financing activities	104	-	8
Increase/(decrease) in cash and cash equivalents	57	(51)	(43)
Cash and cash equivalents at the beginning of the period	16	59	59
Cash and cash equivalents at the end of the period	73	8	16

Kemin Resources Plc
Notes to the consolidated financial information
Six months ended 30 June 2018

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 2017. The consolidated interim financial information for the period 1 January 2018 to 30 June 2018 is unaudited and incorporates unaudited comparative figures for the interim period 1 January 2017 to 30 June 2017 and the audited financial information for the year to 31 December 2017. 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 2018, the Group had cash in hand of £73,000 (December 2017: £16,000).

Under a loan agreement in 2013, Amrita Investment Limited (a company incorporated in the British Virgin Islands and ultimately controlled by the Assaubayev family) made available a facility of £7,000,000 on an unsecured basis. This was to be applied towards the Group's working capital requirements and the settlement of debts due of the Joint Venture Kazakhstan-Russian Mining Company LLP (KMRC). The loan was extended to expire on 4 February 2020 under the same terms and conditions as the original loan.

There is currently approximately £4.4m 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 2018

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 2018 is £75,000, (30 June 2017: loss £206,000, 31 December 2017 loss £463,000).

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 2018 is 174,833,041 (30 June 2017 174,833,041, 31 December 2017 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 2018		30 June 2017		31 December 2017	
	Closing	Average	Closing	Average	Closing	Average
KZT= £	450.00	449.00	414.00	402.00	448.00	420.00

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 2018 were approved by the directors on 27 September 2018.

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
Notes to the consolidated financial information (*continued*)
Six months ended 30 June 2018

7 Related Party Transactions

During the period Amrita Investments Limited a Company in which the Assaubayev family have a controlling interest, made a loan to KRMC of USD\$60,000 (£46,000) at an interest rate of 5% per annum. At 30 June 2018 an amount of USD\$25,000 (£19,000) was outstanding, (2017 £nil).

Kemin Plc currently owes £2.7m (2017 £2.65m) to Amrita Investments Limited the loan is payable at 5% plus Libor. An advance on the facility was made of £60,000 in the period.

The following Companies in which the Assaubayev family have an interest have loans outstanding with KRMC, Altyn MunaiGaz LLP £60,000 (2017 £57,000), Hawkinson Capital Inc £525,000 (2017 £496,000 and Lanochkin S.S. £35,000 (2017 £35,000).

A T Bulanbayev a Director of the subsidiary KRMC made a loan to the Company of 12m Kazakh Tenge, (£26,600), in accordance with Kazakhstan Company law no interest is charged on this loan amount.

Kemin Resources Plc

Company Details

Directors	Sanzhar Assaubayev, Chief Executive Kanat Assaubayev, Chairman Ashar Qureshi, Non-Executive Director (Vice-Chairman) Aidar Assaubayev, Non-Executive Director Neil Herbert, Non-Executive Director
Secretary	Rajinder Basra FCA
Registered office	28 Eccleston Square London SW1V 1NZ
Auditors to the Group	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Neville Registrars 18 Laurel Lane Halesowen West Midlands B63 3DA