Kemin Resources plc
(formerly GMA Resources Plc)

Audited annual report and financial statements
For the year ended 31 December 2013

Contents

Chief Executive Officer's Report

I am pleased to report significant progress has been made by your Company after the successful completion of the acquisition of the Joint Venture Kazakh-Russian Mining Company LLP (KRMC) which was completed in May 2013. Following the acquisition, the Company changed its name from GMA Resources Plc to Kemin Resources Plc, and welcomed the new Directors who were appointed as a result of the acquisition. They will provide valuable expertise and experience to the projects currently being undertaken as well as new ventures to be undertaken.

In 2013, the focus of the Group was to establish the potential returns to be obtained from the development of the two mineral deposits, and to progress the administrative process which would result in the appropriate licences and authorities being obtained to bring the resources into the production phase in the future.

During 2013, Project XXI, a Kazakhstan company with expertise in conducting feasibility studies for minerals projects, completed a Pre-Feasibility Study. This study demonstrated that both projects could be developed providing very attractive returns. This study will form the basis of a definitive feasibility study which is expected to be completed in 2014.

A great deal of work has been undertaken in obtaining various approvals so that both the deposits can be advanced to the development stage. It was notable that the Government of Kazakhstan has identified the Drozhylovskoye deposit as a key strategic project, and the Kazakh Government has offered Kemin Resources Plc its support in taking the Drozhylovskoye Project forward.

During the past 12 months Kemin has taken the opportunity to reshape its Board. The objective was to ensure that the Board had the requisite commercial and technical skills, plus the experience to develop two large mineral projects in Kazakhstan. I look forward to working with the Board during this exciting growth phase.

Finally, I wish to thank our staff and my fellow Directors for their hard work in the year, as a clear development path has emerged. In 2014, Kemin will identify the key steps to transform itself from a development company into a mine operator.

S Assaubayev
Chief Executive Officer
20 June 2014

Strategic Report

The Directors present their strategic report on the Group for the year ended 31 December 2013.

The strategic report has been prepared in compliance with the Companies Act 2006 to ensure that the shareholders have a balanced and comprehensive review of the business development and performance of the Group. It includes an assessment of the risks and uncertainties the Group faces, and the actions the Directors have taken to grow and develop the Group. The report outlines the operational review of the Group in relation to its current projects in Kazakhstan, the financial performance of the Group, and the aims, strategy and business plans being developed to move the Group forward.

Operational review

During the year, Project XXI SG LLP ('Project XXI') was engaged to complete a Pre-Feasibility Study of the Drozhylovskoye and Smirnovskoye deposits, the two principal mineral assets of Kemin Reources Plc ('Kemin'). Both deposits are located in north-western Kazakhstan and contain molybdenum and tungsten as well as some yet to be quantified other minerals.

Project XXI is a Kazakhstan based company with a history, since 2003, of preparing Feasibility Studies for mineral related projects within Kazakhstan.

Project XXI has updated the reserve/resources statements for both Drozhylovskoye and Smirnovskoye using the Russian Mineral Reserve and Resource classification:

Deposit	Russian Reserve Classification	Ore Tonnes (Mt)	Molybdenum Grade (%)	Molybdenum Metal Equivalent (kt)	Tungsten Grade (%)	Tungsten Metal Equivalent (kt)
Drozhylovskoye	C1	139.8	0.188	262.9	0.046	64.3
Smirnovskoye	C1	170.5	0.130	221.7	0.010	17.1
Total	C1	310.3	0.156	484.6	0.026	81.4

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

Kemin's objective is to complete a re-classification of the reserves and resources in to a JORC compliant statement, and this work is currently ongoing. This is targeted for completion in Q3 2014.

As previously reported, both the Drozhylovskoye and Smirnovskoye deposits have demonstrated potentially strong financial outcomes. Both deposits will be developed using open pit mining methods with standard and well proven metallurgical processing technologies. The metallurgical test work indicates high recoveries of ore processed. It is also worth noting that the future mining operations are supported by a large reserve/ resource base allowing for long life operations but with considerable upside exploration potential to further increase the mine life.

The intention is to prioritise the development of the Drozhylovskoye deposit on the following basis:

- obtain permits and licensing which will allow mining to be at a more advanced stage for Drozhylovskoye;
- the existing Drozhylovskoye infrastructure is more favourable at this point in time, than in Smirnovskoye and presents a shorter time line to first production;
- the superior grade at Drozhylovskoye presents higher short term cash flow potential to assist funding future growth; and
- the technical understanding is more complete at Drozhylovskoye.

Initially, it is envisaged that a smaller, low capital operation will be developed at Drozhylovskoye with the intention to de-risk the mining and processing operations. However, equally important, this initial operation will be used to develop and build a market for the molybdenum and tungsten products focusing on China and Russia. These are two of the countries Kazakhstan shares borders with, and a supply chain from Drozhylovskoye to these two countries is in place.

In summary, the Company has spent the year since the capital reorganisation in May 2013 defining and assessing the commercial viability of the project. As it currently stands, it has significantly de-risked the project in terms of defining the exploitable resource. The next stage is to take the initial feasibility study and to further define the resource in more definitive numbers. This is mapped out in the event table below, which sets out the key milestones planned for Kemin in 2014 and beyond.

Event	Timing
New Resource Statement Compliant with JORC	Q3 2014
Updated Feasibility Study Completion	Q4 2014
Kazakhstan Development Bank funding Stage 1 Drozhylovskoye	Q4 2014
First Stage Construction complete at Drozhylovskoye	Late 2015
Production starts at Drozhylovskoye	Early 2016
Raise funds Stage 2 & 3 expansion at Drozhylovskoye	Late 2015
Feasibility Study complete for Development of Smirnovskoye	Late 2015
Funding completed for Smirnovskoye & construction starts	Mid 2016

The coming year will be pivotal for Kemin as it transforms itself from an exploration company into a developer through managing two large, high grade molybdenum and tungsten projects. There is a growth in demand for specialised steel such as molybdenum and tungsten to make these high quality steels.

Financial performance review

The Group loss attributable to Kemin's shareholders in the twelve months ended 31 December 2013 was £3,099,000 (FY 2012: £178,000 loss), and this has arisen principally due to the acquisition and accounting costs incurred as a result of the reverse takeover.

Principal and other risks and uncertainties and key performance indicators

The Group is in its early period of development and there are few KPIs. The principal KPIs are asset based ones and as the Company is not in a production phase at present, these are the management of cash resources and

Strategic Report

expenditure on asset enhancements. Expenditure of cash on administration of the Group and purchase of assets is being maintained at low levels until the feasibility studies are complete.

The principal and other risks which the Group is exposed to are:

- Availability of future funding;
- Political and economic environment;
- Fluctuation in commodity prices;
- Financial risk; and
- The resources differing in grade and quantity to that predicted by feasibility studies.

Mitigation of risks and uncertainties

The Company's Management has analysed the risks and uncertainties and monitors the risks as far as it is practical do so given the early development of the Group. Certain factors are beyond the control of the Group such as the fluctuations in the price of the commodities. However the Group are aware of these factors and try to mitigate them as far as possible. In relation to the commodity prices, the project model developed suggests there is sufficient headroom, given the low cost base, and this will provide a buffer against the effect of downward pressure on commodity prices.

The Company cannot control the political and economic environment of the country in which the resources are based. However, to minimise the risk, Kemin maintains close relationships with the Kazakhstan authorities in order to minimise bureaucratic delays and problems.

The Group is considering the availability of future funding options. It is the Group's aim to fix interest rates, where possible, with the preferred option being to raise funds via equity raising. The Group has sufficient working capital facilities at present to meet its current cash flow requirements.

The Group has used independent consultants experienced in resource reports, of the type required by the Group, to mitigate as far as possible any material changes in the resource estimates. The next stage is to further enhance the estimates by obtaining a definitive study which is expected to be JORC compliant.

The Strategic Report was approved and authorised for issue by the Board on 20 June 2014 and signed on its behalf by:

S Assaubayev
Chief Executive Officer
20 June 2014

Directors

1 **Kanat Assauybayev**
Chairman
Dr Kanat Shaikhanovich Assaubayev was appointed as Chairman of the Board of GoldBridges Global Resources plc, with effect from 23 October 2013. He is one of Kazakhstan's leading entrepreneurs with a wealth of experience in natural resources. The first Kazakh to get a doctorate in metallurgy, Dr Assaubayev's early career was in academia where he rose to become Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.

2 **Ashar Qureshi**
Non-Executive Vice Chairman
Ashar Qureshi is a U.S. qualified lawyer who was previously a partner with the international law firm Cleary Gottlieb Steen & Hamilton LLP, where he was based first in the New York office and later in the London office where he helped establish the firm's emerging markets presence. More recently, he was the Vice Chairman of Renaissance Group where he had a senior investment banking role and is currently Executive Vice Chairman of Luminaire Films, a Director of Hanson Asset Management Limited and a partner of Naya Capital Management LLP. Ashar Qureshi was educated at Harvard Law School and Harvard College and holds a Juris Doctorate.

3 **Sanzhar Assaubayev**
Chief Executive Officer
Formerly he was the director of international affairs of JSC MMC Kazakhaltyn and an Executive Director of the KazakhGold Group Limited, the gold mining corporation. He is also a member of the board of directors of Altyn Group plc. He was educated at the Leysin American School in Switzerland, where he specialised in management, and the American University in the United Kingdom.

4 **Aidar Assaubayev**
Non-Executive Director
Aidar Assaubayev is an Executive Director of AltynGroup Kazakhstan LLP. He was formerly Executive Vice Chairman of KazakhGold Limited, and formerly Vice President and a Board member of JSC MMC Kazakhaltyn,and other gold exploration and development companies. Aidar has completed over US$1 billion in IPO and M&A transactions in recent years.

5 **William Trew**
Non-Executive Director
William Trew has over 32 years experience in the engineering and mining industry and is a registered professional Engineer with the Engineering Council of South Africa. He has served as a Director of a number of mining companies, both public and private, and he brings a wealth of experience to the Board. He holds a B.Eng. (Mech.) Hon. from the University of Wales Institute Science and Technology, and an M.Eng. from Rand Afrikaans University, Johannesburg.

6 **Ken Crichton**
Non-Executive Director
Ken is a Mining Engineer with over 27 years experience in the mining industry, half of which was spent working in developing countries and a considerable part in active mine production roles. He worked for 15 years with BHP Billiton in both Australia and Indonesia and, for four and a half years worked with the Leighton Holdings Group of Companies, a leading construction and mining contractor in Papua New Guinea and Australia. Mr. Crichton was involved in the Management of a number of large mining contracts with clients such as Lihir Gold, Macarthur Coal and BHP Billiton. He currently serves as the Chief Executive Officer of Sahara Gold and ASCOM Precious Metals.

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

Directors' report and financial statements

Report of the Directors

The Directors present their report and financial statements for the year ended 31 December 2013.

Principal activity and business review

Following the successful completion of the acquisition of KRMC, which was effected on 31 May 2013, the principal activity of the Company changed during the year from that of an investment company to that of an exploration and mine development company with a trading subsidiary in Kazakhstan. A review of the business and future prospects is contained in the Strategic Report, which includes information on the Group's principal risks and uncertainties and performance indicators to the extent they are relevant at this stage of the Group's development. The name of the Company was changed to Kemin Resources Plc on 28 February 2013.

Going concern and the availability of project finance

The Group's principal assets are the molybdenum and tungsten deposits at Drozhylovskoye and Smirnovskoye in Kazakhstan. Pre-feasibility studies indicate substantial economic exploitable reserves, and the bankable feasibility study is expected to be completed in Q3 2014. At this stage, the Company will assess requirements for future funding and implement a strategy to raise the project finance required for the long term development needs of the Group.

The Directors anticipate that, whilst the Group may seek to raise further finance in the future, it now has access to sufficient funding for its immediate needs. The Group is currently funded by a working capital facility of £7m of which approximately £1m has been drawn at the date of the financial statements. The facility is being provided by a Company controlled by its principal shareholder, Amrita Investments Limited and further details are given in note 12(b) page 29. Cash flow modelling, which has been done for a period of 18 months, indicate that the Group expects to have sufficient borrowing capacity from this facility to finance its on-going operational requirements. The Directors are confident that further sources of funding can be acquired in the timescales required to meet the future funding requirements as necessary.

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

Future Development

The Group is in the early stages of development of its mineral resources in Kazakhstan. The next steps are to confirm the resource in a JORC compliant statement. Further details of this are given in the strategic report.

Results and dividends

The results of the Group for the year ended 31 December 2013 are set out in the Consolidated Statement of Profit or loss on page 12 and a commentary on the results is included in the Chief Executive Officer's Report and the Strategic Report on pages 2 to 3. The Group incurred losses in the year of £3,099,000 (2012: £178,000). The Directors do not recommend the payment of a dividend (2012: £nil).

Directors

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

Kanat Assaubayev (Executive Chairman appointed 17 September 2013)
Ashar Qureshi (Non-executive Vice Chairman appointed 28 June 2013)
Sanzhar Assaubayev (Chief Executive Officer appointed 17 April 2013)
Aidar Assaubayev (Non-executive Director appointed 23 April 2013)
Ken Crichton (Non-executive Director)
William James Trew (Non-executive Director appointed 17 April 2013)
Neil Herbert (Non-executive Director appointed 17 December 2013)
Ralph Browning (Resigned as Non-executive Director on 3 June 2013)

Directors' Indemnity Provision

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

Report of the Directors

Substantial shareholdings

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:

	Shareholding Ordinary Shares	%
Bergfolk Corporation*	133,117,846	87.57
Strathland Enterprises Limited	10,642,012	7.00
Hanson Central European Fund LLP	4,560,862	3.00

* The ultimate owners of Bergfolk Corporation are the Assauybayev family members.

Financial Risk Management

Information relating to the Group's financial risk management is set out in note 13 of the financial statements.

Political contributions

There were no charitable or political contributions made in the year ended 31 December 2013 (2012: £nil).

Directors' emoluments

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

	2013 Fee £'000	2012 Fee £'000
Kanat Assaubayev	–	–
Ashar Qureshi	–	–
Sanzhar Assaubayev	–	–
Aidar Assaubayev	–	–
Ken Crichton	26	24
William James Trew	1	–
Neil Herbert	1	–
Ralph Browning	19	56
Total	47	80

Service contracts

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

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

The current remuneration packages are subject to future review based on the development of the Company.

The key management personnel comprise only the Directors.

Subsequent events

Details of events after the end of the financial year are set out in note 19 on page 37 of the financial statements.

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 and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial

Report of the Directors

statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, as adopted by the European Union, 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 and this extends to the ongoing integrity of the financial statements contained therein.

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

Corporate governance

The Directors are aware of the UK Corporate Governance Code ('the Code') (formerly the Combined Code), the new edition of which was published by the UK Financial Reporting Council in September 2012 and is applicable to all premium listed companies on the London Stock Exchange. As a company which is listed on AIM, the Company is not required to comply with the Code, but the Company adopted the following Corporate Governance procedures which the Directors believe demonstrate good corporate governance given the size of the Group:

Board composition and committees

The Directors who served during the year are shown on page 6.

The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and intend to comply with the principles of the UK Corporate Governance Code in such respects as they consider appropriate for a company of its size and nature. The Board has a wide range of experience directly relevant to the Group and its activities and its structure ensures that no one individual or group dominates the decision making. At each annual general meeting, one third of the Directors must retire by rotation, whereupon they can offer themselves for re-election if eligible. In 2013, all the Directors, with the exception of Ken Crichton being newly appointed, will offer themselves for re-election.

The Company has established an Audit Committee which is responsible for ensuring that the financial performance of the Group is properly reported and monitored as well as considering and setting adequate and appropriate accounting policies and reviewing the Auditors Report. The Audit Committee comprises of two non-executive directors who are considered to be independent, namely Ken Crichton and Ashar Qureshi.

Report of the Directors

Financial risk management

The Group does not enter into any derivative transactions, and it is the Group's policy that no trading in such financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk, credit risk, foreign exchange risk and interest rate risk. Further details are provided in note 13 of the Group's financial statements.

Capital structure

Details of the Company's issued share capital, together with the movements for the years ended 31 December 2012 and 2013 are set out in note 14. Further details in relation to shares issued after the year end are given in the subsequent events note 19. The Company has two classes of shares, ordinary shares and deferred shares that carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. All issued ordinary shares are fully paid. There are no specific restrictions on the size of the holding or on the transfer of the ordinary shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights. The deferred shares carry no rights to attend or vote at meetings and no right to participate in distributions.

Certain Directors have an interest in the ordinary shares in the Company and these are disclosed in the related party note 18 on page 36. No share options or warrants are currently in issue as at the date of this report.

Internal controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and for reviewing its effectiveness. The procedures which include, inter alia, financial, operational and compliance matters, and risk management are reviewed on an ongoing basis. The Directors do not believe an internal audit function is practicable for a Company of this size.

Auditors

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

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed in the forthcoming annual general meeting.

On behalf of the board

S Assaubayev
Chief Executive Officer
20 June 2014

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

We have audited the financial statements of Kemin Resources Plc for the year ended 31 December 2013 which comprise the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company, financial statements as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
20 June 2014

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

Consolidated statement of profit or loss
for the year ended 31 December 2013

	Notes	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Administrative expenses		(154)	(151)
Share based payment	14(c)	(2,629)	–
Operating loss	3	(2,783)	(151)
Finance income	5	–	46
Finance expense	5	(316)	(73)
Loss before income tax		(3,099)	(178)
Income tax expense	6	–	–
Loss for the year		(3,099)	(178)
Loss for the year attributable to:			
Equity shareholders of the parent		(3,092)	(178)
Non-controlling interest		(7)	–
		(3,099)	(178)
Loss per ordinary share – basic and diluted			
Attributable to the equity shareholders of the parent	7	(2p)	(14p)

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2013

	2013 £'000	2012 £'000
Loss for the year	(3,099)	(178)
Currency translation differences arising on translations of foreign operations*	126	–
Total comprehensive loss	(2,973)	(178)

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

	2013 £'000	2012 £'000
Loss for the year attributable to:		
Owners of the parent	(2,979)	(178)
Non-controlling interest	6	–
	(2,973)	(178)

The accompanying notes on pages 19 to 37 are an integral part of these financial statements.

Consolidated statement of financial position
as at 31 December 2013

Company Number 04674237	Notes	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
ASSETS			
Non-current			
Intangible assets	9	1,985	1,430
Property, plant and equipment	10	25	28
Other non-current assets		36	13
Restricted cash		3	3
Non-current assets		2,049	1,474
Current			
Other receivable		6	–
Cash and cash equivalents		11	–
Current assets		17	–
Total assets		2,066	1,474
LIABILITIES			
Non-current			
Loans and borrowings	12	1,940	807
Other liabilities		–	260
Non-current liabilities		1,940	1,067
Current			
Trade and other payables	11	1,776	374
Loans and borrowings	12	737	697
Current liabilities		2,513	1,071
Total liabilities		4,453	2,138
Net liabilities		(2,387)	(664)
Equity			
Equity attributable to owners of the parent			
Ordinary share capital	14	1,520	6,180
Deferred share capital	14	6,168	–
Share premium account		35,693	27,890
Merger reserve		(41,682)	(33,892)
Share based payments reserve		1,105	76
Other reserve		702	2,006
Retained earnings		(5,873)	(2,857)
Currency translation reserve		46	(67)
		(2,321)	(664)
Non-controlling interest		(66)	–
Total equity		(2,387)	(664)

The financial statements were approved by the Board of Directors on 20 June 2014 and signed on its behalf by:

S Assaubayev
Chief Executive Officer

The accompanying notes on pages 19 to 37 are an integral part of these financial statements.

Company statement of financial position
as at 31 December 2013

Company number 04674237	Notes	2013 £'000	2012 £'000	2011 £'000
Current Assets				
Cash and cash equivalents		11	12	22
Amount due by subsidiary company		603	–	–
		614	12	22
Total Assets		614	12	22
LIABILITIES				
Non-current				
Loans and borrowings	12	(1,042)	–	–
Non-current liabilities		(1,042)	–	–
Current Liabilities				
Trade and other payables	11	(1,184)	(254)	(260)
Loans and borrowings	12	–	(406)	–
Unsecured convertible loan stock	12	–	(7,330)	(5,461)
		(1,184)	(7,990)	5,721
Net Current Liabilities		(1,612)	(7,978)	(5,699)
Equity				
Ordinary share capital	14	1,520	6,180	6,180
Deferred share capital	14	6,168	–	–
Share premium account		35,693	27,890	27,890
Merger reserve		52,654	–	–
Share based payments reserve		–	76	340
Other reserve		186	2,006	1,413
Retained earnings		(97,833)	(44,130)	(41,522)
Total equity		(1,612)	(7,978)	(5,699)

The financial statements were approved by the Board of Directors on 20 June 2014 and signed on its behalf by

S Assaubayev
Chief Executive Officer

The accompanying notes on pages 19 to 37 are an integral part of these company financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2013

	Notes	Ordinary Share capital £'000	Deferred Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Other reserve £'000	Retained earnings £'000	Translation reserve £'000	Attributed to owners of the parent £'000	Non-controlling Interest £'000	Total £'000
1 January 2012		6,180	–	27,890	–	340	1,413	(2,679)	–	33,144	–	33,144
Retained loss for the year		–	–	–	–	–	–	(178)	–	(178)	–	(178)
Currency translation differences arising on translation of foreign operations		–	–	–	–	–	–	–	(67)	(67)	–	(67)
Total comprehensive loss		–	–	–	–	–	–	(178)	(67)	(245)	–	(245)
Capital re-organisation on acquisition of KRMC		–	–	–	(33,892)	–	–	–	–	(33,892)	–	(33,892)
Modification of loan stock		–	–	–	–	–	593	–	–	593	–	593
Lapsed/forfeited share options		–	–	–	–	(284)	–	–	–	(284)	–	(284)
Share based payment		–	–	–	–	20	–	–	–	20	–	20
31 December 2012		6,180	–	27,890	(33,892)	76	2,006	(2,857)	(67)	(664)	–	(664)
1 January 2013	14	6,180	–	27,890	(33,892)	76	2,006	(2,857)	(67)	(664)	–	(664)
Loss for the year		–	–	–	–	–	–	(3,092)	–	(3,092)	(7)	(3,099)
Currency translation differences arising on translation of foreign operations		–		–		–	–	–	113	113	13	126
Total comprehensive loss		–		–		–	–	(3,092)	113	(2,979)	6	(2,973)
Share consolidation	14	(6,168)	6,168	–	–	–	–	–	–	–	–	–
Lapsed/forfeited share options		–	–	–	–	(76)	–	76	–	–	–	–
Capital re-organisation on acquisition of KRMC		1,483	–	–	(7,790)	–	499	–	–	(5,808)	(72)	(5,880)
Share based payment arising on acquisition of KRMC		–	–	–	–	1,105	–	–	–	(1,105)	–	(1,105)
Conversion of loan stock	14	25	–	7,803	–	–	(2,006)	–	–	5,822	–	5,822
Modification of loans received	14	–	–	–	–	–	203	–	–	203	–	203
At 31 December 2013		1,520	6,168	35,693	(41,682)	1,105	702	(5,873)	46	(2,321)	(66)	(2,387)

Ordinary share capital: Amount subscribed for share capital at nominal value.
Deferred share capital: Amount subscribed for deferred shares at nominal values.
Share premium: Amount subscribed for share capital in excess of nominal value.
Merger reserve: Amount arising on the acquisition of KRMC.
Share based payments reserve: Fair value of options granted net of amounts transferred to retained earnings on exercise or lapse of share options.
Other reserve: Amount of proceeds on issue of convertible debt relating to the equity component and amounts arising on revaluation of loans from related parties.
Retained earnings: Cumulative profits and losses recognised in the consolidated statement of profit or loss.
Translation reserve: Gains/losses arising on retranslating the net assets of overseas operations into sterling.

The accompanying notes on pages 19 to 37 are an integral part of these company financial statements.

Company statement of changes in equity
for the year ended 31 December 2013

	Notes	Ordinary Share capital £'000	Deferred Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
1 January 2012		6,180	–	27,890	–	340	1,413	(41,522)	(5,699)
Retained loss for the year		–	–	–	–	–	–	(2,892)	(2,892)
Total comprehensive loss		–	–	–	–	–	–	(2,892)	(5,699)
Modification of convertible stock		–	–	–	–	–	593		593
Lapsed/forfeited share options		–	–	–	–	(284)		284	–
Share based payment		–	–	–	–	20	–		20
31 December 2012		6,180	–	27,890	–	76	2,006	(44,130)	(7,978)
1 January 2013	14	6,180	–	27,890	–	76	2,006	(44,130)	(7,978)
Loss for the period		–	–	–	–	–	–	(55,407)	(55,407)
Total comprehensive loss		–	–	–	–	–	–	(55,407)	(55,407)
Share consolidation	14	(6,168)	6,168	–	–	–	–	–	–
Arising on acquisition of investment		1,483	–	–	52,654	–	–	–	54,137
Lapsed/forfeited share options		–	–	–	–	(76)		76	–
Modification of loans received		–	–	–	–		186	–	186
Conversion of loan stock	14	25	–	7,803	–	–	(2,006)	1,628	7,450
At 31 December 2013		1,520	6,168	35,693	52,654	–	186	(97,833)	(1,612)

Ordinary share capital:	Amount subscribed for ordinary capital at nominal value.
Deferred share capital:	Amount subscribed for deferred shares at nominal value.
Share premium:	Amount subscribed for share capital in excess of nominal value.
Merger reserve:	Amount arising on the acquisition of KRMC.
Share based payment reserve:	Fair value of options granted net of amounts transferred to retained earnings on exercise or lapse of share options.
Other reserve:	Amount of proceeds on issue of convertible debt relating to the equity component.
Retained earnings:	Cumulative profits and losses recognised in the consolidated statement of profit or loss.

The accompanying notes on pages 19 to 37 are an integral part of these company financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash outflow from operating activities	17	(1,006)	–
Investing activities			
Additions to intangible assets		(43)	–
Restricted cash		–	(1)
Net cash used in investing activities		(43)	(1)
Financing activities			
Proceeds from borrowings		1,060	1
INet cash inflow from financing activities		1,060	1
Increase in cash and cash equivalents		11	–
Cash and cash equivalents at beginning of the year		–	–
Cash and cash equivalents at end of the year		11	–

The accompanying notes on pages 19 to 37 are an integral part of these financial statements.

Company statement of cash flows
for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash outflow from operating activities	17	(690)	(416)
Financing activities			
Proceeds from borrowings		689	406
Net cash used in financing activities		689	406
Decrease in cash and cash equivalents		(1)	(10)
Cash and cash equivalents at beginning of the year		12	22
Cash and cash equivalents at the end of the year		11	12

The accompanying notes on pages 19 to 37 are an integral part of this Company's financial statements.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies

Nature of operations and general information

The Group's principal activity was previously that of an investment company. Since the successful completion of the reverse acquisition on 31 May 2013, the Group's principal activity is that of mining, exploration and mine development. The Company changed to its present name on 28 February 2013 from GMA Resources Plc. The parent company's principal activity is managing the trade and the investment of its subsidiary companies. It is incorporated in England and Wales and has its registered office and business address at 28 Eccleston Square, London SW1V 1NZ. The shares of Kemin Resources Plc are quoted on the AIM market which is operated by the London Stock Exchange.

Basis of preparation

The Group's consolidated financial statements are for the year ended 31 December 2013. They have been prepared in accordance with the accounting policies set out below.

The Group and Company prepare its consolidated and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). These are the first financial statements for the parent company to have been prepared under IFRSs. Previously, the Company reported its results in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). No differences arose on the transition of the Company's results from UK GAAP to IFRS and there are no disclosures required by IFRS 1 "First time adoption of IFRS" concerning this transition. The Company has adopted all the relevant standards and interpretations applicable to it, which were effective on the transition date.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit or loss in these financial statements. The Group loss for the year included loss on ordinary activities after tax of £55,407,000 in respect of the Company (2012: loss £2,892,000).

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

Going concern

As at 31 December 2013, the Group had cash in hand of £11,000. At the reporting date the Group's liabilities exceeded its assets by £2,387,000.

On 4 February 2013 the Company entered into an agreement, as amended on 10 April 2013, with Amrita Investments Limited, a company incorporated in the British Virgin Islands, and controlled by the Assaubayev family, for the provision of an unsecured £7,000,000 loan facility to be applied towards the Group's working capital requirements and the settlement of any KRMC debts. At present there is still approximately £5,000,000 available under this facility.

The loan bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or the 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 into the ordinary shares of the Company at the conversion rates stipulated by the agreement.

Following the signing of the Amrita loan agreement and conversion of the Loan Stock as part of the capital reorganisation completed on 31 May 2013, 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.

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.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

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 de-consolidated from the date control ceases.

Capital reorganisation between JV Kazakhstan-Russian Mining Company LLP (KRMC) and Kemin Resources Plc

During the year the Company completed the acquisition of 90 per cent of the participatory interests in the charter capital of JV Kazakhstan-Russian Mining Company LLP ('KRMC'), a company registered in the Republic of Kazakhstan, in a share for share exchange.

At the time of the transaction the Company was a non-operating public shell company with nominal net assets and did not meet the definition of a business. This transaction is therefore not a business combination, as defined by IFRS 3, and has been accounted for as a capital transaction resulting in issuance of shares by KRMC for the net monetary assets of the Company accompanied by recapitalisation. Such transactions fall within the scope of IFRS 2 which requires the deemed shares issued by KRMC to be recognised at fair value.

Although not a business combination, the accounting result is similar to that obtained by accounting for the transaction under the reverse accounting method, but it does not result in the recognition of goodwill.

The following accounting treatment has been applied in respect of the above capital reorganisation:

– The assets and liabilities of the legal subsidiary, KRMC, are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts without restatement to fair value;

– The deemed cost of the shares issued by the Company represents the fair value of the shares that KRMC would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of KRMC acquiring 90% of the shares in Kemin;

– The retained deficit and other equity balances recognised in the consolidated financial statements reflect the retained deficit and other equity balances of KRMC immediately before the business combination, and the results of the period from the date of the reorganisation are those of KRMC and Kemin combined;

– The equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, Kemin Resources plc, including the equity interests the legal parent issued to effect the combination.

New Accounting Standards and amendments

A number of new standards and amendments to existing standards and interpretations were applicable from 1 January 2013. The adoption of these amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2013.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

Standard		Effective date
IFRS 10	Consolidated financial statements	01-Jan-14
IFRS 11	Joint arrangements	01-Jan-14
IFRS 12	Disclosure of interest in other entities	01-Jan-14
IAS 27	Separate financial statements	01-Jan-14
IAS 28	Investments in associates and joint ventures	01-Jan-14
IAS 32	Offsetting Financial Assets and Financial Liabilities	01-Jan-14
IAS 36	Recoverable amounts disclosures for non-financial assets	01-Jan-14
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	01-Jan-14
IFRS 9	Financial Instruments	To be confirmed
IAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 January 2014*
IFRIC 21	Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments.	1 January 2014*
Annual Improvements to IFRSs	2010-2012 Cycle	1 January 2014*
Annual Improvements to IFRSs	2011-2013 Cycle	1 January 2014*

* Not yet endorsed by EU.

The Group is evaluating the impact of the above pronouncements but they are not expected to have a material impact on the Group's earnings or shareholders' funds.

Segmental reporting

Following the acqusition of KRMC, the Board of Directors, who are regarded to be the chief operating decision maker, consider there to be only one operating segment being the exploration for and development of minerals resources and only one geographic segment being Kazakhstan. Therefore, no additional segmental information is presented in these financial statements.

Foreign currency translation

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

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

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

Financial instruments

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

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

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.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in 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 trade and other payables, loans and borrowings and convertible loan stock. The Group does not have any financial liabilities at fair value through profit or loss.

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 has expired.

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

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

Invesments

Investments in subsidiaries are included at cost less amounts written off for impairment.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

Intangible assets

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

Exploration and evaluation assets are assessed at each reporting year to determine whether there are indicators that assets might be impaired. If any such indicators exist, a review for impairment is conducted.

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

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

Property, plant and equipment

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

Buildings	5% per annum
Production machinery and equipment	Between 5% and 20% per annum

Impairment of assets

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

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

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

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

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.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

Share based payment

The Group operated an equity settled share based compensation plans for remuneration of its employees, during the year The scheme was terminated as part of the capital reorganisation of the Group, and all existing share options were cancelled. This scheme is described below and the Directors are considering the setting up of a new scheme.

As per the scheme that operated in the year, in return for the services provided by the Directors, employees and consultants, they received in exchange the grant of a share based compensation measured at their fair values. These were 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 the statement of profit or loss with a corresponding credit to share based payments reserve. 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 share 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. If the options granted to employees are subsequently cancelled the charge which would have been recognised over the vesting period is recognised in full in the year that the options are cancelled in the profit and loss account with a correponding credit to accumulated reserves.

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.

Provisions

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

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

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

2. Critical accounting estimates and judgements

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

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

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

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

Notes to the financial statements
for the year ended 31 December 2013

2. Critical accounting estimates and judgements (continued)

(ii) Useful lives of property, plant and equipment

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

(iii) Decommissioning and rehabilitation

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

(iv) Base of mining operations

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

(v) Fair value of financial instruments

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

(vi) Income taxes

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

3. Operating Loss

This is stated after charging:

	2013 £'000	2012 £'000
Staff costs (note 4)	12	–
Fees payable to Company and Group auditors:		
Audit services – BDO	55	11

In addition to the amounts disclosed above, the auditors also charged £44,000 in relation to assistance with admission documents and the capital re-organisation (2012: £nil). This has been accounted for as part of the merger reserve as it was incurred in the parent company prior to the capital re-organisation.

Notes to the financial statements
for the year ended 31 December 2013

4. Staff number and costs

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

	2013 Number	2012 Number
By activity		
Administration	7	2

	2013 £'000	2012 £'000
Staff costs (including Directors)		
Wages and salaries	12	–
	12	–

The total Directors' emoluments for the year amounted to £47,268 (2012: £80,000), of which £35,000 formed part of the Company's pre-acquisition reserves as these were accrued and paid prior to the acquisition of KRMC. The remuneration of the highest paid director for the year was £26,250 (2012: £56,000). Further information on Directors' emoluments is given in the Directors' Report on page 7.

5. Finance income and expenses

	2013 £'000	2012 £'000
Finance Income		
Interest on unsecured convertible loan stock- net of conversion	–	46
	–	46
Finance expense		
Interest expense	157	25
Unwinding of discount	149	38
Foreign exchange loss	10	10
	316	73

6. Income tax expense

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

	2013 £'000	2012 £'000
Loss before tax	(3,099)	(178)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(720)	(44)
Effect of:		
Expenses not deductible for tax purposes	649	–
Different tax rates in overseas territory	6	8
Unrecognised tax losses carried forward	65	36
Total tax charge for year	–	–

There are no taxable losses available to carry forward in Kazakhstan. In the UK no deferred tax asset has been recognised as there is uncertainty as to when the Company will make sufficient profits to utilise the losses. Losses of approximately £179,000 (2012: £nil) are available to carry forward for the parent Company.

Notes to the financial statements
for the year ended 31 December 2013

7. Loss per share

	2013 £'000	2012 £'000
Basic and fully diluted loss per share		
Loss for the year attributable to the equity holders of the parent entity (£'000)	(3,099)	(178)
Weighted average number of shares in issue after restructuring (see Note 14)	150,483,730	1,236,006
Loss per share attributable to the equity holders of the parent entity	(2p)	(14p)

Where a loss has been incurred the diluted loss per share does not differ from the basic loss per share as neither the exercise options not 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.

The weighted average number of shares in issue has been adjusted retrospectively to reflect the share consolidation during the year, see note 14a.

8. Investment

	Total £'000
Cost	
At 1 January 2013	–
Additions	40,000
Fair value adjustment	14,137
Impairment	(54,137)
At 31 December 2013	–

The investment represents the fair value of the shares issued to acquire the Company's 90% shareholding in KRMC, which was completed on 31 May 2013. The fair value of the shares have been measured by reference to the closing share price of Kemin at 31 May 2013 which was 36.5p.

An impairment loss has been recognised against the investment to the level that is supported by the net assets. Currently, the investment has net liabilities and consequently is written down to nil.

The Company has the following investments in subsidiary undertakings:

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

9. Intangible assets

Exploration & evaluation assets	Contract No 1605 £'000	Contract No 1606 £'000	Total £'000
Cost			
At 1 January 2012	90	1,425	1,515
Additions	1	17	18
Exchange difference	(6)	(97)	(103)
At 31 December 2012	85	1,345	1,430
Additions	326	320	646
Exchange difference	(6)	(85)	(91)
At 31 December 2013	405	1,580	1,985

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

Both deposits are located in the Kostanay region of Kazakhstan.

Notes to the financial statements
for the year ended 31 December 2013

10. Property, plant and equipment

	Land and buildings £'000	Machinery and equipment £'000	Total £'000
Cost			
At 1 January 2012	4	96	100
Disposal	–	(2)	(2)
Exchange difference	–	(7)	(7)
At 31 December 2012	4	87	91
Exchange difference	–	(5)	(5)
At 31 December 2013	4	82	86
Depreciation			
At 1 January 2012	(1)	(64)	(65)
Charge for the year	(1)	(3)	(4)
Disposal	–	2	2
Exchange difference	–	4	4
At 31 December 2012	(2)	(61)	(63)
Charge for the year	(1)	(2)	(3)
Exchange difference	–	5	5
At 31 December 2013	(3)	(58)	(61)
Net book values			
At 31 December 2013	1	24	25
At 31 December 2012	2	26	28
At 1 January 2012	3	32	35

11. Trade and other payables

Current	2013 £'000	2012 £'000	Company 2011 £'000	2013 £'000	Group 2012 £'000
Trade payables	920	–	–	920	–
Other payables and accruals	264	254	260	856	374
	1,184	254	260	1,776	374

Trade and other payables

Non-Current	2013 £'000	2012 £'000	Company 2011 £'000	2013 £'000	Group 2012 £'000
Trade payables	–	–	–	–	–
Other payables and accruals	–	–	–	261	–
	–	–	–	261	–

Notes to the financial statements
for the year ended 31 December 2013

12. Loans and borrowings

Company	Interest rate%	Maturity	2013 £'000	2012 £'000	2011 £'000
Current liabilities					
Unsecured convertible loan stock (a)	10-15%	2013	–	7,330	5,461
Borrowings – Amrita (b) Investments Limited	LIBOR +5%	2013	–	406	–
			–	7,736	5,461
Non-current liabilities					
Unsecured convertible loan stock (a)	10-15%	2013	–	–	–
Borrowings – Amrita (b) Investments Limited	LIBOR +5%	2013	1,042	–	–
			1,042	–	–

a) The total of the unsecured loan stock consisted of loan stocks 1 and 2 being £5,700,000 at a coupon rate of 10% and £1,630,000 at a coupon rate of 15% respectively the maturity dates of which were extended to 31 December 2013 in the prior year. On 31 May 2013 by agreement with the loan stock holders and as part of the capital reconstruction of the group the loan stock holders agreed to convert the loan stock into 2,472,011 ordinary shares in Kemin Resources Plc.

b) On 4 February 2013 the Company entered into an agreement, as amended on 10 April 2013, with Amrita Investments 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.

The loan from Amrita Investments Limited bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or the 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 into the ordinary shares of the Company at the conversion rates stipulated by the agreement.

Group Current	Currency	Interest rate	Maturity	Group 2013 £'000	2012 £'000
AlmaSnabResours LLP	KZT	0%	2009	141	150
Lanochkin S.S.	KZT	0%	2014	57	–
Storm continental SA	USD	5%	on demand	196	247
Centasia Mining Corp.	USD	10%	2009	162	111
Zadessa Limited	USD	0%	2007	181	189
Non-current				737	697
Hawkinson Capital Inc (a).	USD	20%	2016	321	305
Hawkinson Capital Inc. (a)	KZT	0%	2016	233	216
Hawkinson Capital Inc. (a)	KZT	0%	2016	14	–
Lanochkin S.S.	KZT	0%	2014	–	55
AltynMunaiGaz LLP	KZT	0%	2016	126	120
AltynGroupKazakhstan LLP (b)	KZT	0%	2016	204	111
Amrita Investments Limited	£	LIBOR +5%	–	1,042	–
				1,940	807

Notes to the financial statements
for the year ended 31 December 2013

12. Loans and borrowings (continued)

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

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

b) In 2013 an interest-free loan was received from companies associated with the ultimate owners in the amount of £134,000 (KZT 33,275,000) (2012: £159,000 being KZT 38,393,000). Gains from the recognition of the fair value of £34,000 (KZT 8,628,000) (2012: £113,000 being KZT 27,202,000) was recognised in equity.

c) The effective interest rates used to measure fair value of the interest-free loans were the interest rates on long-term loans granted in Kazakhstan in 2013 and 2012 by the Kazakhstan banks to legal entities. The Kazakhstan bank rates were applied at the date of receipt of the next tranche under the interest-free loan, which ranged from 10.0% to 10.8% (2012: from 10.2% to 11.8%)

The Company's loans from Storm Continental SA, Alma Snab Resours LLP and Centasia Mining Corp are in relation to Zadessa Limited, the loan amount was settled by Amrita Investments Limited after the year end on behalf of the Group.

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

13. Financial risk management objectives and policies

The Group's principal financial liabilities comprise convertible loans and other payables which are measured at amortised cost, there are no amounts measured at fair value (other than at inception). The carrying value of financial instruments is not materially different to 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.

In common with all other businesses, the Group and Company are exposed to risks that arise from its use of financial instruments. This note describes the Group and Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 1.

The principal financial instruments used by the Group and Company, from which financial instrument risk arises, are as follows:

a) Liquidity risk

The Group had £11,000 of net bank balances at the year-end (2012: £nil). The Directors monitor cash flow on a regular basis as the Company is in the development stage and the cash flows are predictable on a monthly basis. The Group is currently utilising the working capital facility as provided by Amrita Investments Limited and is in the process of considering various avenues to raise further funds.

Notes to the financial statements
for the year ended 31 December 2013

13. Financial risk management objectives and policies (continued)

The table below summarises the maturity profile of the Group's and Company's financial liabilities at 31 December 2013 based on contractual undiscounted payments:

Group	Less than 1 year or on demand £'000	More than 1 year but less than 2 years £'000	More than 2 years but less than 5 years £'000	More than 5 years £'000	Total £'000
2013					
Trade payables	920	–	–	–	920
Other creditors and accruals	856				856
Borrowings	737	898	–	1,394	3,029
	2,513	898		1,394	4,805
2012					
Other creditors and accruals	634		–	–	634
Borrowings	697	807			1,504
	1,331	807	–	–	2,138

Company	Less than 1 year or on demand £'000	More than 1 year but less than 2 years £'000	More than 2 years but less than 5 years £'000	More than 5 years £'000	Total £'000
2013					
Trade payables	920	–	–	–	920
Other creditors and accruals	264	–	–	–	264
Borrowings	–	–	–	1,394	1,394
Unsecured convertible loan	–	–	–	–	–
	1,184	–	–	1,394	2,578
2012					
Other creditors and accruals	254	–	–	–	254
Loans	406	–	–	–	406
Unsecured convertible loan	7,330	–	–	–	7,330
	7,990	–	–	–	7,990

b) Interest rate risk

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

Notes to the financial statements
for the year ended 31 December 2013

13. Financial risk management objectives and policies (continued)

c) Forex risk

The Group credit risk arises from fluctuations in foreign currency exchange rates due to the significant proportion of KRMC's funding being in US dollars, whilst KRMC's principal operating costs are denominated in Kazakh Tenge which is KRMC's functional currency. Similarly in the Company, the costs are incurred in British Pounds with the funding being in US Dollars. As the operating costs are at low levels at present the credit risk is not material. However, it is the intention to minimise the effect of foreign currency fluctuations for the Group and Company by maintaining its cash reserves in sufficient quantum in currencies in which it expects to incur expenditure. The amounts due in foreign currencies are noted below:

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

Group 2012	British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost				
Cash and cash equivalents	–	–	–	–
Other receivables	–	–	–	–
	–	–	–	–
Financial liabilities held at amortised cost				
Other creditors and accruals	–	–	634	634
Loans and borrowings	–	852	652	1,504
	–	852	1,286	2,138

Company 2013	British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost				
Amount due by subsidiary	–	603	–	603
Cash and cash equivalents	11	–	–	11
	11	603	–	614
Financial liabilities held at amortised cost				
Trade payables	317	603	–	920
Other creditors and accruals	264	–	–	264
Loans and borrowings		1,645	–	1,042
	581	2,248	–	2,226

Notes to the financial statements
for the year ended 31 December 2013

13. Financial risk management objectives and policies (continued)

Company 2012	British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost				
Cash and cash equivalents	12	–	–	12
	12	–	–	12
Financial liabilities held at amortised cost				
Other creditors and accruals	254	–	–	254
Unsecured convertible loan stock	7,330	–	–	7,330
Loans and borrowings	406	–	–	406
	7,990	–	–	7,990

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

Group

	2013 British Pound £'000	2012 British Pound £'000
BP£ appreciation by 10%	(283)	(214)
BP£ depreciation by 10%	283	214

Company

	2013 British Pound £'000	2012 British Pound £'000
BP£ appreciation by 10%	(104)	–
BP£ depreciation by 10%	104	–

d) Capital management

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

	2013 £'000	2012 £'000
Share capital	7,688	6,180
Share premium	35,693	27,890
Total managed as capital	43,381	34,070

e) Credit risk

Credit risk is the risk of financial loss to the parent or to KRMC if a counterparty to a financial instrument fails to meet its contractual obligations. KRMC is mainly exposed to credit risk from advances paid to its trade creditors. The board considers KRMC's exposure to credit risk from advance payments to be minimal as prepayments are only made to reputable companies with strong trading histories. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with high credit ratings are acceptable.

Notes to the financial statements
for the year ended 31 December 2013

14. Share Capital

Ordinary shares

Issued and fully paid ordinary 1p shares

	Number	£'000
1 January 2012 and 31 December 2012	618,002,894	6,180
New issue of shares (a)	106	–
Share consolidation (a)	(616,776,994)	(6,168)
Conversion of convertible loan notes (b)	2,472,011	25
Arising in the acquisition of KRMC (c)	148,320,720	1,483
31 December 2013	152,018,737	1,520

Deferred shares

Issued and fully paid ordinary 499p shares

	Number	£'000
1 January 2012 and 31 December 2012	–	–
Share consolidation (a)	616,776,994	6,168
31 December 2013	616,776,994	6,168

The following transactions in relation to the capital reorganisation of the Company occurred on 31 May 2013;

(a) Share consolidation

(i) the existing ordinary shares were consolidated so as to become ordinary shares of 500 pence each on the basis of one ordinary share of 500 pence for every 500 Existing Ordinary Shares; and

(ii) each of the resulting ordinary shares of 500 pence was subdivided and reclassified as one new ordinary share of 1 pence and one deferred share of 499 pence.

Accordingly, the effect of the capital reorganisation was to convert every 500 existing ordinary share into one ordinary share and one deferred share.

As the existing issued share capital was not divisible by 500, the Company issued an additional 106 ordinary shares to facilitate the process in relation to consolidation of the shares. The shares were issued at 1 pence per share.

The ordinary shares carry the right to participate in distributions made by the Company and entitle each shareholder the right to attend and vote at general meetings of the Company.

The deferred shares carry no voting or distribution rights, and cannot be redeemed on winding up. Capital will only be returned on the deferred shares once each ordinary shareholder receives a distribution of £10m each.

(b) Conversion of loan notes

As a condition of the acquisition agreement with KRMC it was agreed with the loan stock holders that all outstanding principal and accrued interest of the loan stock outstanding at 31 January 2013 was automatically converted, into shares at an agreed proportion to their relevant holdings. The conditions for conversion were met on the 31 May 2013 on Contract Reinstatement by Kazakhstan authorities at which point the loan stock was automatically converted into ordinary shares.

(c) Acquisition of Joint Venture Kazakh-Russian Mining Company LLP (KRMC)

Under the terms of the Acquisition Agreement, the Company has agreed to acquire 90 per cent of the participatory interests in KRMC for a consideration of £40 million to be satisfied by the issue of 148,320,720 B Shares to Bergfolk, Strathland and Hanson. The B Shares were converted into 148,320,720 ordinary shares on the Contract Reinstatement which became effective on 31 May 2013.

In connection with the transaction a share based payment charge in accordance with IFRS2 of £2,629,000 is included within the consolidated statement of profit or loss for the year.

Notes to the financial statements
for the year ended 31 December 2013

15. Share based payments

The Company has not recognised a charge (2012: £20,000) in the results for the year in respect of its share-based payment plans. The share scheme was cancelled as part of the capital re-organisation in May 2013.

The share scheme was cancelled as part of the capital re-organisation which was finalised on May 31 2013, and the existing options at that time of 7,000,000 shares was cancelled. No share based payment charge arose in the current period as all share options had vested in the prior year.

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

Date Granted	Option price	Fair value	In issue 2012	Granted number	Lapsed/ forfeited number	In issue 2012
08/01/2007	10p	1.7 – 3.8p	100,000	–	(100,000)	–
15/03/2007	10p	3.4p	4,000,000	–	(4,000,000)	–
26/03/2007	10p	1.4-3.3p	100,000	–	(100,000)	–
25/09/2007	10p	1.4-3.5p	1,000,000	–	(1,000,000)	–
22/11/2007	10p	1.4-3.5p	250,000	–	(250,000)	–
21/12/2010	4.3p	1.09p	16,200,000	–	(16,200,000)	7,000,000
			21,650,000		(21,650,000)	7,000,000

Share based payments

	2013 No	p	2012 No	p
Outstanding at the beginning of the year	7,000,000	4.3	21,650,000	5.85
Lapsed/Forfeited during the year	(7,000,000)	4.3	(14,650,000)	6.56
Outstanding at the end of the year	–	–	7,000,000	4.3
Exercisable at the year end	–	–	7,000,000	4.3

16. Capital commitments and contingent liabilities

In accordance with the terms of the contracts and addenda, the Group is committed to the following:

– KRMC has a commitment to perform obligations under the exploration work programme at the amount of £1.3m (KZT 340,000,000), including investing £1.29m (KZT 329,483,000) in subsoil use operations, and making tax payments of £41,200 (KZT 10,517,000). The work is to be performed for the extended exploration period from September 2013 to September 2015.

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

– Transfer annually 1% of the exploration costs and 0.01% of the direct operating costs of production to a special deposit account for the formation of and abandonment fund, 2013: £3,000, (2012: £3,000).

– The Company had no capital commitments or contingent liabilities at the reporting date.

Notes to the financial statements
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17 Notes to the cash flow statement

Net cash inflow from operating activities

	Company		Group	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Loss before taxation	(55,407)	(2,892)	(3,099)	(178)
Adjusted for				
Finance income	–	–	–	(46)
Finance expense	242	2,462	316	73
Depreciation of tangible fixed assets	–	–	3	4
Share based payment expenses	–	20	2,629	–
Amount owed by subsidiary	(603)	–	–	–
(Increase)/decrease in trade and other receivables	–	–	(29)	35
Increase/(decrease) in trade and other payables	94	(6)	(996)	111
Impairment of investment	54,137	–	–	–
Foreign currency translation	–	–	170	1
Cash inflow/(outflow) from operations	(690)	416	1,006	–
Income taxes paid	–	–	–	–
	(690)	416	1,006	–

18. Related party transactions

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

The key management remuneration is shown in note 4.

Other related party transactions and related balances outstanding at each reporting year are as noted in note 12, being loans made to the Group by Companies controlled by the Assaubayev family.

Loans to Group Companies controlled by the Assaubayev family are as follows:

	Note	2013 £'000	2012 £'000
Group			
Shareholder loans to subsidiary			
AltynMunaiGaz LLP	12	126	120
AltynGroupKazakhstan LLP	12	204	111
Hawkinson Capital inc	12	568	521
Lanochkin S.S.	12	57	55
Shareholder loans to parent company			
Amrita Investments Limited	12	1,042	–
		1,997	807
Company			
Shareholder loans to parent company			
Amrita Investments Limited		1,042	–
		1,042	–

Notes to the financial statements
for the year ended 31 December 2013

18. Related party transactions (continued)

In addition during 2013 during 2013 Amrita Investments Limited has agreed to pay an amount of £603,000 (US$1,000,000), in relation to the pre-feasability study to Project XXI, and is included within trade creditors.

Apart from the above, the Company had 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 £29,466 (2012: £50,000) during the year and there were no balances remaining at the year end. Ken Crichton invoiced the Company in the normal course of business for business expenses incurred through Ellenkay Gold Limited for £8,617 (2012: £nil).

There are no other transactions with related parties during the years ended 31 December 2013 and 31 December 2012.

19. Events after the reporting date

On 11 February 2014 the Republic of Kazakhstan National Bank declared a 20% devaluation of the Tenge. The National Bank expects a new exchange rate to be around 300 Tenge per British Pound.

On 19 February 2014 the Company and the Ministry of Industry and New Technologies signed an addenda to Contract No. 1605 and Contract No.1606. As a result, the exploration period was extended until September 2015 under Contract No. 1605 and until May 2016 under Contract No. 1606.

At the approval date of these financial statements, payables to Iskander LLP, included in trade payables note 11 were repaid for an amount of £78,000 (KZT 20,000,000). Terms were agreed with the trade creditor to pay the full amount outstanding of £267,000 (KZT 68,109,000) by 31 August 2014.

An amount of £238,000 (US$404,000) was repaid to Zadessa Limited in May 2014 in relation to all amounts outstanding owed by the Group.

20. Ultimate Controlling Party

The controlling party and parent entity of Kemin Resources Plc is Bergfolk Corporation, by virtue of the fact that it owns 87.57% of the voting rights in the Company. The ultimate controlling party is the Assaubayev family by virtue of the fact that they control the majority shareholder.

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Company details

Directors	Kanat Assaubayev (Executive Chairman) Ashar Qureshi (Non-executive Vice Chairman) Sanzhar Assaubayev (Chief Executive Officer) Aidar Assaubayev (Non-executive Director) Ken Crichton (Non-executive Director) William James Trew (Non-executive Director) Neil Herbert (Non-executive Director)
Secretary	Rajinder Basra FCA
Registered office	28 Eccleston Square London SW1V 1NZ Telephone: +44 208 932 2455
Web	www.keminresources.com
Kazakhstan office	4 BLDG. 122A Kabanbai Batyr Str Almaty Republic of Kazakhstan
Nominated adviser and Joint broker	Strand Hanson Limited 26 Mount Row Mayfair W1K 3SQ London Telephone: +44 (0) 20 7409 3494
Joint broker	Peat & Co 108 Piccadilly London W1J 7NW Telephone: +44 (0) 20 3540 1720
Auditors to the group	BDO LLP 55 Baker Street London W1U 7EU BDO Kazakhstan audit, LLP 56 “A”, micro region 6 Almaty city, 050036 Kazakhstan
Registrars	Capita Asset Services Ibex House 42-47 Minories EC3N 1DX London Telephone: +44 (0) 870 607 2555
Bankers	LGT Bank Ltd Herrengasse 12 FL- 9490 Vaduz Liechtenstein

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