1 June 2018

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

2017 Audited Annual Results

Kemin (AIM: KEM), a molybdenum and tungsten exploration and development company with substantial interests in Kazakhstan, today announces its audited annual results for the year ended 31 December 2017.

Highlights

- Award of the extension of the licence at Smirnovskoye in H1 2017, the extension to the licence at Drozhilovskoye is in the final stages and the expectation is that it will be received in Q2 2018;

- Detailed drilling amounting to 534 metres was conducted at the Drozhilovskoye field, with 427 samples taken for analysis in Q1 2018 (please refer to the RNS dated 19 March 2018 for further information);

- In Q1 2018, the Company supplied samples to China Molybdenum which is one of the largest Molybdenum mining Companies in China for analytical testing to determine the grade and production techniques, with a view subject to sourcing additional funding, to developing a pilot plant and potentially negotiating offtake agreements in the future;

- Continued financing support for the Company from Amrita Investments Limited, a vehicle owned by the Company's majority shareholders;

- Attributable loss of £463,000 (2016: £432,000) in the year.

The accounts for the year ended 31 December 2017 will shortly be available on the Company's website, www.keminresources.com. The Company is today posting its annual report and accounts, together with accompanying notice of Annual General Meeting, to Shareholders.

The Annual General Meeting of the Company will be held at offices of BDO LLP, 55 Baker Street, London, W1U 7EU on 29 June 2018 at 9.30am.

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

"Once the analysis of the samples taken from Drozhilovskoye is complete, the Company Is planning to move forward to the next stage of its development which will, subject to sourcing additional funding, be the development of a pilot plant."

For further information, please visit www.keminresources.com or contact:

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Information on the Company

Kemin Resources Plc (AIM:KEM) ("Kemin" or the "Company"), is an exploration and development

Company, its principal mining assets are located in Northern Kazakhstan. The Company is focused on exploring and advancing its two exploration sites for the extraction of molybdenum, tungsten, lithium and copper deposits at Drozhilovskoye and Smirnovskoye. Kemin was formed into its present structure in April 2013 by the reverse take-over of GMA Resources plc by the 'Joint Venture Kazakh-Russian Mining Company LLP' (KRMC).

Chairman's Statement

During the year the extension to the original licence was approved for Smirnovskoye, and the licence extension is valid until September 2019. In relation to Drozhilovskoye, we do not see any issues in obtaining the license as we have satisfied all the requests for information from the relevant ministry. Administrative delays have held up the licence and we are now expecting to receive the signed licence in Q2 2018.

The Company is now in a new phase of development and moving towards production. We have entered into talks with interested parties in particular with China Molybdenum, which has expertise in processing our particular minerals. The economics of moving to production have changed as commodity prices have stabilised and with the inclusion of Lithium in the profit generation models the projects are more economically viable.

One of the key steps moving forward is to update and more clearly define the resources. The Company undertook exploration drilling in Q1 2018 at the Drozhilovskoye site, the results of which were very encouraging, (as announced by the Company on 19 March 2018). This drilling was undertaken by an external geological firm and the results of which will prove useful in bringing partners on board to develop the site. In addition a Competent Persons Report is shortly to be commissioned under the JORC code. This will provide further external verification of the resources on both sites.

We are keen to press forward with the plans for development. The sourcing of a partner that has skill and expertise in this area is seen as extremely beneficial to moving the plans forward.

Exploration drilling

The Company undertook exploration drilling in Q1 2018 at the Drozhilovskoye site, the results of which were very encouraging.

In terms of funding, the Company has sufficient operational funds from its existing facility with Amrita Investments. The Company will seek to source developmental funds as the project moves forward and the quantum of funding requirement becomes more transparent.

The Board wishes to thank the shareholders for their patience and we are confident of looking forward to a productive 2018 as the Company develops.

Kanat
Chairman
1 June 2018

Chief Executive Officer's Report

Overview

As an update on the licences:

- The extension to the Smirnovskoye licence and associated work programmes was agreed with the Kazakh authorities and the licence extended to September 2019.

- The extension to the Drozhilovskoye licence and associated work programmes is with the Kazakh authorities, and is in the final administrative stages of sign off. Final sign is expected in Q2 2018, and the licence extension will run for 2 years from the date of signing.

The Company has been moving forward with the development of the sites with a view to moving to production. The initial starting point is the analysis of samples that were extracted at Drozhilovskoye. Once this has been completed and the technological basis for extracting the three principal minerals Molybdenum, Tungsten and Lithium from the ore a production plan will be established. It is envisaged subject to sourcing additional funding, that a pilot plant will be established with an initial run rate of 300,000t or ore per annum. The full production plant will be significantly higher than this at approx. 3mt of ore being processed.

Exploration Work Update

The latest drilling and analysis work clarified the geological structure of the Drozhilovskoye field and confirmed that the tungsten and molybdenum minerals are isolated, and that they can be selectively mined. The work also confirmed the presence of significant amounts of high quality lithium. The work undertaken by the Company internally has allowed a re-estimation of the contained metal content of both molybdenum and tungsten resources and provides a first estimate for the lithium resource (all with a cut-off grade of 0.05%). The drilling consisted of number of bore holes, totaling 534 metres and 417 samples were taken for analytical review. Please refer to the Company's RNS dated 19 March 2018 for further information.

Further development of the asset

The Company's lead specialists recently visited Chinese research institutes to familiarise themselves with the technology and discuss the detailed procedures for processing molybdenum, tungsten and lithium ores, and to deliver a presentation on Kemin.

The trip also involved a visit to an operating plant for the beneficiation of molybdenum, tungsten and lithium ores with the end product being flotation concentrates of three different types of metal, i.e. molybdenum, tungsten and lithium. The deposits of the Drozhilovskoye field are regarded by management to be very similar to the ores being processed at that plant.

This plant visited is owned by China Molybdenum, which is the largest molybdenum mining company in China. During the meeting, China Molybdenum showed interest in the Drozhilovskoye field and discussions were held in relation to a possible joint development of the field. These initial discussions centered on development via open pit mining, and situation of the production complex close to good rail links and power supplies. This, together with the presence of lithium, and other minerals, indicated from the test drilling conducted, makes the development of the field attractive to a partner, and further discussions are planned to take place.

The following work needs to be carried out to transition to the production phase:

- Completion of a mineral block model and resource estimation. As part of the process of moving to the next stage of development the Company will instruct a Competent Persons Report in accordance with the JORC code, for both sites;
- Approval of the reserves by the Kazakh authorities;

- Further geological exploration through drilling confirmatory boreholes and taking further samples for process testing and determining an efficient technology for the extraction of molybdenum, tungsten and lithium;

- Subject to sourcing additional funding, the process testing will be followed by construction of a pilot beneficiation plant with a proposed processing capacity of 300kt per year, and which will produce a concentrate of molybdenite, tungsten and a concentrate of lithium;

- Completion of a feasibility study to confirm all technical and financial results including using the design of the pilot beneficiation plant to develop, subject to sourcing additional funding. A beneficiation plant with ore processing capacity of 3.0mt per year.

Funding

Funding requirements are being assessed to determine what additional funding is required in the first instance in relation to the construction of the pilot plant.

The costs of the work programs for both sites totals approximately £2.3m for the two year licence period.

The Company has sufficient cash resources available under its current facility arrangements with Amrita (£4.5million of which is still available for drawdown) to perform the work programmes as currently specified. However dependent on future plans and in particular the setting up and operation of a pilot plant, further funds may be raised through equity/debt finance. During this non-productive phase the Company will maintain a tight control of costs in order to maintain cash resources.

In relation to development funding to move to the production stage, the Company is currently exploring and developing plans to obtain further lines of funding, once a firmer budgeted cost of developing the pilot plant, and production techniques are refined.

Summary

The Company is in advanced talks with interested parties who have been encouraged by the recent drill results. The expectation is that an agreement will be reached to progress the development of the sites, with the aim to move towards production in the near future initially on a pilot plant basis.

Financial performance review

The consolidated loss attributable to Kemin shareholders in the twelve months ended 31 December 2017 was £463,000 (FY 2016: £432,000). The overall loss including that attributable to minority shareholders was £484,000 (2016:£445,000). The costs of servicing the debt and administrative costs of the Group were in line with expectations. Of the loss £356,000 is attributable to the head office, being administrative costs of which the majority relates to maintaining the professional fees and associated fees for maintaining the London listing on the London Stock Exchange. In addition certain costs are incurred in supporting the administrative function in Kazakhstan. They have been maintained at competitive levels.

The other principal expense relates to finance charges which total £287,000, (2016 £287,000). The interest accrued on the loan in the current year has been Capitalised against the loan balance.

As in the prior year the cash spend is kept to a minimum at present with a limited capital expenditure programme. The principal cash expenses have related to servicing the head office administrative function, interest charges and loan repayments have been deferred until cash resources allow them to be repaid. It is the intention to move forward with sample testing with the aim of raising the necessary funds to develop the pilot plant in the near term.

Support is still being obtained from the principal shareholder via Amrita Investments Ltd. The current cash balances and availability of further draw downs (£4.5million left to drawdown) on the Amrita loan facility if required, provides sufficient funds for the company to continue to meet its current obligations.

Cost control

Overall costs have been maintained in line with the prior year. The Company is currently developing its longer term plans of development.

Principal risks and uncertainties

The principal risks exposed to the Company are:

- availability of future funding outside of the Amrita facility;
- political and economic environment;
- fluctuation in commodity prices;
- financial risk;

- the resource differing in grade and quantity to that predicted by feasibility studies; and
- fluctuations in exchange rates resulting from changes in the value of the Kazakh Tenge.

Mineral resource statement as at February 2013

The tables below demonstrate the most recent independently verified reserves/resources for the two deposits at a cut-off grade of 0.05% based on GKZ classifications as follows. Please refer to the Company's RNS dated 19 March 2018 for the most recent internal resource estimate on the Drozhilovskoye field.

Drozhilovskoye

Reserve/ Resource Classification	Ore Reserve/ Resource (Mt)	Molybdenum Metal (kt)	Molybdenum Grade (%)	Tungsten Metal (kt)	Tungsten Grade (%)
C1	139.8	262.9	0.19	64.3	0.05
C2	130.5	77.5	0.06	88.3	0.03
P	300	150	0.05	150	0.05

Smirnovskoye

Reserve/ Resource Classification	Ore Reserve/ Resource (Mt)	Molybdenum Metal (kt)	Molybdenum Grade (%)	Tungsten Metal (kt)	Tungsten Grade (%)
C1	170.5	221.7	0.13	17.1	0.01
C2	108.1	114.2	0.11	13.2	0.12
P	673	417	0.06	165	0.03

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 Company.

Certain factors are beyond the control of the Company such as the fluctuations in the price of the commodities. However the Group is aware of these factors and tries to mitigate them as far as possible. The plan is to move forward with test production to encompass the production of Lithium in the overall plan, which increases the economics of the overall project.

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.

In the future as funds are required in order to move to the next stage of development it is the Company's aim is to fix interest rates, where possible, with the preferred option being to raise funds via equity. As stated the Company has sufficient working capital facilities at present to meet its current cash flow requirements.

The Company 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.

Key performance indicators

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

	31	
	2017	201
Molybdenum resources (metal equivalent) - C1 (Kt)	484.6	484
Tungsten resources (metal equivalent) - C1 (Kt)	81.4	81
Molybdenum resources - inferred grade (%)	0.156	0.1
Tungsten resources - inferred grade (%)	0.026	0.0
Cash balance (£000's)	16	59
Exploration expenditure (cumulative - £000's)	2,396	2,5
Net loss (£000's)	484	445

The change in the value of the exploration expenditure is due principally to the effect of the change in valuation of the Kazakh Tenge against Sterling.

The key statistic is the level of resources which has been measured under the GKZ classification, and will be updated shortly under JORC (2012) by an independent consultancy once the additional exploration and evaluation work is completed.

Given the stage of development of the Group, it has a low number of employees who are concentrated in the head office. Details of the Group policy on employees are given on page 9.

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

Sanzhar Assaubayev
Chief Executive Officer
1 June 2018

Consolidated statement of profit or loss

Year ended 31 December 2017

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Administrative expenses	**(197)**	(158)
Operating loss	**(197)**	(158)
Finance expense	**(287)**	(287)
Loss before income tax	**(484)**	(445)
Income tax expense	**-**	-
Loss for the year	**(484)**	(445)

Loss for the year attributable to:		
Equity shareholders of the parent	**(463)**	(432)
Non-controlling interest	**(21)**	(13)
	(484)	(445)
Loss per ordinary share – basic and diluted		
Attributable to the equity shareholders of the parent	**(0.26p)**	(0.25p)

Consolidated statement of comprehensive income

Year ended 31 December 2017

	2017	2016
	£'000	£'000
Loss for the year	**(484)**	(445)
Items which may be re-classified to statement of profit or loss		
Currency translation differences arising on translations of foreign operations that may be reclassified to the profit or loss	**(34)**	(58)
Total comprehensive loss	**(518)**	(503)
Total comprehensive loss attributable to:		
Owners of the parent	**(514)**	(481)
Non-controlling interest	**(4)**	(22)
	(518)	(503)

Consolidated statement of financial position
As at 31 December 2017

	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Assets		
Non-current		
Intangible assets	**2,314**	2,539
Property, plant and equipment	**13**	15
Other non-current assets	**145**	169
Restricted cash	**3**	5
Non-current assets	**2,475**	2,728
Current		
Other receivable	**27**	10
Cash and equivalents	**16**	59
	43	69
Total assets	**2,518**	2,797
Liabilities		
Non-current		
Borrowings	**3,206**	2,990
Non-current liabilities	**3,206**	2,990
Current		
Trade and other payables	**1,657**	1,590
Borrowings	**646**	690
Current liabilities	**2,303**	2,280
Total liabilities	**5,509**	5,270
Net liabilities	**(2,991)**	(2,473)
Equity		
Equity attributable to owners of the parent		
Ordinary share capital	**1,748**	1,748
Deferred share capital	**6,168**	6,168
Share premium account	**37,414**	37,414
Merger reserve	**(41,682)**	(41,682)
Share based payment reserve	**1,105**	1,105
Other reserve	**1,188**	1,188
Accumulated losses	**(8,687)**	(8,224)

Currency translation reserve	**(48)**	3
	(2,794)	(2,280)
Non-controlling interest	**(197)**	(193)
Total equity	**(2,991)**	(2,473)

Consolidated statement of changes in equity
Year ended 31 December 2017

	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Other reserve £'000	Accu-mulated losses £'000	Translation reserve £'000	Attributed to owners of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 January 2016	1,748	6,168	37,414	(41,682)	1,105	912	(7,792)	52	(2,075)	(171)	(2,246)
Loss for the year	-	-	-	-	-	-	(432)	-	(432)	(13)	(445)
Currency translation differences											
arising on translation of											
foreign operations	-	-	-	-	-	-	-	(49)	(49)	(9)	(58)
Total comprehensive loss	-	-	-	-	-	-	(432)	(49)	(481)	(22)	(503)
Contribution from related party	-	-	-	-	-	276	-	-	276	-	276
At 31 December 2016 & 1 January 2017	**1,748**	**6,168**	**37,414**	**(41,682)**	**1,105**	**1,188**	**(8,224)**	**3**	**(2,280)**	**(193)**	**(2,473)**
Loss for the year	-	-	-	-	-	-	(463)	-	(463)	(21)	(484)
Currency translation differences											
arising on translation of											
foreign operations	-	-	-	-	-	-	-	(51)	(51)	17	(34)
Total comprehensive loss	-	-	-	-	-	-	(463)	(51)	(514)	(4)	(518)
At 31 December 2017	**1,748**	**6,168**	**37,414**	**(41,682)**	**1,105**	**1,188**	**(8,687)**	**(48)**	**(2,794)**	**(197)**	**(2,991)**

Ordinary share capital: Amount subscribed for share capital at nominal value.
Deferred shares: The shares carry no right to receive income distributions or entitle the shareholders to attend or vote at company meetings. Share premium: Amount subscribed for share capital in excess of nominal value.
Merger reserve: Represents the amount arising on the acquisition of KRMC.
Share based payment reserve: This relates to an adjustment required under IFRS 2 to account for the reverse takeover.
Other reserve: The premium between the effective interest rate and coupon rate on the loan issued by a shareholder related party.
Accumulated losses: Cumulative losses recognised in the consolidated statement of comprehensive income. Translation reserve: Gains/losses arising on retranslating the net assets of overseas operations into sterling.

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

Consolidated statement of cash flows
Year ended 31 December 2017

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Net cash outflow from operating activities	**(46)**	(247)
Investing activities		
Exploration costs	**(5)**	-
Net cash used in investing activities	**(5)**	(1)
Financing activities		
Repayment of borrowings	**-**	(1)
Advances of borrowings	**8**	(1)
Net cash inflow from financing activities	**8**	(1)
Decrease in cash and cash equivalents	**(43)**	(248)
Cash and cash equivalents at the beginning of period	**59**	307
Cash and cash equivalents at the end of period	**16**	59

Notes

1. General Information

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

2. Basis of preparation

The Group's consolidated financial statements are for the year ended 31 December 2017. They have been prepared in accordance with the accounting policies set out below.

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

The consolidated financial statements have been prepared under the historical cost basis, except for the treatment of certain financial instruments. They are presented in Pounds Sterling which is the functional currency of the parent, the functional currency of the subsidiary is the Kazakh Tenge and the figures are rounded to the nearest thousand (£'000) except where otherwise noted.

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

3. Going concern

The Group's principal assets are the molybdenum and tungsten deposits at Drozhilovskoye and Smirnovskoye in Kazakhstan. The exploration and evaluation work conducted so far indicate substantial economic exploitable reserves. This work was further enhanced by additional drilling in Q1 2018, which revealed the presence of significant amounts of Lithium.

At current and projected future projected prices of the commodities the indicative NPV is positive.

There has been significant interest, in particular from a Chinese based Company, with a view to finalising an offtake agreement for purchasing an initial trial batch. Subject to sourcing additional funding the Company is in the process of developing plans to put in place a pilot plant, with the intention to move forward to commercial production after an assessment of the initial production results.

As at 31 December 2017, the Group had cash on hand of £16,000 (2016: £59,000) and at the reporting date the Group's liabilities exceeded its assets by £2,991,000 (2016: £2,473,000).

The parent Company has an agreement with Amrita Investment Limited, a company incorporated in the British Virgin Islands and ultimately controlled by the Assaubayev family, under this facility, there is an amount of approximately £4.5m available to be applied towards working capital requirements.

The initial loan of £7m was entered into on 4 February 2013 and was repayable on the earlier of the fifth anniversary of the agreement or when an equity fundraising is undertaken that raises 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. The loan was extended in May 2018 to 4 February 2020, under the same terms and conditions of the original loan.

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

4. Intangible assets

Exploration & evaluation assets	Contract No. 1605 £'000	Contract No. 1606 £'000	Total £'000
Cost			
At 1 January 2016	544	1,526	2,070
Exchange difference	123	346	469
At 31 December 2016 & 1 January 2017	667	1,872	2,539
Additions	5	-	5
Exchange difference	(56)	(174)	(230)
At 31 December 2017	**616**	**1,698**	**2,314**

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

Licence No. 1605: The exploration subsoil contract is approved until September 2019.

Licence No. 1606: The exploration subsoil contract has expired in May 2017. The Group has applied for the extension of the exploration contract. According to the underlying contract the Group has a legal right to extend the exploration contract for a period not exceeding 2 years, it is awaiting approval from the relevant government authorities. The licence will run from the date of renewal for two years.

The Group suspended exploration work during the period pending agreement on the renewal of license 1606. However in Q1 2018 drilling was undertaken at Drozhilovskoye in order to obtain mineral samples for analysis and testing. There have been some breaches of contract terms as a result. However the renewal of license 1606 is expected to received shortly and the Group anticipates at that time it will either remedy the non-compliance or that these will be superseded by revised terms.

Both deposits are located in Kostanay region of Kazakhstan.

5. Events after the reporting date

There are no events to note after the reporting date.

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