

25 September 2014

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

Interim report – Six months to 30 June 2014

Kemin (AIM:KEM), the molybdenum and tungsten exploration and development company with substantial interests in Kazakhstan, announces its unaudited interim results for the six month period ended 30 June 2014.

Highlights:

- Reserves and resources to be restated according to internationally accepted JORC standards. International consultants Venmyn Deloitte are expected to complete an independent Competent Person's Report (CPR) and Definitive Feasibility Study (DFS) for the Drozhilovskoye and Smirnovskoye deposits during 2015;
- Completion of a £2.05m fundraising in June 2014 to advance the Group's work programme;
- Smirnovskoye and Drozhilovskoye deposits have been approved for inclusion in the State Programme on Forced Industrial-Innovative Development (SPFIID).
- Investigation into possibility of a one million tonne per year 'pilot processing plant' as a quick route to cashflow;
- Additional metallurgical test work completed, which focused on maximising tungsten recovery to improve financial outcomes.

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

"It has been a very important six months for Kemin during which time the Board has had the opportunity to set a clear direction for the Group and the Kazakhstan Government has reaffirmed its support for the development of the Group's deposits. The results of the PFS have also confirmed our view of the financial viability of the projects.

"The move to internationally recognised JORC based reserves and resources and an independent CPR will, I believe, demonstrate the quality and potential of the Drozhilovskoye and Smirnovskoye deposits."

Kemin Resources Plc

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Chief Executive Officer's Review

During the first six months of 2014, the Company continued to execute its strategy of preparing the Smirnovskoye and Drozhilovskoye deposits for development. To finance working capital, in June 2014, the Company completed a fundraising of £2.05m, gross, via a placement of 22,804,310 new ordinary shares, through JSC Visor Capital, a Kazakhstan focused investment bank. In addition, the Company continues to benefit from the support being provided by Amrita Investments Limited, which has provided a facility to draw funding to meet liabilities as they fall due. Further details are provided in the notes to the interim statements.

Following the announcement of the successful outcomes of the Pre-Feasibility Study ("PFS") in December 2013, additional work as identified in the PFS has been finalised. After discussions with consulting company Project XXI SG LLP ("Project XXI"), the Board concluded that it would be advantageous to carry out the additional work identified as it would have an impact on improving the economics of the Drozhilovskoye and Smirnovskoye deposits. This work has been completed by two Institutes in Kazakhstan with the objective of better understanding the metallurgical extractive processes to achieve the maximum value of the tungsten minerals contained within both deposits. The Management considered this to be an important step prior to commencing the Definitive Feasibility Study ("DFS") on the two deposits.

Further, the Board decided, prior to commencing work on the DFS, to upgrade the resource and reserve estimates of both the Drozhilovskoye and Smirnovskoye deposits into a JORC compliant estimate using Venmyn Deloitte. They will also prepare the independent Competent Person's Reports ("CPR") for both deposits.

As part of the CPR process, Venmyn Deloitte will independently review the findings of Project XXI's work in order to avoid a duplication of costs and to shorten the time line for completion of the CPR for each deposit. Upon completion of each CPR, the intention is to advance both deposits to a DFS using the updated JORC reserve and resource estimates as the basis for the study. The CPR is due to be completed in Q1 2015 and the DFS is expected to be completed during 2015. It is expected that Amrita Investments Limited will support the company through this work programme if additional funding is required to complete the DFS.

With the support of the Government of Kazakhstan, the Board is continuing to review the option of a pilot processing plant and mine of 1 million tonne per annum ("Mtpa") capacity as an initial early, quick start, investment option prior to the major investment required at the 5Mtpa operation at Drozhilovskoye and then Smirnovskoye. This provides a unique opportunity to:

- Establish a market presence for the mine outputs;
- Establish a customer base;
- Define an efficient logistics chain to customers.

Venmyn Deloitte's scope includes assisting in identifying a mineral reserve base within the deposit that would maximize this quick start opportunity at the higher grade Drozhilovskoye deposit with the more favourable existing infrastructure. The Group is well placed at Drozhilovskoye in terms of the approvals and permitting process to achieve this quick start option, if this is seen as creating an overall positive impact to Kemin.

Kemin is pleased to report that the Smirnovskoye and Drozhilovskoye deposits have been approved for inclusion in the State Programme on Forced Industrial-Innovative Development (SPFIID). These

assets have been identified as strategic mineral developments for Kazakhstan, and the Government will:

- Build infrastructure to connect Kemin's planned processing plant to the Bukhara–Ural gas pipeline, and will provide electricity, water and transportation networks
- Ensure regulatory approvals are issued in a timely manner.

Additionally, the Government of Kazakhstan has enacted broad legislative changes that will further increase state support for key mineral development projects including:

- Income tax exemptions for 10 years;
- Land tax exemptions for 10 years;
- Property tax exemptions for 8 years;
- Reimbursement of up to 30 per cent of project capital expenditures;
- Guarantees to keep tax rates and state tariffs unchanged for period of 10 years;
- Policies to allow investors to hire foreign staff for the period of construction without applying for labor quotas.

The impact of this support by the Government of Kazakhstan and the proposed legislative changes has further strengthened the investment case for both deposits and considerably reduced the risk and should aid the Company in receiving the necessary development permits in a timely manner. This is an important step forward for both deposits development prospects.

In summary, work during the next six months will be aimed at providing the broader financial community with a greater understanding and increased confidence in Kemin's assets by upgrading to a JORC compliant reserve and resource statement and will be followed up by independent CPRs in 2015. Good progress has been made in obtaining approval and permitting process with the support of the Government of Kazakhstan and this is expected to continue in the current period.

Sanzhar Assaubayev

CEO Kemin Resources Plc

Kemin Resources Plc
Consolidated income statement
Six months ended 30 June 2014

	Note	Six months to 30 June 2014 (unaudited) £000	Six months to 30 June 2013 (unaudited) £000	Year ended 31 December 2013 (audited) £000
Continuing operations				
Administrative expenses		(165)	(5)	(154)
Share based payment		-	(2,629)	(2,629)
Operating Loss		(165)	(2,634)	(2,783)
Finance Expense		(305)	(65)	(316)
Loss before taxation		(470)	(2,699)	(3,099)
Income tax expense		-	-	-
Loss for the period		(470)	(2,699)	(3,099)
Loss for the period attributable to:				
Equity shareholders of the parent		(427)	(2,696)	(3,092)
Non-controlling interest		(43)	(3)	(7)
		(470)	(2,699)	(3,099)
Loss per ordinary share				
Basic & Diluted	3	(0.3p)	(1.8p)	(2p)

Consolidated statement of comprehensive income
Six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited) £000	Six months ended 30 June 2013 (unaudited) £000	Year ended 31 December 2013 (audited) £000
Loss for the period	(470)	(2,699)	(3,099)
Currency translation differences arising on translations of foreign operations*	167	95	126
Total comprehensive loss	(303)	(2,604)	(2,973)

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

Loss for the period attributable to:

Equity shareholders of the parent	(277)	(2,607)	(2,979)
Non-controlling interest	(26)	3	6
	(303)	(2,604)	(2,973)

Kemin Resources Plc
Consolidated Statement of financial position
Six months ended 30 June 2014

	Note	30 June 2014 (unaudited) £000	30 June 2013 (unaudited) £000	31 December 2013 (audited) £000
Non-current assets				
Intangible assets		1,738	1497	1,985
Property, plant and equipment		19	33	25
Other non-current assets		23	57	36
Restricted cash		2	3	3
		1,782	1,590	2,049
Current assets				
Other receivables		40	7	6
Cash and cash equivalents		1,963	17	11
		2,003	24	17
Total assets		3,785	1,614	2,066
Current liabilities				
Trade and other payables		1,619	337	1,776
Loans and borrowings		524	693	737
Other liabilities		17	48	-
		2,160	1,078	2,513
Non-current liabilities				
Loans and borrowings		2,323	2,554	1,940
Other liabilities		13	-	-
		2,336	2,554	1,940
Total liabilities		4,496	3,632	4,453
Net liabilities		(711)	(2,018)	(2,387)
Equity				
Ordinary share capital	4	1,748	1,520	1,520
Deferred share capital		6,168	6,168	6,168
Share premium		37,415	35,693	35,693
Merger reserve		(41,682)	(41,682)	(41,682)
Share based payment reserve		1,105	1,105	1,105
Other reserve		731	702	702
Currency translation reserve		196	22	46
Retained earnings		(6,300)	(5,477)	(5,873)
		(619)	(1,949)	(2,321)
Non-controlling interest		(92)	(69)	(66)
Total equity		(711)	(2,018)	(2,387)

Kemin Resources Plc
Consolidated Statement of changes in equity
Six months ended 30 June 2014

	Ordinary share capital £000	Deferred share capital £000	Share premium £000	Merger reserve £000	Share based payment reserve £000	Other reserve £000	Currency translation reserve £000	Retained earnings £000	Attributed to owners of the parent £000	Non- controlling interest £000	Total £000
1 January 2014	1,520	6,168	35,693	(41,682)	1,105	702	46	(5,873)	(2,321)	(66)	(2,387)
Loss for the year	-	-	-	-	-	-	-	(427)	(427)	(43)	(470)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	150	-	150	17	167
Total comprehensive loss	-	-	-	-	-	-	150	(427)	(277)	(26)	(303)
Shares issued	228	-	1,824	-	-	-	-	-	2,052	-	2,052
Share issue cost	-	-	(102)	-	-	-	-	-	(102)	-	(102)
Modification of loans received	-	-	-	-	-	29	-	-	29	-	29
At 30 June 2014 - unaudited	1,748	6,168	37,415	(41,682)	1,105	731	196	(6,300)	(619)	(92)	(711)
At 1 January 2013	6,180	-	27,890	(33,892)	76	2,006	(67)	(2,857)	(664)	-	(664)
Loss for the period	-	-	-	-	-	-	-	(2,696)	(2,696)	(3)	(2,699)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	89	-	89	6	95
Total comprehensive loss	6,180	-	-	-	76	2,006	89	(2,696)	(2,607)	3	(2,604)
Share consolidation	(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	25	-	7,803	-	-	(2,006)	-	-	5,822	-	5,822
Modification of loans received	-	-	-	-	-	203	-	-	203	-	203
At 30 June 2013 - unaudited	1,520	6,168	35,693	(41,682)	1,105	702	89	(5,477)	(1,949)	(69)	(2,018)
At 1 January 2013	6,180	-	27,890	(33,892)	76	2,006	(67)	(2,857)	(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 profit - 31 December 2013	-	-	-	-	-	-	113	(3,092)	(2,979)	6	(2,973)
Share consolidation	(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	25	-	7,803	-	-	(2,006)	-	-	5,822	-	5,822
Modification of loans received	-	-	-	-	-	203	-	-	203	-	203
At 31 December 2013 - audited	1,520	6,168	35,693	(41,682)	1,105	702	46	(5,873)	(2,321)	(66)	(2,387)

Kemin Resources Plc
Consolidated cash flow statement
Six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited) £000	Six months ended 30 June 2013 (unaudited) £000	Year ended 31 December 2013 (audited) £000
Net cash inflow/(outflow) from operating activities	(188)	-	(1006)
Investing activities			
Additions to intangible assets	(7)	(8)	(43)
Restricted cash	1	-	-
Net cash used in investing activities	(6)	(8)	(43)
Financing activities			
Proceeds on issue of shares	2,136	-	-
Issue costs	(186)	-	-
Loans repaid	(238)	-	-
Proceeds from borrowings	434	20	1,060
Net cash flow from financing activities	2,146	20	1,060
Increase in cash and cash equivalents	1,952	12	11
Cash and cash equivalents at the beginning of the year	11	5	-
Cash and cash equivalents at the end of the period	1,963	17	11

**Notes to the consolidated financial information
Six months ended 30 June 2014**

1 Statutory accounts

The interim financial results for the period ended 30 June 2014 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 434(3) of the Companies Act 2006.

2 Basis of preparation

Kemin Resources Plc is registered and domiciled in England and Wales.

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

This interim financial information of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2014 has been prepared on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2013. It has not been audited, does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2013. The 2013 annual report and accounts, received an unqualified opinion from the auditors, and there was no note by way of emphasis, it did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006, have been filed with the Registrar of Companies. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'.

The financial information is presented in British Pounds and has been prepared under the historical cost convention.

The same accounting policies, presentation and method of computation are followed in this consolidated financial information as were applied in the Group's latest annual financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group.

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

Going Concern

As at 30 June 2014, the Group had cash in hand of £1.9m (2013:£17,000).

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

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

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

3 Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss for the financial period, six months to 30 June 2014 of £470,000, (30 June 2013 £2,699,000; 31 December 2013 £3,099,000).

The weighted average number of ordinary shares for calculating the basic loss per share and diluted loss per share for the six months to 30 June 2014 is 153,288,644, (30 June 2013 148,320,720 ; 31 December 2013 150,483,730).

4 Functional and presentational currency

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

	30 June 2014		30 June 2013		31 December 2013	
	Closing	Average	Closing	Average	Closing	Average
KZT= £	312.52	290.87	229.67	229.38	239.24	229.72

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

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

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

Kemin Resources Plc

4 Share Capital

Ordinary shares

Issued and fully paid ordinary 1p shares

	Number	US\$000
1 January 2013	618,002,894	6,180
New issue of shares	106	-
Share consolidation	(616,776,994)	(6,168)
Conversion of convertible loan notes	2,472,011	25
Arising in the acquisition of KMRC	148,320,720	1,483
31 December 2013	152,018,737	1,520
New issue of shares	22,804,310	228
30 June 2014	174,823,047	1,748

On 20 June 2014 the Group successfully placed 22,804,310 ordinary 1p shares at a price of 9p

The net proceeds of the Placing will be used to continue the development of the Company's tungsten and molybdenum assets in Kazakhstan and for general working capital purposes.

5 Events after the balance sheet date

There were no significant transactions after the reporting date.

6 Approval of interim group financial statements

The interim group financial statements for the six months to 30 June 2014 were approved by the directors on 24 September 2014.

7 Ultimate Controlling Party

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

Kemin Resources Plc

Company Details

Directors	Sanzhar Assaubayev, Chief Executive Officer Kanat Assaubayev, Chairman Ashar Qureshi, Non-Executive Vice-Chairman Aidar Assaubayev, Non-Executive Director William Trew, Non-Executive Director Ken Crichton, Non-Executive Director Neil Herbert, Non-Executive Director
Secretary	Rajinder Basra
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Solicitors	Gowlings (UK) LLP 15 th Floor 125 Old Broad Street London EC2V 5EH
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