

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

Interim report – 6 months to 30 June 2017

Kemin Resources Plc (AIM: KEM), the exploration and development company with substantial interests in Kazakhstan, announces its unaudited interim results for the six months ended 30 June 2017.

Highlights:

- Supplement to the licence extension in relation to the Smirnovskoye (licence 1605) deposit agreeing the work programmes has been approved allowing exploration and production until July 2019;
- The initial licence extension in relation to (licence 1606) deposit has been approved, for a three year period, final approval is subject to agreements in relation to the environmental and work programmes. Final licence approval expected in Q4 2017;
- In accordance with the mine development plan, company representatives arranged visits in April and June 2017 to several institutes in China and Russia, which deal with the design of molybdenum, tungsten, and lithium ore treatment and processing plants.
- Core drilling in Drozhilovskoye and Smirnovskoye to be carried out in H1 2018 to enable the shipment of samples to China and/or Russia in order to conduct technological testing.
- Continued support for the Company from its major shareholder; and
- Attributable loss reduced to £206k (2016: £232k), due to continuing savings in administrative overheads;

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

"The Company is very close to approval of the work programmes with the Kazakh authorities in relation to Drozhilovskoye, and is expecting to commence the exploration works in Q1 2018 on both sites. The next stage is the construction of a trial plant for the development and testing of the processing technology, which will allow the future deposits' development on a full scale basis".

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

Kemin Resources Plc
Rajinder Basra (CFO)

+44(0)207 932 2456

Strand Hanson Limited (Nomad, Financial Adviser and Broker)
Ritchie Balmer/Andrew Spinney

+44(0)207 409 3494

Information on the Company

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

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

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

Both deposits are located in northern Kazakhstan.

Chief Executive Officer's Review

The Company has now agreed the work programmes in relation to Smirnovskoye, but will commence the work as agreed with the Kazakh authorities on this site once the final Drozhilovskoye work programmes have been signed off. This is expected to be in Q4 2017, and the exploration work is therefore expected to commence in Q1 2018. The licence is valid after the supplemental agreements for the Smirnovskoye area until July 2019.

In relation to Drozhilovskoye the Company is agreeing the final form and content of the work programmes with the Kazakh authorities. Within the revisions to the work programme it has been agreed that the area is to be split into a north and south area and a commitment has been given that after one year of exploration works the northern area will be transferred to the production stage. These documents were delivered to the Kazakh authorities in September 2017, for final sign off, and are no further amendments are expected.

In accordance with the mine development plan, company representatives arranged visits in April and June 2017, to several institutes in China and Russia, which deal with design of molybdenum, tungsten, lithium recovery processing plants with facilities in China covering ore treatment.

In April of 2017, several negotiations were held with IISC SB RAS (Institute of Solid State Chemistry and Mechanochemistry of the Siberian Branch of Russian Academy of Sciences) regarding the technological testing of molybdenum, tungsten and lithium recovery into concentrate. Commercial quotes were received which are being considered, these will allow the company to arrange the technological research and testing. IISC SB RAS has designed a Chemicometallurgical Plant in Krasnoyarsk, Russia, which processes lithium ores into metal and crystallised lithium as a final product.

In June 2017 company representatives also arranged visits to several institutes in China (Beijing, Urumqi, Yantai), which deal with the recovery technologies of molybdenum, tungsten and lithium. In addition at this time a number of working processing plants were visited in order to plan for the future production of ore.

The core drilling in Drozhilovskoye and Smirnovskoye is expected to commence in Q1 2018 with samples of the cores extracted to be sent to China and/or Russia for technological testing the results of the pilot tests are expected in 1H 2018.

We would like to thank the shareholders for their patience during this time but see a positive future for the Company going forward and for developments in 2018.

The major shareholder is fully committed to project development the current financing agreement in place will provide cash resources to take the project development forward. Under this agreement cash resources are currently available of approximately £4.5m. The shareholder has agreed with the Board that this facility remains available and they are fully committed to the development of the projects. The terms and extension of the facility are currently being finalised.

Sanzhar Assaubayev

CEO Kemin Resources Plc

Kemin Resources Plc
Consolidated income statement
Six months ended 30 June 2017

	Six months to 30 June 2017 (unaudited) £000	Six months to 30 June 2016 (unaudited) £000	Year ended 31 December 2016 (audited) £000
Continuing operations			
Administrative expenses	(93)	(104)	(158)
Operating Loss	(93)	(104)	(158)
Finance Expense	(115)	(134)	(287)
Loss before taxation	(208)	(238)	(445)
Income tax expense	-	-	-
Loss for the period	(208)	(238)	(445)
Loss for the period attributable to:			
Equity shareholders of the parent	(206)	(232)	(432)
Non-controlling interest	(2)	(6)	(13)
	(208)	(238)	(445)
Loss per ordinary share			
Basic & Diluted	(0.12p)	(0.14p)	(0.25p)

Consolidated statement of comprehensive income
Six months ended 30 June 2016

	Six months to 30 June 2017 (unaudited) £000	Six months to 30 June 2016 (unaudited) £000	Year ended 31 December 2016 (audited) £000
Loss for the period	(208)	(238)	(445)
Currency translation differences arising on translations of foreign operations*	10	(76)	(58)
Total comprehensive loss	(198)	(314)	(503)

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

Loss for the period attributable to:

Equity shareholders of the parent	(200)	(291)	(481)
Non-controlling interest	2	(23)	(22)
	(198)	(314)	(503)

Kemin Resources Plc
Consolidated Statement of financial position
Six months ended 30 June 2017

	30 June 2017 (unaudited) £000	30 June 2016 (unaudited) £000	31 December 2016 (audited) £000
Non-current assets			
Intangible assets	2,502	2,221	2,539
Property, plant and equipment	14	14	15
Other non-current assets	167	162	169
Restricted cash	4	4	5
	2,687	2,401	2,728
Current assets			
Other receivables	24	25	10
Cash and cash equivalents	8	119	59
	32	144	69
Total assets	2,719	2,545	2,797
Current liabilities			
Trade and other payables	1,617	1,439	1,590
Loans and borrowings	669	441	690
Other liabilities	-	-	-
	2,286	1,880	2,280
Non-current liabilities			
Loans and borrowings	3,104	2,936	2,990
	3,104	2,936	2,990
Total liabilities	5,390	4,816	5,270
Net liabilities	(2,671)	(2,271)	(2,473)
Equity			
Ordinary share capital	1,748	1,748	1,748
Deferred share capital	6,168	6,168	6,168
Share premium	37,414	37,414	37,414
Merger reserve	(41,682)	(41,682)	(41,682)
Share based payment reserve	1,105	1,105	1,105
Other reserve	1,188	1,172	1,188
Currency translation reserve	9	(7)	3
Retained earnings	(8,430)	(8,024)	(8,224)
	(2,480)	(2,106)	(2,280)
Non-controlling interest	(191)	(165)	(193)
Total equity	(2,671)	(2,271)	(2,473)

Kemin Resources Plc
Consolidated Statement of changes in equity
Six months ended 30 June 2017

	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 2017	1,748	6,168	37,414	(41,682)	1,105	1,188	3	(8,224)	(2,280)	(193)	(2,473)
Loss for the period	-	-	-	-	-	-	-	(206)	(206)	(2)	(208)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	6	-	6	4	10
Total comprehensive loss	-	-	-	-	-	-	6	(206)	(200)	2	(198)
At 30 June 2017	1,748	6,168	37,414	(41,682)	1,105	1,188	9	(8,430)	(2,480)	(191)	(2,671)
At 1 January 2016	1,748	6,168	37,414	(41,682)	1,105	912	52	(7,792)	(2,075)	(171)	(2,246)
Loss for the period	-	-	-	-	-	-	-	(232)	(232)	(6)	(238)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	(59)	-	(59)	(17)	(76)
Total comprehensive loss	-	-	-	-	-	-	(59)	(232)	(291)	(23)	(314)
Modification of loans received	-	-	-	-	-	260	-	-	260	29	289
At 30 June 2016	1,748	6,168	37,414	(41,682)	1,105	1,172	(7)	(8,024)	(2,106)	(122)	(2,271)
At 1 January 2016	1,748	6,168	37,414	(41,682)	1,105	912	52	(7,792)	(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 profit - 31 December 2015	-	-	-	-	-	-	(49)	(432)	(481)	(22)	(503)
Contribution from related party	-	-	-	-	-	276	-	-	276	-	276
At 31 December 2016	1,748	6,168	37,414	(41,682)	1,105	1,188	3	(8,224)	(2,280)	(193)	(2,473)

Kemin Resources Plc
Consolidated cash flow statement
Six months ended 30 June 2017

	Six months to 30 June 2017 (unaudited) £000	Six months to 30 June 2016 (unaudited) £000	Year ended 31 December 2016 (audited) £000
Net cash outflow from operating activities	(51)	(188)	
Financing activities			
Loans repaid	-	-	
Net cash outflow from financing activities	-	-	
Decrease in cash and cash equivalents	(51)	(188)	
Cash and cash equivalents at the beginning of the period	59	307	
Cash and cash equivalents at the end of the period	8	119	

Notes to the consolidated financial information
Six months ended 30 June 2017

1 Basis of preparation

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

The consolidated interim financial information have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2016. The consolidated interim financial information for the period 1 January 2017 to 30 June 2017 is unaudited and incorporates unaudited comparative figures for the interim period 1 January 2016 to 30 June 2016 and the audited financial information for the year to 31 December 2016. It does not include all disclosures that would otherwise be required within a complete set of financial statements.

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

Going Concern

As at 30 June 2017, the Group had cash in hand of £8,000 (December 2016:£59,000).

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). There is currently approximately £4.5m available under this facility.

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

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

Notes to the consolidated financial information (continued)
Six months ended 30 June 2017

2 Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss for the financial period, six months to 30 June 2017 is £206,000, (30 June 2016: loss £232,000; 31 December 2016 loss :£432,000).

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 2017 is 174,833,041 (30 June 2016 174,833,041; 31 December 2016 174,833,041).

3 Functional and presentational currency

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

	30 June 2017		30 June 2016		31 December 2016	
	Closing	Average	Closing	Average	Closing	Average
KZT= £	414.00	402.00	449.35	493.52	406.65	467.79

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

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

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

4 Events after the balance sheet date

There were no significant transactions after the reporting date.

5 Approval of interim group financial statements

The interim group financial statements for the six months to 30 June 2017 were approved by the directors on 23 September 2017.

6 Ultimate Controlling Party

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

Kemin Resources Plc

Company Details

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