KEMIN RESOURCES PLC

Innovation through Exploration

Annual Report 2017

WELCOME TO KEMIN RESOURCES
KEMIN RESOURCES ANNUAL REPORT 2017

At a glance

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.

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 Drozhilovsoye 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.

To read more about Kemin Resources Plc
please visit our website www.keminresources.com

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Areas of exploration

1 Drozhilovskoye

The Drozhilovskoye molybdenum-tungsten deposit is located in the Denisovski rayon of the Kostanayskaya oblast, 55km north east of Zhitigara and 31km North West of the rayon center, Denisovka. The small settlement of Okrainka lies some 4km from the deposit.

The deposit area covers approximately 6.6km^2. In addition to the molybdenum and tungsten content, the deposit also contains significant quantities of lithium.

Since the deposit was discovered in 1964, considerable exploration work has taken place culminating in the most recent resource statement undertaken in 2005 (using the former Soviet Union resource and reserve classification system common in Central Asia), which estimated a GKZ approved Category C1 and C2 resource estimate for the northern stockwork of 37.2Mt at 0.107% molybdenum and 0.086% tungsten trioxide.

This assumed a 0.05% molybdenum equivalent cut-off grade. Importantly, the first resource estimate undertaken in 1974 defined a GKZ approved estimate for the whole deposit at a C2 category of approximately 140Mt at 0.188% molybdenum. Subsequently additional drilling has been completed and the updated February 2013 GKZ resource estimate is presented in the Chief Executive Officer's report.

2 Smirnovskoye

The Smirnovskoye deposit is located in the Karabalyksky rayon, 120km north west of the Kostanay oblast and some 41km north of Karabalyk, the district centre in northern Kazakhstan. The village of Smirnovka is in the immediate vicinity of the deposit. The deposit area covers approximately 13.7km^2.

The deposit has been divided into a larger northern and a smaller southern zone. Within both zones, the principal ore mineral is molybdenite which is associated with chalcopyrite and pyrite.

The deposit has been studied in less detail than Drozhilovskoye, although a 1996, GKZ approved, resource estimate produced a combined Category C1 and C2 resource for both the larger northern and smaller southern zones of approximately 109Mt at a grade of 0.1378% molybdenum using a 0.05% molybdenum equivalent cut-off grade.

A further estimate was undertaken in 2007 which gave an estimate of 108Mt at a grade of 0.1056% molybdenum using the same cut-off grade. Subsequently, additional drilling has been undertaken and the updated February 2013 GKZ resource estimate is presented in the Chief Executive Officer's report.

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CHAIRMAN'S STATEMENT

"The patience of shareholders will be rewarded as we move towards the production phase."

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 Assaubayev
Chairman
1 June 2018

CHIEF EXECUTIVE OFFICER'S REPORT

"The Company is in the process of analysing the latest drilling results, with the next step to refine the production techniques and subject to sourcing additional funding, establish a pilot plant for production at a later stage."

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.

CHIEF EXECUTIVE OFFICER'S REPORT continued

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:

Key performance indicators

	31 December 2017	31 December 2016
Molybdenum resources (metal equivalent) – C1 (Kt)	**484.6**	484.6
Tungsten resources (metal equivalent) – C1 (Kt)	**81.4**	81.4
Molybdenum resources – inferred grade (%)	**0.156**	0.156
Tungsten resources – inferred grade (%)	**0.026**	0.026
Cash balance (£000's)	**16**	59
Exploration expenditure (cumulative – £000's)	**2,396**	2,539
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

BOARD OF DIRECTORS

Kemin Resources has a highly experienced Board of Directors with a commitment to driving profitability and long-term shareholder value.

Non-Executive Chairman

Kanat Assaubayev

Appointment
Kanat Assaubayev was appointed to the Board as Chairman on 23 October 2013.

Experience
Kanat Assaubayev is one of Kazakhstan's leading entrepreneurs in the natural resources sector. He was the first Kazakh to receive a doctorate in metallurgy. His early career was in academia where he was the Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He subsequently began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.

Non-Executive Vice Chairman

Ashar Qureshi

Appointment
Ashar Qureshi was appointed to the Board as Vice Chairman on 7 December 2012.

Experience
Ashar Qureshi is a London based US qualified lawyer who is currently a member partner of Freshfields Bruckhaus Deringer LLP, a Director of Hanson Asset Management Limited and a partner of Naya Capital Management LLP. He was formerly the Vice Chairman of Renaissance Group, where his position was a senior investment-banking role, and prior to that he worked with international firm Cleary Gottlieb Steen & Hamilton LLP. He holds a Juris Doctorate and is a graduate of Harvard Law School and Harvard College.

Chief Executive Officer

Sanzhar Assaubayev

Appointment
Sanzhar Assuabayev was appointed to the Board as Chief Executive Director on 17 April 2013.

Experience
Sanzhar Assaubayev was formerly Director of International Affairs of JSC MMC Kazakhaltyn and an Executive Director of KazakhGold Group Limited, the gold mining corporation. He is also a member of the board of directors of AltynGroup plc. He was educated at the Leysin American School in Switzerland, where he specialised in management, and the American University in the United Kingdom. Sanzhar Assaubayev is the son of Kanat Assaubayev.

Non-Executive Director

Aidar Assaubayev

Appointment
Aidar Assaubayev was appointed to the Board as Non-Executive Director on 25 February 2013.

Experience
Aidar Assaubayev is an Executive Director of Altyn Group Kazakhstan LLP. He was formerly Executive Vice Chairman of KazakhGold Limited, the gold mining corporation, and he was also formerly Vice President and a Director of JSC MMC Kazakhaltyn. He graduated from the Kazakh National Technical University in Almaty and he also holds a degree in Economics from the Institute of Systemic Analysis in Moscow. Aidar Assaubayev is the son of Kanat Assaubayev.

Non-Executive Director

Neil Herbert

Appointment
Neil Herbert was appointed to the Board as Non-Executive Director on 17 December 2013.

Experience
Neil Herbert has a wealth of experience managing, advising and investing in growth companies through business expansion, M&A and IPOs. Prior to Polo Resources, where he worked until 2013, he was Finance Director of Galahad, another investment company, which achieved an average IRR of 66%pa over its four year existence. Neil became Finance Director of its most successful investment which he took from start-up to a US$2.5bn takeover with Galahad achieving an annualised return of 167%. He has worked with natural resources since joining Antofagasta during its 1990s transformation into a major copper producer with the US$1.3bn Los Pelambres and US$0.3bn El Tesoro mines taken into production. Following that he was CFO of gold explorer Brancote until its US$0.4bn acquisition. Neil began his career working with PwC, he is a Fellow of the Association of Chartered Certified Accountants and has a BA Joint Honours degree in Economics & Economic History. He has served as a director of companies on the AIM, ASX, LSE, JSE and TSX. Today Neil works with growth companies across sectors and he is a founder & chairman of Siderian Resource Capital, HeliumOne and Anglo African Agriculture.

Go to page 39 to view our Company details

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2017.

Principal activity and business review

The principal activity of the Company is 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 Company's principal risks and uncertainties and performance indicators to the extent they are relevant at this stage of the Company's development. Although the financial statements are prepared on a going concern basis, reference should be made to the ability of the Company to continue trading as noted below.

Going concern and the availability of project finance

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 (China Molybdenum), with a view to finalising an offtake agreement for purchasing an initial trial batch. Subject to sourcing the necessary 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.

Corporate structure

Kemin Resources Plc is a public company limited by shares that is incorporated in England and Wales. The subsidiaries of the Company are listed below:

Name of company	Country of incorporation	Nature of trade	Shareholding
GMA (MALTA) Ltd	Malta	Dormant	owned 100% by Kemin Resources Plc
Joint Venture Kazakh-Russian Mining Company LLP (KRMC)	Kazakhstan	Mining activities	owned 90% by Lother Enterprises Limited
Lother Enterprises Limited	England	Dormant	owned 100% by Kemin Resources Plc

Results and dividends

The results of the Company for the year ended 31 December 2017 are set out in the consolidated statement of comprehensive income and a commentary on the results is included in the Strategic report. The Group incurred losses in the year of £484,000 (2016 : £445,000), in the course of developing its principal mining assets in Kazakhstan. The Directors do not recommend the payment of a dividend (2016: £Nil).

Directors

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

Kanat Assaubayev	Non-Executive Chairman
Sanzhar Assaubayev	Chief Executive Officer
Ashar Qureshi	Non-Executive Vice Chairman
Aidar Assaubayev	Non-Executive Director
Neil Herbert	Non-Executive Director

Directors' insurance

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

Substantial shareholdings

The following entities had disclosable interests of 3% or more of the nominal value of the Company's ordinary shares as at the date of this report.

Shareholder	Shareholding ordinary shares	% owned
Bergfolk Corporation	133,117,846	76.14
Goldman Sachs Securities (Nominees) Limited	8,970,000	5.13
Euroclear Nominees Limited	7,020,622	4.02
Vidacos Nominees Limited	5,950,000	3.40

Financial risk management

Information relating to the Group's financial risk management is set out in note 14 of the financial statements.

Employees

The Group has a policy of providing opportunities for training, career development and promotion to all employees in accordance with their skills and abilities. The Group supports the recruitment of disabled persons where possible. Priority is given to those who become disabled during their employment.

The Group endeavors to keep all employees informed on matters affecting them and takes into account the views of employees wherever possible.

Charitable and political contributions

There were no charitable or political contributions made in the year ended 31 December 2017 (2016: £Nil).

Directors' emoluments

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

	2017 Fee £'000	2016 Fee £'000
Kanat Assaubayev	**–**	–
Ashar Qureshi	**–**	–
Sanzhar Assaubayev	**–**	–
Aidar Assaubayev	**–**	–
Ken Crichton	**–**	2
Neil Herbert	**24**	27
Total	**24**	29

Service contracts

The Non-Executive Directors have contracts with a rolling one-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 key management personnel comprises the Directors.

Annual General Meeting

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

The details of the resolutions are given on page 37. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

At the meeting the "serious loss of capital", where the net assets of the company are half or less than the called up share capital will be discussed.

It should be noted that the statutory provision under the 2006 Act relating to "serious loss of capital" imposes no immediate consequent risk given the current solvency of the company's balance sheet and cash flow. No specific proposals or agenda are being proposed at the General Meeting, but the matter will be open for discussion and questions from Shareholders in accordance with the 2006 Act. There are no additional requirements under the 2006 Act other than raising the matter at a general meeting. As stated above, the Company is currently renewing one of the licenses and is in discussions with interested parties with a view to moving the project forward.

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

DIRECTORS' REPORT continued

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 period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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. The directors' responsibility also 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, a website www.keminresources.com is regularly updated and contains a wide range of information about the Company.

Corporate governance
The Directors are aware of the UK Corporate Governance Code ("the Code") as published by the Financial Reporting Council which is applicable to all premium listed companies on the London Stock Exchange. Given its listing on AIM, the Company is not required to comply with the Code, so this report does not describe the compliance with or departure from the Code. However, the Directors have a responsibility for the overall corporate governance and recognise the highest standards of behavior and accountability so they have put in place appropriate governance structures and provide information which would be expected for companies listed on AIM having regard to the size of the Group.

Board composition and committees
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.

The Company has established an Audit Committee which is responsible for ensuring that the financial performance of the Group is properly reported and monitored, considering and setting adequate and appropriate accounting policies and reviewing the Auditor's report. The Audit Committee comprises two Directors Non-Executive Vice Chairman Ashar Qureshi who is the Chairman of the audit Committee, (who has the casting vote in a deadlock situation), and Non-Executive Neil Herbert.

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 internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors do not believe an internal audit function is practicable for a company of this size.

Likely future developments
Details of likely future developments are set out in the Chief Executive Officer's Report.

Subsequent events
Details of events after the end of the financial year are set out in note 19 on page 36 of the financial statements.

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.

This confirmation is given and should be interpreted in accordance with the provisions of S418(2) of the Companies Act 2006.

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.

Sanzhar Assaubayev
Chief Executive Officer
1 June 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEMIN RESOURCES PLC

Opinion

We have audited the financial statements of Kemin Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of profit or loss, the consolidated statement of 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 notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter that the carrying value of the Group's exploration assets require impairment
As at 31 December 2017, the group's exploration and evaluations assets comprising the Smirnovskoye field (contract 1605) and the Drozhilovskoye field (contract 1606) formed a significant part of the financial position and were carried at £2.3m as shown in note 9. At each reporting period end, Management and the Board are required to assess the exploration and evaluation assets for indicators of impairment and, where such indicators exist, perform an impairment test. Given the significance of the exploration and evaluation assets on the Group's statement of financial position and the significant management judgement involved in the assessment of the carrying values of the assets, including the consideration of issues affecting the continuing legal title to the asset, it is considered to be a key audit matter.

How the matter was addressed in our audit
We evaluated Management and Board's assessment of whether there were any facts or circumstances that would suggest that the assets would not be recoverable. We critically challenged the considerations made of whether or not there were any indicators of impairment. Our specific audit testing in this regard included: ▲ Confirming that the group holds a valid right to explore the Smirnovskoye field. ▲ Discussing with Management the position with the renewal of the subsoil contract for the Drozhilovskoye. ▲ Confirming that the Group has a right to extend to the subsoil contract under the terms of the license and the respective mining code. ▲ Reviewing correspondence with the government and confirmed that the Group complied with the existing exploration subsoil contracts extension procedure for the Drozhilovskoye field (contract 1606), that the requested amendments requested by the government has been made to the plans and that the government had agreed in principle the work programme for the project. ▲ We have noted that the Group has breached various contract terms. Our review of legal correspondence indicated that instances of non-compliance were relatively minor and that no further action will be taken by the authorities if they are remedied. We confirmed it is within the Group's control given their current resources to remedy the breaches and that they will do so on the finalisation of Drozhilovskoye contract renewal; ▲ We reviewed Board minutes, made specific inquiries of management and reviewed budgets and work programs submitted to the Kazakh authorities to confirm the Group's intention to explore the license area; and ▲ We checked the results of the drilling programme post year-end and considered whether these would not have a detrimental affect on the commercial assessments of the projects.

Our application of materiality

Group materiality as at 31 December 2017	Basis for materiality
£50,000	2% of total assets

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality for the group financial statements as a whole was set at £50,000, being 2% of total assets (2016: £50,000). We consider total assets to be the most relevant consideration of the group's financial performance as the group continues to focus on oil and gas exploration. Materiality for the parent company financial statements was set at £45,000, being 2% of total assets (2016: £45,000).

In performing the audit we applied a lower level of performance materiality in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds financial statement materiality. Each significant component of the Group including the parent company was audited using a lower level of performance materiality ranging from £30,000 to £32,000 (2016: £20,000 to £25,000).

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £2,500 (2016: £2,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment and assessing the risks of material misstatement in the financial statements at the group level.

The Group's operations principally comprise exploration & evaluation of mining assets located in Kazakhstan. We assessed there to be 2 significant components comprising Joint Venture Kazakh-Russian Mining Company LLP (KRMC) and the parent company.

These locations, which were subject to full scope audit procedures represent the principal business units.

A non-BDO member firm performed a full scope audit of Joint Venture Kazakh-Russian Mining Company LLP (KRMC) in Kazakhstan, under our direction and supervision as group auditors under ISA 600. The audit of the parent company and the group consolidation were performed in the United Kingdom by BDO LLP.

As part of our audit strategy, as group auditors:

- ▲ Detailed group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above).
- ▲ We performed a review of the Kazakhstan component audit files and held meetings with the component audit team during the planning and completion phases of their audit.
- ▲ The group audit team was actively involved in the direction of the audits performed by the component auditors, along with the consideration of findings and determination of conclusions drawn. We performed our own additional procedures in respect of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures to confirm there are no significant risks of material misstatements within these components.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEMIN RESOURCES PLC continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott McNaughton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

1 June 2018

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
year ended 31 December 2017

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Administrative expenses		**(197)**	(158)
Operating loss	3	**(197)**	(158)
Finance expense	5	**(287)**	(287)
Loss before income tax		**(484)**	(445)
Income tax expense	6	**–**	–
Loss for the year		**(484)**	(445)
Loss for the year attributable to:			
Equity shareholders of the parent		**(463)**	(432)
Non-controlling interest	8	**(21)**	(13)
		(484)	(445)
Loss per ordinary share – basic and diluted			
Attributable to the equity shareholders of the parent	7	**(0.26p)**	(0.25p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
year ended 31 December 2017

	2017 £'000	2016 £'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)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Assets			
Non-current			
Intangible assets	9	**2,314**	2,539
Property, plant and equipment	10	**13**	15
Other non-current assets	11	**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	13	**3,206**	2,990
Non-current liabilities		**3,206**	2,990
Current			
Trade and other payables	12	**1,657**	1,590
Borrowings	13	**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	15	**1,748**	1,748
Deferred share capital	15	**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)

The financial statements were approved by the Board of Directors on 1 June 2018 and were signed on its behalf by:

Sanzhar Assaubayev
Chief Executive Officer

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

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Company number 04674237	Notes	**As at 31 December 2017 £'000**	As at 31 December 2016 £'000
Assets			
Non-current			
Amount due by subsidiary company	8	**2,495**	2,613
Non-current assets		**2,495**	2,613
Current			
Other receivables		**26**	5
Cash and equivalents		**7**	51
		33	56
Total assets		**2,528**	2,669
Liabilities			
Non-current			
Loans and borrowings	13	**(2,653)**	(2,427)
Non-current liabilities		**(2,653)**	(2,427)
Current			
Trade and other payables	12	**(231)**	(91)
Current liabilities		**(231)**	(91)
Total liabilities		**(2,884)**	(2,518)
Net (liabilities)/assets		**(356)**	151
Equity			
Equity attributable to owners of the parent			
Ordinary share capital	15	**1,748**	1,748
Deferred share capital	15	**6,168**	6,168
Share premium account		**37,414**	37,414
Merger reserve		**52,654**	52,654
Other reserve		**396**	396
Accumulated losses		**(98,736)**	(98,229)
Total equity		**(356)**	151

The financial statements were approved by the Board of Directors on 1 June 2018 and were signed on its behalf by:

The parent company has taken advantage of the exemption under section 408 (3) of the Companies Act 2006 and has not presented its statement or loss in these Financial Statements. The Parent Company's loss for the year ended 31 December 2017 is £507,000 (2016 profit £145,000).

Sanzhar Assaubayev
Chief Executive Officer

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

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.

COMPANY STATEMENT OF CHANGES IN EQUITY

year ended 31 December 2017

	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2016	1,748	6,168	37,414	52,654	396	(98,374)	6
Loss for the period	–	–	–	–	–	145	145
Total comprehensive profit	–	–	–	–	–	145	145
At 31 December 2016 & 1 January 2017	1,748	6,168	37,414	52,654	396	(98,229)	151
Loss for the period	–	–	–	–	–	(507)	(507)
Total comprehensive loss	–	–	–	–	–	(507)	(507)
At 31 December 2017	**1,748**	**6,168**	**37,414**	**52,654**	**396**	**(98,736)**	**(356)**

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: Amount related to the acquisition of KMRC.
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.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

year ended 31 December 2017

	Notes	**Year ended 31 December 2017 £'000**	Year ended 31 December 2016 £'000
Net cash outflow from operating activities	17	**(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

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

COMPANY STATEMENT OF CASH FLOWS
year ended 31 December 2017

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Net cash outflow from operating activities	17	**(52)**	(166)
Financing activities			
Advances of borrowings		**8**	–
Net loans to subsidiary		**–**	(76)
Net cash outflow from financing activities		**8**	(76)
Decrease in cash and cash equivalents		**(44)**	(242)
Cash and cash equivalents at the beginning of period		**51**	293
Cash and cash equivalents at the end of period		**7**	51

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

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 December 2017

1. Accounting policies

Nature of operations and 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.

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.

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.

New accounting standards and amendments

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant to its operations and effective for accounting periods beginning 1 January 2017. The adoption of these new and revised Standards and interpretations had no material effect on the profit or loss or financial position of the Group.

The Group has not adopted any Standards or Interpretations in advance of the required implementation dates.

At the date of authorisation of these financial statements, the following standards and relevant interpretations, which have not been applied in these financial statements, were in issue but not yet effective (all standards have been endorsed by the EU):

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts
IFRS 16 Leases

The only standard that is anticipated to be significant or relevant to the Group is IFRS 9 "Financial Instruments". This new standard will replace the existing accounting standards IAS39. It is applicable to financial assets and liabilities and will introduce changes to existing accounting concerning classification, measurement and impairment. The revised standard is not expected to have a significant impact on the results.

1. Accounting policies continued

New accounting standards and amendments continued

IFRS 15 'Revenue from Contracts with Customers' is not expected to have a material impact on the Group at this stage of the Group's operations. The revenue contracts held by the Group usually contain a single performance criteria that is satisfied at a point in time. The Group will adopt the above standards at the time stipulated by that standard. The Group does not at this time anticipate voluntary early adoption of any of the standards.

IFRS 16 will require the recognition of an asset and liability with respect to the material operating lease commitments it is not expected to have a material impact on the Group at this stage of the Group's operations.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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.

The consolidated financial statements incorporate the results of business combinations using the acquisition 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 statement of comprehensive income from the date on which control is obtained until control ceases.

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

In 2013 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.

Segmental reporting

In the opinion of the Directors, who are regarded as the chief operating decision maker, the Company has one business activity, being the exploration for, and development of the molybdenum, copper and tungsten deposits in Kazakhstan.

The Board of Directors consider there to be only one operating segment, the exploration and development of mineral resources and only one geographical segment, being Kazakhstan. Therefore no additional segmental information is presented.

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 KMRC is the Kazakh Tenge which is the currency of KMRC's primary economic environment in which it operates, the functional currency of the parent is the British Pound. 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. Retranslation of dollar denominated loans in the subsidiary are taken to the profit and loss account and shown in finance expenses.

NOTES TO THE FINANCIAL STATEMENTS continued

year ended 31 December 2017

1. Accounting policies continued

Foreign currency translation continued

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. The loans to the subsidiary are treated as part of the net investment in the subsidiary and the foreign currency differences are taken to the statement of comprehensive income on consolidation. 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 opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to 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 Company becomes party to the contractual provision of the instrument.

Financial assets

The Company classifies its financial assets only as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets (other receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised costs using the effective interest rate method, less provision for impairment.

Financial assets are assessed for indicators of impairment at reach reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments with original maturities of less than three months and which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value; for the purposes of statement of cash flows, cash and cash equivalents also include bank overdrafts.

Investments and loans to subsidiaries

Investments in subsidiaries are included at cost less amounts written off. Loans to subsidiaries are initially recognised at fair value and subsequently measured at amortised costs. In accordance with IAS39 any expected credit losses are provided for in the income statement.

Financial liabilities

The Company classifies its financial liabilities into one of the following categories according to the substance of the contractual arrangements entered into:

- bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is charged at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is not settled;
- liability components of convertible loan notes are measured as described further below;
- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using an effective interest method;
- loans from related parties are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Any discount between the proceeds and fair value is credited to other reserve as a capital contribution in the statement of changes in equity. Any subsequent modifications of the terms of the loans will be reflected in a revision to the fair value, and adjustment to the amortised cost.

The Company does not have any financial liabilities measured at fair value through profit or loss and does not have any financial liabilities in qualifying hedging relationships.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion of maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in other reserves within the shareholders' equity, net of income tax effects.

Share capital

Financial instruments used by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments and are recorded at proceeds received, net of direct issue costs.

1. Accounting policies continued

Exploration and evaluation assets

Exploration and evaluation 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 expenditures are transferred to non-current assets 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 for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired:

- whether the during the period the licence has expired or will expire in the near future, and is not expected to be renewed;
- whether substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- whether sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets period for which the Group has the right to explore in a specific area has expired;
- is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted the Group must perform an impairment test in accordance with the provisions of IAS 36, assessing the recoverable amount of the exploration and evaluation assets together with all development and production assets, as a single cash generating unit (CGU). The aggregate carrying value is compared against the expected recoverable amount of the CGU. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Any exploration and evaluation impairment loss would be recognised in the income statement and separately disclosed. Pre-licence costs are recognised as an expense in the statement of comprehensive income as incurred.

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

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
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 is 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 Company 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 continued
year ended 31 December 2017

1. Accounting policies continued
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 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 been made in accordance with local legislation.

The estimated cost of rehabilitation includes the current cost of re-contouring, top-soiling and re-vegetation 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 Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually 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 Company monitors internal and external indicators of impairment relating to its exploration and evaluation assets. Management has considered whether any indicators of impairment have arisen over certain assets relating to the Group's exploration licenses. Management consider the exploration results to date and assess whether with the information available, there is any suggestion that a commercial operation is unlikely to proceed. In addition management have considered the likely success of renewing the licences, the impact of any instances of non-compliance with license terms and are continuing with the exploration and evaluation of the sites. After considering all relevant factors the management were of the opinion that no impairment was required In relation to the costs capitalised in relation to exploration and evaluation assets.

(ii) 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.

(iii) Country of operation
The Company'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 of 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.

(iv) 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.

(v) 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 any 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:

	2017 £'000	2016 £'000
Staff costs (note 4)	**24**	29
Fees payable to the Company's auditors for the audit of the company and group financial statements	**39**	35
Fees payable to the auditors of the Company's subsidiary	**3**	3

4. Staff number and costs

	2017 £'000	2016 £'000
Staff costs (including Directors)		
Wages and salaries	**24**	29
Social security costs	**–**	1
	24	30

One Director was paid a total amount of £24,000, (2016 two Directors received £29,000). During the current and prior year the Directors were the only key management personnel. The number of staff employed in the Company and Group was 5 (2016:5).

5. Finance income and expenses

	2017 £'000	2016 £'000
Finance expense	**291**	305
Foreign exchange gain	**(4)**	(18)
	287	287

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.

	2017 £'000	2016 £'000
Loss before tax	**(484)**	(445)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	**(93)**	(89)
Effect of:		
Income not subject to tax	**–**	–
Different tax rates in overseas territory	**–**	–
Unrecognised tax losses carried forward	**93**	89
Total tax charge for year	**–**	–

The parent company has tax losses of £1,595,000 available to carry forward (2016: £1,088,000). Tax losses arising in the subsidiary in Kazakhstan are only recognised on commencement of commercial production. The potential deferred tax asset related to tax losses is £303,000 (2016: £217,000), no deferred tax asset has been recognised as the future profitability of the Company is uncertain.

7. Loss per share

	2017	2016
Basic and diluted loss per share		
Loss for the year attributable to the equity holders of the parent entity (£'000)	**(463)**	(432)
Weighted average number of shares in issue	**174,833,041**	174,833,041
Loss per share attributable to the equity holders of the parent entity	**(0.26p)**	(0.25p)

Where a loss has been incurred the diluted loss per share does not differ from the basic loss per share as the conversion of the convertible loan would have the effect of reducing the loss per share and are therefore not dilutive under the terms of IAS 33.

8. Investments

The Company has the following investments in subsidiary undertakings:

Name of company	Country of incorporation	Nature of trade	Shareholding (voting shares)
GMA (MALTA) Ltd	Malta	Dormant	owned 100% by Kemin Resources Plc
Joint Venture Kazakh-Russian Mining Company LLP (KRMC)	Kazakhstan	Mining activities	owned 90% by Kemin Resources Plc
Lother Enterprises Limited	England	Dormant	owned 100% by Kemin Resources Plc

NOTES TO THE FINANCIAL STATEMENTS continued

year ended 31 December 2017

8. Investments continued

	Subsidiary loan £'000
1 January 2016	**1,990**
Loans to subsidiary	**76**
Management and interest charges	**118**
Foreign exchange movements	**429**
31 December 2016 and 1 January 2017	**2,613**
Management and interest charges	**114**
Foreign exchange movements	**(232)**
31 December 2017	**2,495**

The registered address for the companies are as follows: GMA (MALTA) Ltd – Tower Business Centre, Tower Street, Swatar BKR 4013 Malta. KRMC -188 Satpayev Street, Almaty. 050018. Kazakhstan. Lother Enterprises Limited- 28 Eccleston Square, London. SW1V 1NZ, and are exempt from audit under S479A of the Companies Act 2006.

The loans, which are denominated in US Dollars, represent investments into the subsidiaries and in the opinion of the Directors the aggregate value of the investments in the subsidiaries is not less than the amount shown in these financial statements. The Directors review the intercompany borrowings on a regular basis, together with the associated cash flows of each company, and consider that no impairment is required.

The recent loans to subsidiaries are charged at a fixed interest rate of 5% and are repayable giving twelve months' notice by the lender, and these are also included within fixed assets. The foreign exchange movement on the loans/investments to subsidiaries is to revalue the amounts which are denominated in US Dollars to the year end exchange rate. The movement is reflected within the income statement of the parent company and is treated as part of the net investment in the subsidiary and on consolidation is taken to the translation reserve.

Non controlling interests

KRMC, a 90% owned subsidiary of the Company has material non-controlling interests (NCI).

Summarised financial information in relation to KRMC, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the period ended 31 December	**2017 £'000**	2016 £'000
Administrative expenses	**(71)**	(19)
Operating loss	**(71)**	(19)
Finance expenses	**(138)**	(108)
Loss before tax	**(209)**	(127)
Tax expense	**–**	–
Loss after tax	**(209)**	(127)
Loss allocated to NCI	**(21)**	(13)
Other comprehensive income allocated to NCI	**17**	9
Total comprehensive loss allocated to NCI	**(4)**	(22)
Dividends paid to NCI	**–**	–
Cash flows from operating activities	**7**	(85)
Cash flows from investing activities	**(5)**	–
Cash flows from financing activities	**–**	77
Foreign exchange translation	**(1)**	(15)
Net cash outflows	**1**	(23)

8. Investments continued

Non controlling interests continued

As at 31 December	2017 £'000	2016 £'000
Assets		
Intangible assets	**1,929**	2,113
Property, plant and equipment	**13**	15
Other non-current assets	**148**	159
Trade and other debtors	**1**	18
cash and cash equivalents	**9**	8
Liabilities		
Trade and other payables	**(1,425)**	(1,498)
Loans and other borrowings	**(2,638)**	(2,740)
Accumulated non-controlling interests at 10%	**(197)**	(193)

9. 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.

NOTES TO THE FINANCIAL STATEMENTS continued
year ended 31 December 2017

10. Property, plant and equipment

Group	Land and buildings £'000	Machinery and equipment £'000	Total £'000
Cost			
At 1 January 2016	4	43	47
Additions			
Exchange difference		10	10
At 31 December 2016 & 1 January 2017	**4**	**53**	**57**
Exchange difference	–	(4)	(4)
At 31 December 2017	**4**	**49**	**53**
Depreciation			
At 1 January 2016	(1)	(32)	(33)
Exchange difference	–	(9)	(9)
At 31 December 2016 & 1 January 2017	**(1)**	**(41)**	**(42)**
Charge for the year	–	(2)	(2)
Exchange difference	–	4	4
At 31 December 2017	**(1)**	**(39)**	**(40)**
Net book values			
At 31 December 2017	**3**	**10**	**13**
At 31 December 2016	3	12	15
At 1 January 2016	3	11	14

11. Other non-current assets

	Company		Group	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Other receivables and prepayments	**–**	–	**145**	169
	–	–	**145**	169

Other receivables of £145,000 (2016: £159,000) included within non-current assets for 2017 and 2016 relate to an amount recoverable in relation to Value Added Tax, which will be recovered upon successful development and operation of the Group's projects.

12. Trade and other payables

	Company		Group	
Current	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Trade payables	**189**	53	**1,473**	1,401
Other payables and accruals	**42**	38	**184**	189
	231	91	**1,657**	1,590

13. Loan and borrowings

	Interest rate	Maturity	Company and Group 2017 £'000	2016 £'000
Non-current liabilities				
Borrowings – Amrita Investments Limited	LIBOR +5%	2019	**2,653**	2,427
			2,653	2,427

Amrita Investment Limited, is a company incorporated in the British Virgin Islands and ultimately controlled by Assaubayev family, it entered into an agreement for the provision of an unsecured £7,000,000 loan facility to be applied toward the Group's working capital requirements.

The loan from Amrita Investments Limited bears an interest rate of LIBOR +5%. The loan is repayable, by extension to the original agreement on 4 February 2019 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 may also be terminated at an earlier date by mutual agreement between the parties.

	Currency	Interest rate	Maturity	Group 2017 £'000	2016 £'000
AlmaSnabResours LLP	KZT	0%	on demand	**80**	88
Lanochkin S.S. (related party – note 18)	KZT	0%	on demand	**35**	39
Storm continental SA	USD	5%	on demand	**321**	342
Central Asia Mining Corp.	USD	10%	on demand	**210**	221
Current				**646**	690
Hawkinson Capital INC (related party – note 18)	USD	20%	2021	**373**	385
Hawkinson Capital INC (related party – note 18)	KZT	0%	2021	**123**	122
Altyn MunaiGaz LLP	KZT	0%	2021	**57**	56
Amrita Investment Limited (related party – note 18)	£	LIBOR +5%	2019	**2,653**	2,427
Non-current				**3,206**	2,990

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 the effective interest rate.

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. 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% (2016: from 10.0% to 10.8%).

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

Loans provided as short-term are past due. As at the reporting date and signing date of the financial statements the Company had not agreed with the lenders on repayment dates of past due financial liabilities, these amounts are currently being negotiated.

All non-current loans 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.

14. Financial risk management objectives and policies

The Group's principal financial liabilities comprise unsecured loans and other payables which are measured at amortised cost or 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. The Company's principal financial liability relates to an unsecured loan and its principal financial asset to the loan to the subsidiary company.

The Company is exposed to market risk by virtue of holding financial liabilities and assets. The Board reviews and agrees policies for managing the risks arising from the holding of these instruments, such as changes in interest rates and liquidity risks. The Company does not:

- actively engage in trading of financial assets for speculative purposes;
- buy or sell derivative securities or contracts; or
- execute financial instruments or contracts to hedge its exposure to exchange rates or interest rates. The most significant financial risks to which the Group is exposed are described below.

NOTES TO THE FINANCIAL STATEMENTS continued
year ended 31 December 2017

14. Financial risk management objectives and policies continued
a) Liquidity risk

The Group had £16,000 of net bank balances at the year-end (2016: £59,000). The Directors monitor cash flow on a regular basis as the company is in the development stage the cash flows are predictable on a monthly basis. The Company is currently utilising the working capital facility as provided by Amrita Investment Limited. Given the present level of contractual commitments the funds available are adequate for the Company's requirements.

The table below summarises the maturity profile of the Group's and Company's financial liabilities at 31 December 2017 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
2017					
Trade payables	1,473	–	–	–	1,473
Other creditors and accruals	183	–	–	–	183
Borrowings	890	2,954	683	–	4,527
	2,546	2,954	683	–	6,183
2016					
Trade payables	1,401	–	–	–	1,401
Other creditors and accruals	189	–	–	–	189
Borrowings	690	–	3,764	–	4,454
	2,280	–	3,764	–	6,044

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
2017					
Trade payables	189	–	–	–	189
Other creditors and accruals	42	–	–	–	42
Borrowings	–	2,954	–	–	2,954
	231	2,954	–	–	3,185
2016					
Trade payables	53	–	–	–	53
Other creditors and accruals	38	–	–	–	38
Borrowings	–	–	2,816	–	2,816
	91	–	2,816	–	2,907

14. Financial risk management objectives and policies continued

b) Interest rate risk

The Group and company's principal liability is at a fixed 5%, subject to adjustment for Libor However, the sensitivity of the Group or Company to changes in the Libor rate is not considered material.

c) Foreign exchange risk

The Company and its subsidiary has transactional currency exposures. Such exposure arises from transactions in currencies other than the Company's functional currency which is British Pound and the subsidiary which is the Kazakh Tenge. A significant proportion of the KRMC's funding is in British Pounds, whilst KRMC's principal operating costs are denominated in Kazakh Tenge which is KMRC's functional currency. There is no foreign exchange risk in the Company as the principal costs are incurred in British Pounds with the funding in Pounds. As the operating costs are at low levels at present the 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 it expects to incur expenditure. All USD denominated liabilities are held in the subsidiary KRMC. The amounts due in foreign currencies is noted below:

		Currency of monetary asset/liability			
Group 2017	Functional currency	British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost					
Cash and cash equivalents	British Pound	7	–	–	7
	Kazakh Tenge	–	–	9	9
Other receivable	British Pound	26	–	–	26
	Kazakh Tenge	–	–	1	1
		33	–	10	43
Financial liabilities held at amortised cost					
Trade payables	British Pound	189	–		189
	Kazakh Tenge			1,242	1,242
Other creditors and accruals	British Pound	42	–	–	42
	Kazakh Tenge			183	183
Loans and borrowings	British Pound	2,653			2,653
	Kazakh Tenge		904	295	1,199
		2,884	904	1,720	5,508

Group 2016		British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost					
Cash and cash equivalents	British Pound	51	–		51
	Kazakh Tenge			8	8
Other receivable	British Pound	5	–		5
	Kazakh Tenge			14	14
		56	–	22	78
Financial liabilities held at amortised cost					
Trade payables	British Pound	53	–		53
	Kazakh Tenge			1.310	1310
Other creditors and accruals	British Pound	38	–	–	38
	Kazakh Tenge			189	189
Loans and borrowings	British Pound	2,427			2,427
	Kazakh Tenge		943	310	1,253
		2,518	943	1,809	5,270

NOTES TO THE FINANCIAL STATEMENTS continued
year ended 31 December 2017

14. Financial risk management objectives and policies continued
c) Foreign exchange risk continued

Company 2017 (functional currency British Pound)	British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost				
Cash and cash equivalents	7	–	–	7
Amount due from subsidiary	–	2,495	–	2,495
Other receivables	26	–	–	26
	33	2,495	–	2,528
Financial liabilities held at amortised cost				
Trade payables	189	–	–	189
Other creditors and accruals	42	–	–	42
Loans and borrowings	2,653	–	–	2,653
	2,884	–	–	2,884

Company 2016 (functional currency British Pound)	British Pound £'000	US Dollar £'000	Kazakh Tenge £'000	Total £'000
Loans and receivables at amortised cost				
Cash and cash equivalents	51	–	–	51
Amount due from subsidiary	–	2,613	–	2,613
Other receivables	5	–	–	5
	56	2,613	–	2,669
Financial liabilities held at amortised cost				
Trade payables	53	–	–	53
Other creditors and accruals	38	–	–	38
Loans and borrowings	2,427	–	–	2,427
	2,518	–	–	2,518

The effect of a 20% strengthening/depreciation of the British Pound against the US Dollar or Kazakh Tenge 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	**2017 British Pound £'000**	2016 British Pound £'000
BP£ appreciation by 20%	**(180)**	(283)
BP£ depreciation by 20%	**180**	283

Company	**2017 British Pound £'000**	2015 British Pound £'000
BP£ appreciation by 20%	**(499)**	(523)
BP£ depreciation by 20%	**499**	523

14. Financial risk management objectives and policies continued

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. Currently the Company is dependent upon its principal shareholders for funding via its facility with Amrita as detailed in note 13. The current capital structure is set out below:

	2017 £'000	2015 £'000
Share capital	**7,916**	7,916
Share premium	**37,414**	37,414
Total managed as capital	**45,330**	45,330

e) Credit risk

The Group's significant credit risks relate to cash at bank and receivables. Cash at bank is held principally at an independently 'A' rated bank. No significant cash amounts are held at banks rated less than 'B'. Cash is held either on current account or on short-term deposit at floating rates of interest determined by the relevant prevailing base rate. The fair value of cash and cash equivalents at 31 December 2017 and 2016 did not differ materially from its carrying value.

Due to the low level of cash balances and receivables the Group is not at present exposed to any credit risk. The Company has extended inter-company borrowings to its subsidiary, this amount is expected to be recovered once the subsidiary produces cash flows from its operating activities or raises investment funds.

15. Share capital

Ordinary shares

Issued and fully paid Ordinary 1p shares:

	Number	£000's
1 January 2017 & 31 December 2017	**174,833,041**	1,748

Deferred shares

Issued and fully paid Ordinary 499p shares:

	Number	£000's
1 January 2017 & 31 December 2017	**616,776,994**	6,168

16. Capital commitments and contingent liabilities

The Group and Company had no capital commitments or contingent liabilities at the reporting date: (2016 £Nil).

17. Notes to the cash flow statement

	Company 2017 £'000	Company 2016 £'000	**Group 2017 £'000**	Group 2016 £'000
(Loss)/profit before taxation	**(507)**	145	**(484)**	(445)
Adjusted for:				
Finance expenses	**218**	221	**291**	305
Interest received	**(69)**	(75)	**–**	–
Depreciation of tangible assets	**–**	–	**1**	–
Movement in provisions	**–**	–	**10**	–
(Increase)/decrease in trade and other receivables	**(66)**	9	**(19)**	(9)
Increase/(decrease) in trade and other payables	**140**	(37)	**159**	(80)
Foreign currency translation	**232**	(429)	**(4)**	(18)
	(52)	(166)	**(46)**	(247)

NOTES TO THE FINANCIAL STATEMENTS continued

year ended 31 December 2017

17. Notes to the cash flow statement continued

Reconciliation of financing cash flows

	1 January 2017 B/Fwd Less than 1 year £000's	1 January 2017 B/Fwd More than 1 year £000's	Cash movements Advances of loans £000's	Non- cash movements Interest profit and loss account £000's	Non- cash movements Foreign exchange £000's	31 December 2017 C/Fwd Less than 1 year £000's	31 December 2017 C/Fwd More than 1 year £000's
Group	690	2,990	8	291	(127)	646	3,206
Company	–	2,427	8	218	–	–	2,653

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.

In assessing the loans from related parties an assessment is made of the market interest rates payable on the loans and the actual interest rate on the loan. The premium between the effective interest rate and coupon rate on the loan issued by a related party is credited to equity and subsequently released to the profit or loss over the remaining life of the financial liability. As at 2017 the amounts credited to equity for the group amounted to £1,188,000 (2016: £1,188,000) and for the Company £396,000 (2016:£396,000).

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 13, being loans made to the Group by Companies controlled by the Assaubayev family.

	2017 £'000	2016 £'000
Group		
Shareholder loans to subsidiary		
Altyn MunaiGaz LLP	**57**	56
Hawkinson Capital INC	**496**	507
Lanochkin S.S.	**35**	39
Shareholder loans to parent company		
Amrita Investment Limited	**2,653**	2,427
	3,241	3,029
Company		
Shareholder loans to parent company		
Amrita Investment Limited	**2,653**	2,427
	2,653	2,427

The amounts above include the element attributable to the value of loans that have been allocated to equity.

19. Ultimate controlling party

The controlling party and parent entity of Kemin Resources Plc is Bergfolk Corporation a company incorporated in the British Virgin Islands by virtue of the fact that it owns 76.14% of the voting rights of the voting rights of the Company. The ultimate controlling party is the Assaubayev family by virtue of the fact that they control the majority shareholder.

20. Events after the reporting date

There are no events to note after the reporting date.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Kemin Resources Plc (the "Company") will be held at the offices of BDO LLP, 55 Baker Street, London, W1U 7EU on 29 June 2018 at 9.30am for the following purposes:

In accordance with section 656 of the Companies Act 2006, to address a "Serious loss of capital", where the net assets of the Company are half or less than the called up share capital, see note 15.

Ordinary Business

1. To receive and adopt the report of the Directors and the audited financial statements for the year ended 31 December 2017 and the report of the auditors.
2. To re-appoint, as a Director of the Company, Kanat Assaubayev, who retires in accordance with Article 101 of the Company's Articles of Association and offers himself for re-appointment.
3. To re-appoint, as a Director of the Company, Ashar Qureshi who retires in accordance with Article 101 of the Company's Articles of Association and offers himself for re-appointment.
4. To appoint BDO LLP as auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at which financial statements are laid and to authorise the Directors of the Company to determine their remuneration.

Special Business

To consider, and if thought fit, to pass the following resolutions, of which Resolution 5 will be proposed as an Ordinary Resolution and Resolution 6 will be proposed as a Special Resolution:

5. THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act"), in substitution for all previous powers granted to them, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £582,776.00 and such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant to any such offer or agreement as if the authority conferred hereby had not expired.
6. THAT, conditional on the passing of Resolution 5 above, the Directors be and they are hereby empowered pursuant to Section 570 of the Act, in substitution for all previous powers granted to them, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
   (a) the allotment of ordinary shares in connection with an issue in favour of shareholders in proportion (or as nearly as may be practicable) to the respective number of ordinary shares in the capital of the Company held by them on the record date for such allotment but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal or practical problems in or under the laws of any territory, or the requirements of any recognised regulatory body or any stock exchange; and
   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of £349,666, and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company.

The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Rajinder Basra
Company Secretary
1 June 2018

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy you may photocopy the form of proxy. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
2. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

   If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. To be valid, the enclosed form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's registrars, Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B633 DA, or sent by post, so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).
4. The completion and return of a form of proxy will not preclude a member from attending in person at the meeting and voting should he wish to do so. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. Pursuant to regulation 41of the Uncertificated Securities Regulations 2001, only those members entered on the register of members at 6:00pm on 27 June 2018 shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of 1p each in the capital of the Company held in their name at that time. Changes to the register after 6:00pm on 27 June 2018 shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the Annual General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is no later than two business days prior to the meeting.
6. To change your proxy instructions either submit a new proxy appointment form or initial any amendments to the original proxy form. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
7. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B633 DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by the Company no later than 9.30a.m. on 27 June 2018.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to note 4, your proxy appointment will remain valid.
8. In the case of joint holders, the vote of the senior joint holder, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. Seniority will be determined by the order in which the joint holders stand in the register of members.
9. As at 31 May 2018 (being the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 174,833,041 ordinary shares of £0.01 each and which each carry one vote. Therefore, the total voting rights in the Company as at 31 May 2018 are 174,833,041.
10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that, on a poll, if more than one corporate representative purports to exercise powers over the same share as another corporate representative, that power will be treated as not exercised.
11. Except as provided above, members who have general queries about the Meeting should contact rajinder@altyn.uk (no other methods of communication will be accepted).

    You may not use any electronic address provided either:

    - in this Notice of Annual General Meeting; or
    - any related documents (including the proxy form),

    to communicate with the Company for any purposes other than those expressly stated.
12. Resolutions 2 and 3 – Article 101 of the Company's Articles of Association requires that one third (or the number nearest to, but not greater than, one third) of the Directors of the Company who are subject to retire by rotation in accordance with Article 102, must retire and, if they are eligible, offer themselves for re-election.
13. Resolution 5 – This resolution, to be proposed as an Ordinary Resolution, relates to the grant to the Directors of the authority to allot ordinary shares and grant rights to subscribe for or convert securities into ordinary shares with such authority expiring at the conclusion of the Annual General Meeting of the Company, unless the authority is renewed or revoked prior to such time. This authority is limited to the issue of a maximum of 58,271,855 ordinary shares representing one third of the Company's entire issued ordinary share capital as at the date of this notice.
14. Resolution 6 – The Act requires that if the Directors decide to allot ordinary shares in the Company the shares proposed to be issued be first offered to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. However, to act in the best interests of the Company the Directors may require flexibility to allot shares for cash without regard to the provisions of Section 561(1) of the Act. Therefore this resolution, to be proposed as a Special Resolution, seeks authority to enable the Directors to allot equity securities for cash free of such pre-emption rights, with such authority expiring at the conclusion of the Annual General Meeting of the Company to be held in 2018. This authority is limited to the allotment of a maximum of 34,966,600 ordinary shares representing 20% of the Company's entire issued ordinary share capital as at the date of this notice.
15. It should be noted that the statutory provision under the 2006 Act relating to "serious loss of capital" imposes no immediate consequent risk given the current solvency of the Company's balance sheet and cash flow. No specific proposals or agenda are being proposed at the General Meeting, but the matter will be open for discussion and questions from Shareholders in accordance with the 2006 Act. There are no additional requirements under the 2006 Act other than raising the matter at a general meeting. As stated above, the Company is currently renewing the licences which the Directors believe will add significant value to the Company.

COMPANY DETAILS

Directors

Kanat Assaubayev	Non-Executive Chairman
Ashar Qureshi	Non-Executive Vice Chairman
Sanzhar Assaubayev	Chief Executive Officer
Aidar Assaubayev	Non-Executive Director
Neil Herbert	Non-Executive Director

Secretary
Rajinder Basra FCA

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Auditors to the Group
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GLOSSARY OF TERMS

Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore.
masl	Metres above sea level.
JORC code	Australasian code for the reporting of exploration results, mineral resources and ore reserves (Joint Ore Reserves Committee). See www.jorc.org/main.php
GKZ	GKZ is a classification system used within CIS states. This system classifies mineralisation estimates into seven categories of three major groups, based on the level of exploration performed into Explored Reserves (A, B, C1), Evaluated Reserves (C2) and Prognostic Resources (P1, P2, P3). These categories are based on the degree of reliability of data and their comparative importance to the national economy.
Mineral resource	A concentration or occurrence of solid material of economic interest in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
Indicated resource	That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Inferred resource	That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
Ore reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Probable reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
Mineral inventory	A term used to describe mineral resources and mineable reserves which are not static as additional resource delineation is not yet complete, and engineering calculations are pending. As such what might be a mineral resource today may be a mineable reserve tomorrow.

Kemin Resources Plc

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