Registration number: 04674237

Kemin Resources Plc

Annual Report and Financial Statements

for the Period from 1 January 2018 to 30 June 2019

Kemin Resources Plc

Contents

Kemin Resources Plc

Company Information

Directors	Sanzhar Assaubayev Askhat Tlekmetov
Registered office	28 Eccleston Square London SW1V 1NZ
Solicitors	Wragge Lawrence Graham & co. LLP 54 More London Riverside London SE1 2AU
Bankers	LGT Bank Herengasse 12 FL-9490 Vaduz Liechtenstein
Auditors	RPG Crouch Chapman LLP 62 Wilson Street London EC2A 2BU

Kemin Resources Plc

Areas of Exploration

Kemin Resources Plc ("Kemin" or the "Company"), is an exploration and development Company, its principal mining assets are located in Northern Kazakhstan and held by its subsidiary companies. 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.

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 6.6km2. In addition to the molybdenum and tungsten content, the deposit also contains significant quantities of lithium., which has been identified in recent drilling results.

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 was completed and the updated February 2013 GKZ resource estimate is presented in the Chief Executive Officer's report.

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 13.7km2.

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 was undertaken and the updated February 2013 GKZ resource estimate is presented in the Chief Executive Officer's report.

Kemin Resources Plc

Strategic Report for the period from 1 January 2018 to 30 June 2019

The directors present their strategic report for the period from 1 January 2018 to 30 June 2019.

The Company continued to manage the affairs of its subsidiary in Kazakhstan. During the period the Company changed the name of the operating subsidiary in Kazakhstan from Joint Venture Kazakh-Russian Mining Company LLP (KRMC) to Qaz Mining Company LLP (QMC). QMC is the owner of the licences 1605 Smirnovskoye and 1606 Drozhilovskoye as detailed below.

Licences
The Company has the following licences:

Smirnovskoye
The original licence for contract 1605 in relation to the Smirnovskoye field was extended for a two year period which expired in September 2019. On the 1 August 2019 an application was made to mining authorities in Kazakhstan, (The Ministry of Industry and Infrastructure Development) to extend the licence again for a further two year period. A provisional agreement has been given by the authorities that the licence can be extended for two years, subject to detailed checking of the application for the extension.

This period of the licence will commence once the registration process has been completed. The Company is in the process of gathering the relevant information as required by the mining authorities, the process to registration of the licence is expected to take approximately three months and is expected to be completed in Q1 2020.

Drozhilovskoye
On 27 June 2018 QMC signed an additional agreement denoted as addendum 3 to contract 1606 for a period of three years to 27 June 2021. The licence allows the Company to continue to collect and interpret the geological data from the site.

Exploration work update
As noted in the prior year the samples that were extracted from Drozhilovskoye were sent to a company based in China, China Molybdenum. Under it's initial contract valued at US$54,000 China Molybdenum will provide the Company with an efficient processing technology to extract the principal components contained in the ore, updated to include Lithium. The Company has been supplying China Molybdenum with samples from a number of drill holes from the Drozhilovskoye site to ensure that any variability in the ore is provided for within the processing technology that is proposed. As part of the work carried out in the period the Company mapped out and drilled core samples which involved the drilling of 6 wells.

The work is progressing well and the final results are expected to be available in Q1 2020.

During the period the Company also instructed a local Company based in Kazakhstan to work on the design of the pilot plant for the processing of the Molybdenum, Tungsten and Lithium ores. The works are in the initial design stage and will be modified once the details of the processing technologies are finalised.

As part of the work carried out the Company also mapped out and drilled additional core samples that were sent to China Molybdenum. This involved the drilling of 6 wells and sending a number of core samples from different areas of the site for processing..

Development of the asset
The Company's development plan remains unchanged as outlined in last periods annual report and will move forward on the finalisation of the work to be completed by China Molybdenum. In addition to the Company is continuing to liaise with the authorities in order to extend the licence for Smirnovskoye.

The development plan is outlined below:

Development of the asset (continued)

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 beneficiation plant with ore processing capacity of 3.0mt per year;

• 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.

Financial performance review

The Company loss attributable to Kemin shareholders in the 18 months ended 30 June 2019 was £727,000 (FY 2017: £507,0000).

The increase in the loss in the current period of £220,000 is as a result of a provision against amounts recoverable from the subsidiary. The costs of servicing the debt and administrative costs of the Company were in line with expectations. Of the loss £182,000 (2017: £146,000) is attributable to administrative costs of which the majority relates to maintaining the professional fees in connection with the London listing on the London Stock Exchange. The Company was delisted in September 2018, and the associated costs are expected to decrease in the future.

The other principal expense relates to finance charges which total £256,000 (2017 £219,000), being the interest charged on the related party loan at 5% above libor, as adjusted for the effective interest rate applied to the loan.

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.

Support is still being obtained from the principal shareholder via Amrita Investments Ltd. The current cash balances and availability of further draw downs (£4 million left to drawdown) on the Amrita loan facility if required, provides sufficient funds for the company to continue to meet its current obligations. Further funding will be sought as the plans for the future development of the Company are finalised.

Principal risks and uncertainties

The principal risks exposed to the Company and on a Group basis 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.

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 Company 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.

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 these relate to the trading subsidiary. In relation to the Company the principal KPI is cash balance and loss incurred.

	30 June 2019	31 December 2017
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) - Company	11	7
Exploration expenditure (cumulative – KZT000's) - Subsidiary	906,000	865,000
Net loss (£000's) - (Company)	727	507

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

Given the stage of development of the Company and the Group, it has a low number of employees who are concentrated in head office.

Approved by the Board on 19 December 2019 and signed on its behalf by:

....
Askhat Tlekmetov
Director

Directors' Report for the Period from 1 January 2018 to 30 June 2019

The directors present their report and the financial statements for the period from 1 January 2018 to 30 June 2019.

Directors of the company
The directors who held office during the period were as follows:

Sanzhar Assaubayev

Askhat Tlekmetov (Appointed 31 January 2019)

Mr Kanat Assaubayev (Resigned 31 January 2019)

Mr Neil Lindsey Herbert (Resigned 31 January 2019)

Mr Ashar Qureshi (Resigned 1 November 2018)

Mr Aidar Assaubayev (Resigned 31 January 2019)

Principal activity and business review
The principal activity of the company is is that of managing the trade of its trading subsidiary an exploration and mine development company 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.

Results and dividends
The results of the Company for the period ended 30 June 2019 are set out in the income statement and other comprehensive income on page 13 and a commentary on the results is included in the Strategic report. The Company incurred losses in the period of £727,000 (2017: £507,000), in the course of managing its principal mining assets in Kazakhstan. The Directors do not recommend the payment of a dividend (2017: £Nil). The results and expenditure of the subsidiary are shown in note 10 page 21.

Financial risk management
Information relating to the Company's financial risk management is set out in note 16 of the financial statements.

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, and publish regular updates on the website www.keminresources.com.

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 China Molybdenum), with a view to finalising an offtake agreement for purchasing an initial trial batch. Subject to sourcing the necessary funding he 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 30 June 2019, the Company had cash on hand of £11,000 (31 December 2017: £7,000) and at the reporting date the Company's liabilities exceeded its assets by £2,328,000 (31 December 2017:£1,601,000).

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. This loan has now been updated by a new loan agreement extended the term to 31 December 2021 under the same terms as the old agreement.

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
Qaz Mining Company (QMC) Limited Liability Partnership	Kazakhstan	Mining activities	90% by Lother Enterprises Limited
Lother Enterprises Limited	England	Dormant	100% by Kemin Resources Plc

Subsequent events

There were no events to note after the reporting date.

Likely future developments

Details of likely future developments are set out in the Strategic Report.

Charitable and political contributions

There were no charitable or political contributions made in the period ended 30 June 2019 (2017: £Nil).

Directors’ emoluments

Neil Herbert was the only director to receive remuneration in the period £24,000 (2017: £24,000).

Service contracts
The 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 Company is in transition and salaries will be reviwed as the Company develops to the next stage. The key management personnel comprises the Directors.

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	76.1
Goldman Sachs Securities (nominees) Limited	8,970,000	5.1
Euroclear Nominees Limited	7,020,972	4.0
Vidacos Nominees Limited	5,950,000	3.4
The Bank of New York (nominees) Limited	5,597,976	3.2

Annual General Meeting
A separate notice in relation to the resolutions and timing of the Annual General Meeting of the Company will be issued.

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.

Disclosure of information to the auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

BDO LLP resigned as auditors on 23 September 2019 and RPG Crouch Chapman were appointed as auditors on 29 October 2019. RPG Crouch Chapman 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.

Approved by the Board on 19 December 2019 and signed on its behalf by:

....
Askhat Tlekmetov
Director

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Independent Auditor's Report to the Shareholders of Kemin Resources Limited

Opinion
We have audited the financial statements of Kemin Resources Plc (the 'Company') for the period 1 January 2018 to 30 June 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and 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 Company's affairs as at 30 June 2019 and of its loss for the year then ended;
• have been properly prepared in accordance with IFRS; and
• 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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 related 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 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.

Other information
The director is 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.

Opinion 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the Strategic report and the Director's 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities on page 9, 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 director determines 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 director is responsible for assessing the 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 director either intends to liquidate the 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....
Colin Turnbull BA(Hons) ACA (Senior Statutory Auditor)
for and on behalf of RPG Crouch Chapman LLP
Chartered Accountants
Statutory Auditors
62 Wilson Street
London
EC2A 2BU

19 December 2019

Kemin Resources Plc

Income Statement and Other Comprehensive Income for the Period from 1 January 2018 to 30 June 2019

	Note	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Revenue	4	67	44
Administrative expenses		(596)	(170)
Operating loss		(529)	(126)
Finance income	6	137	69
Finance costs	6	(335)	(450)
Net finance cost	6	(198)	(381)
Loss before tax		(727)	(507)
Income tax		-	-
Loss for the period		(727)	(507)

There are no items to include in the statement of comprehensive income other than the loss for the period.

The above results were derived from continuing operations.

Kemin Resources Plc

(Registration number: 04674237)
Statement of Financial Position as at 30 June 2019

	Note	30 June 2019 £ 000	31 December 2017 £ 000
Assets			
Non-current assets			
Amount due by subsidiary company	10	870	2,495
Current assets			
Other receivables	11	10	26
Cash and cash equivalents	12	11	7
		21	33
Total assets		891	2,528
Equity and liabilities			
Equity			
Ordinary share capital	13	(1,748)	(1,748)
Deferred share capital		(6,168)	(6,168)
Share premium		(37,414)	(37,414)
Merger reserve		(52,654)	(52,654)
Other reserves		(396)	(396)
Accumulated losses		100,708	98,736
Total equity		2,328	356
Non-current liabilities			
Loans and borrowings	14	(3,017)	(2,653)
Current liabilities			
Trade and other payables	15	(202)	(231)
Total liabilities		(3,219)	(2,884)
Total equity and liabilities		(891)	(2,528)

Approved by the Board on 19 December 2019 and signed on its behalf by:

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Askhat Tlekmetov

Director

Kemin Resources Plc

Statement of Changes in Equity for the Period from 1 January 2018 to 30 June 2019

	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 2018 - as restated	1,748	6,168	37,414	52,654	396	(99,981)	(1,601)
Loss for the period	-	-	-	-	-	(727)	(727)
Total comprehensive loss	-	-	-	-	-	(727)	(727)
At 30 June 2019	1,748	6,168	37,414	52,654	396	(100,708)	(2,328)

	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 2017	1,748	6,168	37,414	52,654	396	(98,229)	151
Loss for the period	-	-	-	-	-	(507)	(507)
Total comprehensive loss	-	-	-	-	-	(507)	(507)
31 December 2017	1,748	6,168	37,414	52,654	396	(98,736)	(356)
Change in accounting policy-IFRS 9	-	-	-	-	-	(1,245)	(1,245)
At 31 December 2017 - as restated	1,748	6,168	37,414	52,654	396	(99,981)	(1,601)

Ordinary share capital: Amount subscribed for share capital at nominal value.

Deferred shares: The shares carry no right to receive income distributions nor do they 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 QMC.

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 notes on pages 16 to 27 form an integral part of these financial statements.

Kemin Resources Plc

Statement of Cash Flows for the Period from 1 January 2018 to 30 June 2019

	Note	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Cash flows from operating activities			
Loss for the period		(727)	(507)
Adjustments to cash flows from non-cash items			
Finance income	6	(137)	(69)
Finance costs	6	335	450
		(529)	(126)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	11	16	(66)
(Decrease)/increase in trade and other payables	15	(29)	140
Other non-cash movements		(62)	-
Intercompany provisions		973	-
Impairment - IFRS 9		(507)	-
Net cash flow from operating activities		(138)	(52)
Cash flows from financing activities			
Advances received		142	8
Net increase/(decrease) in cash and cash equivalents		4	(44)
Cash and cash equivalents at 1 January		7	51
Cash and cash equivalents at 30 June		11	7

The notes on pages 16 to 27 form an integral part of these financial statements.

1 General information

The company is a public company limited by share capital incorporated and domiciled in England and Wales.

The parent company's principal activity is managing the trade and the investment of its subsidiary company based in Kazakhstan. 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 were quoted on the AIM market which is operated by the London Stock Exchange, and were delisted in September 2018.

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Going concern

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 £4m available to be applied towards working capital requirements and development of the licence areas.

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 2017 to 4 February 2020, under the same terms and conditions of the original loan, this was overridden by an new agreement entered into in October 2019, extended the loan to 31 December 2021, under the same terms and conditions.

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.

2 Accounting policies (continued)

Going concern (continued)
As at 30 June 2019, the Company had cash on hand of £11,000 (2017: £7,000) and at the reporting date the company's liabilities exceeded its assets by £2,328,000 (2017:£1,601,000). In relation to the Group As at 30 June 2019, the Group had cash on hand of £19,000 (2017: £16,000). 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 Company 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 2018. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Company.

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

IFRS 15 - Revenue from Contracts with Customers
("IFRS 15") IFRS 15 provides a principles based five step model to be applied to all contracts with customers. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised. Specifically, IFRS 15 introduces a five-step approach to revenue recognition with an entity recognising revenues when a performance obligation is satisfied. The Company currently only has one base contract with a single customer, for which management charges are raised. Revenues are recognised when the services are provided. As of year-end there are no outstanding performance obligations under the current contract in place and there has been no impact on the timing of revenue recognition.

IFRS 9 - Financial Instruments
("IFRS 9") IFRS 9 classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortised cost and fair value through profit or loss. IFRS 9 also addresses requirements for financial liabilities; these were largely carried forward from IAS 39, Financial Instruments - Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The Company has no material receivables, contract assets or other financial assets within scope of the new expected credit loss impairment approach other than the amounts due from subsidiary undertakings.

IFRS 9 allows an exemption to not restate the comparative information with differences being recorded in opening retained earnings. These changes have been processed at the date of initial application (1 January 2018), and presented in the statement of changes in equity as a movement in the retained earnings reserve.

The Directors have estimated expected credit losses on loans to subsidiaries based on the underlying activity of the entity, their respective asset case along with potential recovery scenarios for the subsidiary. A provision for expected credit losses has been recorded of £738,509 as at 30 June 2019 resulting in a credit to the income statement in the period of £506,905, as £1,245,414 was reported in the statement of changes equity arising from the impact on the opening balance sheet. The calculation for expected credit losses involves a number of assumptions about recovery scenarios ranging from a abandonment of the underlying projects to full recovery of the debtor based on the present economic model of the project.

Should the actual events differ from the expected scenarios, this could have a significant impact on the carrying value of the intercompany debtors in following periods.

2 Accounting policies (continued)

Standard issues not affective

IFRS 16 'Leases' - was issued by the IASB in January 2018 and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and will eliminate the classification of leases as either operating leases or finance leases and, instead, introduce a single lease accounting model. The standard has yet to be endorsed by the EU. The Standard Provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The Directors have evaluated the financial and operational impact of this standard, and there is no material impact in the Company.

The Directors do not anticipate that the adoption of the other standards and interpretations not listed above will have a material impact on the accounts. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

Revenue recognition

Revenue comprises management fees charged to the subsidiary for services provided throughout the year. They are recognised over time as the subsidiary obtains the benefit from the services. There are no contract assets or contract liabilities recognised in the balance sheet at the period end.

Foreign currency transactions and balances

Transactions entered into by the Company 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 Kemin 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.

Investments - loans to subsidiary

Investments in subsidiaries represent amounts due from subsidiaries which are measured at amortised cost less amounts recorded for expected credit losses as detailed above.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured less any provision for impairment in relation to expected credit losses. At each reporting date the Group assesses the expected credit losses and changes in credit risk since initial recognition of the receivable and a provision for impairment is recognised when considered necessary.

Financial liabilities

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

2 Accounting policies (continued)

Tax

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the England being the country 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 financial statements with their respective tax bases. 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.

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

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

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.

Carrying value of loans to subsidiary

The loans to subsidiaries are carried at amortised cost less provision for expected credit losses. In making this provision the Directors have estimated expected credit losses on loans to subsidiaries based on the underlying activity of the entity, the stage of the projects in that entity and recovery scenarios. The calculation for expected credit losses involves a number of assumptions around recovery varying from abandonment of the underlying projects to performance as per present economic model and the likelihood of these scenarios arising. Should the actual performance of the subsidiary deviate, this could have a significant impact on the carrying value of the intercompany debtors in following periods.

4 Revenue

The analysis of the company's revenue for the period from continuing operations is as follows:

	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Management services	67	44

5 Operating profit

Arrived at after charging/(crediting)

	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Impairment reversal	(507)	-
Directors remuneration	24	24
Auditor's remuneration - The audit of the company's annual accounts	17	39

In 2017 the auditors fee included an element for auditing the group financial statements of the subsidiary.

6 Finance income and costs

	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Finance income		
Other finance income	137	69
Finance costs		
Unwinding of discount other financial liabilities	(17)	(43)
Interest expense on other financing liabilities	(239)	(176)
Foreign exchange losses	(79)	(231)
Total finance costs	(335)	(450)
Net finance costs	(198)	(381)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Wages and salaries	24	24

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	1 January 2018 to 30 June 2019 No.	Year ended 31 December 2017 No.
Administration and support	4	5

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Directors remuneration	24	24

9 Auditors' remuneration

	1 January 2018 to 30 June 2019 £ 000	Year ended 31 December 2017 £ 000
Audit of the financial statements	17	39
Other fees to auditors		
Audit fees - underprovision prior year	9	-

10 Investments

Loan from subsidiary	**£000**
1 January 2017	2,613
Management and interest charges	114
Foreign exchange movements	(232)
31 December 2017	2,495
Change in accounting policy - IFRS9 (See note 2)	(1,245)
1 January 2018 as restated	1,250
Net cash movements	(34)
Management, interest charges	204
Provision	(973)
Impairment - IFRS9	507
Foreign exchange movements	(84)

10 Investments (continued)

30 June 2019	870

Details of the subsidiaries as at 30 June 2019 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2019	2017
Lother Enterprises Limited*	Dormant	England	100%	100%
Qazakh Mining Company LLP (QMC)	Mining activities	Kazakhstan	90%	90%

* indicates direct investment of the company

The registered address for the companies are as follows: QMC -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 have reviewed the intercompany borrowings in accordance with IFRS9 and calculated that a provision of ££738,509 is required as at 30 June 2019, and a provision as at 1 January 2018 of £1,245,424.

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 Company.

11 Trade and other receivables

	30 June 2019 £ 000	31 December 2017 £ 000
Other receivables	10	26

12 Cash and cash equivalents

	30 June 2019 £ 000	31 December 2017 £ 000
Cash at bank	11	7

12 Cash and cash equivalents (continued)

Reconciliation of financing cash flows

	1 January 2018 B/Fwd more than one year	Cash movements - advance of loans	Non-cash movement - profit & loss interest	30 June 2019 C/Fwd more than one year
Reconciliation of financing cash flows			**£000**	**£000**
Borrowings	2,653	108	256	3,017

13 Share capital

Ordinary shares

Issued and fully paid Ordinary shares of 1p each	Number	£000
1 January 2018 and 30 June 2019	174,833,041	1,748

Deferred shares

Issued and fully paid Ordinary shares of 499p each	Number	£000
1 January 2018 and 30 June 2019	616,776,994	6,168

The deferred shares carry no entitlement to income distributions nor do they entitle the shareholder to attend or vote at Company meetings.

14 Loans and borrowings

	30 June 2019 £ 000	31 December 2017 £ 000
Non-current loans and borrowings		
Other borrowings	3,017	2,653

The above loan is provided by Amrita Investment Limited, 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.

15 Trade and other payables

	30 June 2019 £ 000	31 December 2017 £ 000
Trade payables	164	189
Other payables	38	42
	202	231

16 Financial risk management and impairment of financial assets

The Company's principal financial liabilities comprise an unsecured loan from a related party and trade and other payables which are measured at amortised cost or fair value.The principal financial asset relates to a loan to its 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.

Market risk

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.

Foreign exchange risk

The below tables illustrate the currency denominations of the entity's monetary assets and liabilities. The only foreign exchange exposure is on the amounts recoverable from subsidiaries which is denominated in USD.

	British Pound	US Dollar	Total
2019 (functional currency British Pound)	**£000**	**£000**	**£000**
Financial liabilities at amortised cost			
Trade payables	164	-	164
Other creditors and accruals	38	-	38
Loans and borrowings	3,017	-	3,017
	3,219	-	3,219

16 Financial risk management and impairment of financial assets (continued)

	British Pound	US Dollar	Total
2019 (functional currency British Pound)	**£000**	**£000**	**£000**
Loans and receivables at amortised cost			
Cash and cash equivalents	11	-	11
Amount due from subsidiary	-	1,608	1,608
Other receivables	10	-	10
	21	1,608	1,629

	British Pound	US Dollar	Total
2017 (functional currency British Pound)	**£000**	**£000**	**£000**
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

	British Pound	US Dollar	Total
2017 (functional currency British Pound)	**£000**	**£000**	**£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

The effect of a 20% strengthening/depreciation of the British Pound against the US Dollar at the reporting date on the British Pound denominated payables carried at that date with all other variables remaining constant, result in the following effect on the Group's and Company's losses and net liabilities. An increase in the loss and liabilities of £321,000 (2017: £499,000) if the British Pound strengthens against the US Dollar and an equal and opposite effect if it depreciates.

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.

Credit spread risk

Due to the low level of cash balances and receivables the Company 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.

16 Financial risk management and impairment of financial assets (continued)

Liquidity risk

The Company had £11,000 of net bank balances at the year-end (2017: £7,000). 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 Company's financial liabilities at 30 June 2019 based on contractual undiscounted payments:

2019	More than 1 year or on demand £000	More than 1 years but less than 2 years £000	More than 2 years but less than 5 years £000	Total £000
Trade payables	164	-	-	164
Other creditors and accruals	38	-	-	38
Borrowings - Amrita Investments Limited	-	-	3,663	3,663
	202	-	3,663	3,865

2017	More than 1 year or on demand £000	More than 1 years but less than 2 years £000	More than 2 years but less than 5 years £000	Total £000
Trade payables	189	-	-	189
Other creditors and accruals	42	-	-	42
Borrowings - Amrita Investments Limited	-	2,954	-	2,954
	231	2,954	-	3,185

Capital risk management

The Company's objectives when managing capital are to safeguard the 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 Company. 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:

	2019 £000	2017 £000
Share capital	7,916	7,916
Share premium	37,414	37,414
Total managed capital	45,330	45,330

17 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 Company 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 30 June 2019 the total amounts credited to equity for the Company £396,000 (2017:£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 Company by a Company controlled by the Assaubayev family. The amounts include the element attributable to the value of loans that have been allocated to equity.

18 Parent and ultimate parent undertaking

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.