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Kemin Resources PLC  
20 June 2014

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Kemin Resources Plc

('Kemin" or the "Company')

Preliminary Results for the Year Ended 31 December 2013

Kemin (AIM: KEM), the tungsten and molybdenum exploration and development company with substantial interests in Kazakhstan, today announces its Preliminary Results for the Year Ended 31 December 2013.

#### Highlights

- Successful completion of the acquisition of the Joint Venture Kazakh-Russian Mining Company LLP (KRMC) following which the Company changed its name from GMA Resources Plc to Kemin Resources Plc, in May 2013.
- During 2013, Project XXI SG LLP ('Project XXI'), a Kazakhstan company with expertise in conducting feasibility studies for minerals projects, completed a Pre-Feasibility Study which demonstrated that both Drozhylovskoye and Smirnovskoyeprojects could be developed resulting in robust economics.

· Following the acquisition, Kemin strengthened its Board through the appointments of Aidar Assaubayev (23 April), Ashar Qureshi (2 July), Kanat Assaubayev (17 September) and Neil Herbert (17 December).

The accounts for the year ended 31 December 2013 will shortly be available at the Company's website, [www.keminresources.com](http://www.keminresources.com), in accordance with AIM Rule 20.

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

*"I am very pleased with the significant progress made at both the Drozhylovskoye and Smirnovskoye projects, which demonstrate the significant economic potential of both projects.*

"When these projects are compared to other similar open pit mining operations, our grades and large tonnages are superior to many.

"Going forward, the Company's objective is to complete a re-classification of the reserves and resources to a JORC compliant statement; this work is currently ongoing and is targeted for completion by Q3 this year.

"With strong demand for specialized steel in the market, this is a great time to be moving these two large, high grade tungsten and molybdenum assets from exploration to development."

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

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## Chief Executive Officer's Report

I am pleased to report significant progress has been made by your Company after the successful completion of the acquisition of the Joint Venture Kazakh-Russian Mining Company LLP (KRMC), which was completed in May 2013. Following the acquisition, the Company changed its name from GMA Resources Plc to Kemin Resources Plc.

In 2013, the focus of the Group was to establish the potential returns to be obtained from the development of the two mineral deposits, and to progress the administrative process which would result in the appropriate licences and authorities being obtained to bring the resource into a production phase in the future.

During 2013, Project XXI, a Kazakhstan company with expertise in conducting feasibility studies for mineral projects, completed a Pre-Feasibility Study on both projects. This study demonstrated that both projects could be developed providing very attractive returns. This study will form the basis of definitive feasibility study which is expected to be completed by Project XXI in Q3 2014.

A great deal of work has been undertaken in obtaining various approvals so that both the deposits can be advanced to the development stage. It was notable that the Government of Kazakhstan has identified the Drozhylovskoye deposit as a key strategic project, and the Kazakh Government has offered Kemin its support in taking the Drozhylovskoye Project forward.

During the past 12 months Kemin has taken the opportunity to reshape its Board, and has welcomed Aidar Assaubayev (23 April), Ashar Qureshi (2 July), Kanat Assaubayev (17 September) and Neil Herbert (17 December) respectively. The objective was to ensure that the Board had the requisite commercial and technical skills, plus the experience, to develop two large mineral projects in Kazakhstan. I look forward to working with the Board during this exciting growth phase.

Finally, I wish to thank our staff and my fellow Directors for their hard work in the year, as a clear development path has emerged. In 2014, Kemin will identify the key steps to transform itself from a development company into a mine operator.

S Assaubayev

Chief Executive Officer

## Operational review

During the year, Project XXI SG LLP ('Project XXI') was engaged to complete a Pre-Feasibility Study of the Drozhylovskoye and Smirnovskoye deposits, the two principal mineral assets of Kemin Resources Plc ('Kemin'). Both deposits are located in north-western Kazakhstan and contain molybdenum and tungsten as well as some yet to be quantified other minerals.

Project XXI is a Kazakhstan based company which, has a history, since 2003, of preparing Feasibility Studies for mineral related projects within Kazakhstan.

Project XXI has updated the reserve/resources statements for both Drozhylovskoye and Smirnovskoye using the Russian Mineral Reserve and Resource classification:

Deposit	Russian Reserve Classification	Ore Tonnes (Mt)	Molybdenum Grade (%)	Molybdenum Metal Equivalent (kt)	Tungsten Grade (%)	Tungsten Metal Equivalent (kt)
Drozhylovskoye	C1	139.8	0.188	262.9	0.046	64.3

Smirnovskoye	C1	170.5	0.130	221.7	0.010	17.1
Total	C1	310.3	0.156	484.6	0.026	81.4

When Kemin's deposits are benchmarked against other molybdenum mining operations, our grades and large tonnages are superior to many other existing open pit molybdenum mines and deposits that are highlighted for future development.

Kemin's objective is to complete a re-classification of the reserves and resources into a JORC compliant statement, and this work is currently ongoing. This work is targeted for completion in Q3 2014.

As previously reported, both the Drozhylovskoye and Smirnovskoye deposits have demonstrated potentially strong financial outcomes. Both deposits will be developed using open pit mining methods with standard and well proven metallurgical processing technologies. The metallurgical test work, completed in connection with the Pre Feasibility Study, indicates high recoveries of ore processed. It is also worth noting that the future mining operations are supported by a large reserve/resource base allowing for long life operations but with considerable upside exploration potential to further increase the mine life.

The intention is to prioritise the development of the Drozhylovskoye deposit on the following basis:

- permits and licensing which will allow mining to be at a more advanced stage for Drozhylovskoye;
- the existing Drozhylovskoye infrastructure is more favourable at this point in time, than in Smirnovskoye and presents a shorter time line to first production;
- the superior grade at Drozhylovskoye presents higher short term cash flow potential to assist funding future growth; and
- the technical understanding is more complete at Drozhylovskoye.

Initially, it is envisaged that a smaller, low capital operation will be developed at Drozhylovskoye with the intention to de-risk the mining and processing operations. However, equally importantly, this initial operation will be used to develop and build a market for the molybdenum and tungsten products focusing on China and Russia, which share borders with Kazakhstan and will allow the Group to take advantage of existing infrastructure.

In summary, the Company has spent the year since the capital reorganisation in May 2013

defining and assessing of the commercial viability of the project. As it currently stands, it has significantly de-risked the project in terms of defining the exploitable resource. The next stage is to take the initial feasibility study and to further define the resource in more definitive numbers. This is mapped out in the event table below, which sets out the key milestones planned for Kemin in 2014 and beyond:

Event	Timing
New Resource Statement compliant with JORC	Q3 2014
Updated Feasibility Study completion	Q4 2014
Kazakhstan Development Bank funding Stage 1 Drozhylovskoye	Q4 2014
First Stage Construction complete at Drozhylovskoye	Late 2015
Production starts at Drozhylovskoye	Early 2016
Raise funds Stage 2 & 3 expansion at Drozhylovskoye	Late 2015
Feasibility Study complete for development of Smirnovskoye	Late 2015
Funding completed for Smirnovskoye & construction starts	Mid 2016

The coming year will be pivotal for Kemin as it transforms itself from an exploration company into a developer through managing two large, high grade molybdenum and tungsten projects. There is a growth in demand for specialised steel such as molybdenum and tungsten to make these high quality steels.

#### Financial performance review

The Group loss attributable to Kemin's shareholders in the twelve months ended 31 December 2013 was £3,099,000 (FY 2012: £178,000 loss) and this has arisen principally due to the acquisition costs incurred as a result of the reverse takeover. The Directors do not recommend the payment of a dividend (2012: £nil).

#### Going Concern

As at 31 December 2013, the Group had cash in hand of £11,000. At the reporting date the Group's liabilities exceeded its assets by £2,387,000.

On 4 February 2013 the Company entered into an agreement, as amended on 10 April 2013, with the Lender, Amrita Investments Limited ("Amrita"), a company incorporated in the British Virgin Islands, and Amrita is controlled by the Assaubayev family, for the provision of an unsecured £7,000,000 loan facility to be applied toward the Group's working capital requirements and the settlement of any KRMC debts. At present there is still approximately £5,000,000 available under this facility.

The loan bears an interest rate of LIBOR +5%. The loan is repayable on the earlier of the fifth anniversary of the agreement or the fundraising completed date in respect of any equity fundraising, raising at least £5,000,000 (before expenses) at which point Amrita may choose to convert the loan into the ordinary shares of the Company at the conversion rates stipulated by the agreement.

Following the signing of the loan agreement with Amrita and conversion of the Loan Stock as part of the capital reorganisation completed on 31 May 2013, the Directors are confident that the Group has sufficient resources available to meet its liabilities as they fall due and its working capital requirements going forward, and have therefore prepared this financial information on a going concern basis.

Consolidated statement of profit or loss  
for the year ended 31 December 2013

	Year ended 31 Decemb er 2013 £000	Year ended 31 Decemb er 2012 £000
Administrative expenses	(154)	(151)
Share based payment	(2,629)	-
Operating loss	(2,783)	(151)
Finance income	-	46
Finance expense	(316)	(73)
Loss before income tax	(3,099)	(178)
Income tax expense	-	-
Loss for the year	(3,099)	(178)
Loss for the year attributable to:		
Equity shareholders of the parent	(3,092)	(178)
Non-controlling interest	(7)	-
	(3,099)	(178)

Loss per ordinary share - basic and diluted

Attributable to the equity shareholders of the parent	(2p)	(14p)
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Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2013

	2013 £000	2012 £000
Loss for the year	(3,099)	(178)
Currency translation differences arising on translations of foreign operations*	126	-
Total comprehensive loss	(2,973)	(178)

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

Loss for the year attributable to:

Owners of the parent	(2,979)	(178)
Non-controlling interest	6	-
	(2,973)	(178)

Consolidated statement of financial position  
as at 31 December 2013

Company Number 04674237

	31 December 2013 £'000	31 December 2012 £'000
Assets		
Non-current		
Intangible assets	1,985	1,430
Property, plant and equipment	25	28
Other non-current assets	36	13
Restricted cash	3	3
Non-current assets	2,049	1,474

Current		
Other receivable	6	-
Cash and cash equivalents	11	-
Current assets	17	-
Total assets	2,066	1,474
Liabilities		
Non-current		
Loans and borrowings	1,940	807
Other liabilities	-	260
Non-current liabilities	1,940	1,067
Current		
Trade and other payables	1,776	374
Loans and borrowings	737	697
Current liabilities	2,513	1,071
Total liabilities	4,453	2,138
Net liabilities	(2,387)	(664)
Equity		
Equity attributable to owners of the parent		
Ordinary share capital	1,520	6,180
Deferred share capital	6,168	-
Share premium account	35,693	27,890
Merger reserve	(41,682)	(33,892)
Share based payments reserve	1,105	76
Other reserve	702	2,006
Retained earnings	(5,873)	(2,857)
Translation reserve	46	(67)
Attributed to owners of the parent	(2,321)	(664)
Non-controlling interest	(66)	-
Total equity	(2,387)	(664)

Consolidated statement of changes in equity  
for the year ended 31 December 2013

	Ordinary	Deferred	Share based	Share based	Other	Retained	Translation	Attributed to owners of the parent	Non-controlling	Total
	Share	Share	Share	payment	Reserve	earnings	reserve	Interest		
	capital	capital	premium	reserve	share	reserves	reserve	Interest		Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 January 2012	6,180	-	89	340	413	(2,679)	-	33,144	-	33,144
Retained loss for the year	-	-	-	-	-	(178)	-	(178)	-	(178)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	(67)	(67)	-	(67)
Total comprehensive loss	-	-	-	-	-	(178)	(67)	(245)	-	(245)
Capital re-organisation on acquisition of KRMC	-	-	(33,892)	-	-	-	-	(33,892)	-	(33,892)
Modification of loan stock	-	-	-	-	593	-	-	593	-	593
Lapsed/forfeited share options	-	-	-	(284)	-	-	-	(284)	-	(284)
Share based payment	-	-	-	20	-	-	-	20	-	20

					-				
			2		2				
31 December 2012 & 1 January 2013	6,1 80	-	7 (33 ,89 2) 9 0	76	0 0 6	(2,8 57)	(67)	(664)	(66 4)
Loss for the year	-	-	-	-	-	(3,0 92)	-	(3,092)	(7) (3,0 99)
Currency translation differences arising on translation of foreign operations	-	-	-	-	-	-	113	113	13 126
Total comprehensive loss	-	-	-	-	-	(3,0 92)	113	(2,979)	6 (2,9 73)
Share consolidation	(6, 168 )	6,1 68	-	-	-	-	-	-	-
Lapsed/forfeited share options	-	-	-	(76)	-	76	-	-	-
Capital re-organisation on acquisition of KRMC	1,4 83	-	(7, 79 0)	-	4 9 9	-	-	(5,808)	(72) (5,8 80)
Share based payment arising on acquisition of KRMC	-	-	-	1,105	-	-	1,105	-	1,1 05
					( 2				
Conversion of loan stock	25	-	8 0 3	-	0 0 6 ) 2	-	-	5,822	- 5,8 22
Modification of loans received	-	-	-	-	0 3	-	-	203	- 203
			3						
At 31 December 2013	1,5 20	6,1 68	5 (41 ,68 2) 9 3	1,105	7 0 2	(5,8 73)	46	(2,321)	(66) (2,3 87)

Consolidated statement of cash flows  
for the year ended 31 December 2013

Year  
ended  
31  
December

Year  
ended  
31  
December

	2013 £'000	2012 £'000
Net cash outflow from operating activities	(1,006)	-
Investing activities		
Additions to intangible assets	(43)	-
Restricted Cash	-	(1)
Net cash used in investing activities	(43)	(1)
Financing activities		
Proceeds from borrowings	1,060	1
Net cash inflow financing activities	1,060	1
Increase in cash and cash equivalents	11	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	11	-

## Notes

### 1. General Information

The Group's principal activity was previously that of an investment company. Since the successful completion of the reverse acquisition on 31 May 2013 of KRMC, the Group's principal activity is that of mining, exploration and mine development. The Company changed to its present name, Kemin Resources, on 28 February 2013 from GMA Resources Plc. The parent company's principal activity is managing the trade and the investment of its subsidiary companies. It is incorporated in England and Wales and has its registered office and business address at 28 Eccleston Square, London SW1V 1NZ. The shares of Kemin Resources Plc are quoted on the AIM market which is operated by the London Stock Exchange.

### 2. Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with the accounting policies set out below.

The financial information set out above does not constitute the Group's statutory financial statements as defined in section 434 of the Companies Act 2006 but is derived from those accounts. The Group's audited accounts for the year ended 31 December 2013 will be delivered to the Registrar of Companies House in due course. The independent report on those accounts was

unqualified and did not contain a statements under section 498 (2) or (3) of the Companies Act 2006.

The Group and Company prepare its consolidated and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). These are the first financial statements for the parent company to have been prepared under IFRSs. Previously, the Company reported its results in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). No differences arose on the transition of the Company's results from UK GAAP to IFRS and there are no disclosures required by IFRS 1 "First time adoption of IFRS" concerning this transition. The Company has adopted all the relevant standards and interpretations applicable to it, which were effective on the transition date.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit or loss in these financial statements. The Group loss for the year includes the loss on ordinary activities after tax of £55,407,000 in respect of the Company, this includes an impairment loss of £54,137,000. (2012: loss £2,892,000).

The consolidated financial statements have been prepared under the historical cost basis. They are presented in Pounds Sterling and are rounded to the nearest thousand (£'000) except where otherwise noted.

### 3. Capital reorganisation between JV Kazakhstan-Russian Mining Company LLP (KMRC) and Kemin Resources Plc

During the year 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.

#### 4. Post reporting date events

On 11 February 2014 the Republic of Kazakhstan National Bank declared a 20% devaluation of Tenge. The National Bank expects a new exchange rate to be around 300 Tenge per British Pound.

On 19 February 2014 the Company and the Ministry of Industry and New Technologies signed an addenda to Contract No. 1605 and Contract No.1606. As a result, the exploration period was extended until September 2015 under Contract No. 1605 and until May 2016 under Contract No. 1606.

At the approval date of these financial statements, payables to Iskander LLP, were repaid for an amount of £78,000 (KZT 20,000,000). Terms were agreed with the trade creditor to pay the full amount outstanding of £267,000 (KZT 68,109,000) by 31 August 2014.

An amount of £238,000 (US\$404,000) was repaid to Zadessa Limited in May 2014 in relation to all amounts outstanding owed by the Group.

## 5. AGM Notice

The Company's AGM will be held at the offices of BDO LLP, 55 Baker Street, London W1U 7EU on Monday 30 June 2014 at 10.00am. The notice of meeting and resolutions are available on the Company's website [www.keminresources.com](http://www.keminresources.com).

This information is provided by RNS  
The company news service from the London Stock Exchange

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