Ferro-Alloy Rsrcs - FAR Interim Results
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Ferro-Alloy Resources Limited
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Ferro-Alloy Resources Limited ("FAR" or "the Company" or "the Group")

Interim Results for the six months ended 30 June 2019

Ferro-Alloy Resources Limited, the vanadium producer and developer of the large Balasausqandiq vanadium deposit in Southern Kazakhstan, announces its unaudited results for the six months ended 30 June 2019.

Highlights:

- Admitted to trading on the London Stock Exchange on 28 March 2019, raising $6.9m (£5.3m) before expenses
- Continuous production maintained during major expansion and improvement work at the existing vanadium concentrate processing operation ("Existing Operation")
- 55% year-on-year increase in production at the Existing Operation; production of vanadium pentoxide in H1 2019 totalled 71.5 tonnes
- Incremental improvements to the Existing Operation already increasing production; record monthly production of vanadium pentoxide achieved in June 2019 of 17.6 tonnes
- Completion of first batch of improvements to the Existing Operation targeted for the end of Q3 2019 resulting in an anticipated significant increase in production in Q4 2019
- Development continuing at the large Balasausqandiq Vanadium Project (the "Project"); which has a NPV of $2 billion at a long-term forecast vanadium pentoxide price of $7.50/lb
- Upgrade of the local feasibility study on the Project continuing

For further information, visit www.ferro-alloy.com or contact:

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Operations Review

The Existing Operation

Production at the Existing Operation was maintained throughout H1 2019 with only minor interruptions in spite of significant levels of capital development work being undertaken at the plant. Installation of new equipment and the renovation of the existing belt filter meant that plant availability averaged only 75% in the period but despite this, overall production reached 71.5 tonnes, representing a 55% increase to that achieved in the H1 2018. Incremental expansion and improvement work already completed has resulted in record production in June 2019 of 17.6 tonnes of vanadium pentoxide.

The main work carried out in H1 to expand and improve production at the Existing Operation included:

- construction of a 990m^2 extension to the plant facility;
- installation of electrometallurgical and recrystallisation equipment;
- construction of a 15,000m^2 evaporation pond;
- detailed engineering for the construction of a connecting line and transformer station to the adjacent 110 kV power-line;
- addition of substantial new equipment to increase capacity of existing production processes; and
- construction of supporting worker accommodation

Equipment delivered to site during H1 2019 included:

- a rotating pre-roasting furnace for the pre-roasting of concentrates;
- a second main concentrate roasting oven;
- a furnace for the decomposition of ammonium metavanadate ("AMV") into vanadium pentoxide;
- three new 16 cubic meters tanks with cooling systems for increasing the capacity for sedimentation of AMV;
- two new 16 cubic metre tanks with steam heating for the leaching with sodium carbonate of vanadium concentrates;
- a new 16 cubic metre tank for the preliminary leaching of roasted vanadium concentrates; and
- a new press-filter

Outlook for the Existing Operation

Whilst record production has already been reported as a result of recent improvement work, the most significant increases are expected to come in Q4 2019.

Completion of the process plant building expansion and installation and commissioning of the first phase of new equipment is targeted at the end of Q3 2019 resulting in an increase in name-plate capacity to over 50 tonnes of vanadium pentoxide per month, over four times higher than the average for H1 2019. However, operations are likely to be impacted by unreliability of the current power supply until the connection is made to a new high voltage power line, expected around the end of Q1 2020.

The new equipment includes a dissociation oven which will enable the Company to produce vanadium pentoxide powder and eliminate the discount which applies to the current production of AMV. Work is progressing on the second part of the capital programme which is expected to further increase production later in 2020.

Balasausqandiq

Development of the large Balasausqandiq vanadium deposit is on-going in parallel with the Existing Operation.

Balasausquandiq has a significant advantage when compared to most other vanadium deposits and producers in that the ore is not vanadiferous titano-magnetite ("VTM") and therefore does not require the expensive concentrating and high temperature roasting which VTM requires. This reduces both capital and operating costs by about 60% and is likely to make the Group the lowest cost primary producer. The proposed development is planned in two phases to produce up to 22,400 tonnes per year of vanadium pentoxide which, at a long-term price assumption of $7.50/lb of vanadium pentoxide, will result in a Net Present Value (at 10% discount rate) of over $2 billion.

The Company has previously completed a feasibility study to locally required standards, supplemented by a western-style JORC reserve and resource estimate and the construction and operation of a 15,000 tpy pilot plant which has also proved the feasibility of the proposed process. A completed gap analysis has highlighted relatively small areas where further work is required to meet the standards of a typical western banking feasibility study. This will be carried out simultaneously with the already-planned confirmatory work to test the potential of using simpler vertical autoclaves instead of the more complex and expensive horizontal autoclaves that the pilot plant operation has indicated are not required.

Corporate

On 28 March 2019 the Company was admitted to listing on the London Stock Exchange.

On 25th of July 2019 Ferro-Alloy Resources Limited appointed Shore Capital to act as Corporate Broker.

Vanadium prices in the period

Prices of vanadium pentoxide have been volatile in the reporting period, starting the year at around US$16/lb before falling to around US$7/lb by the end of the H1 reporting period. The fall in vanadium prices from the high levels experienced in 2018 was expected by the industry, although the timing was more sudden than had been forecast. As a result of industry trading practices and the application of the Company's accounting policies, the fall in price has resulted in certain charges to profit in the year that are not expected to recur.

During the period the Group procured certain raw materials at prices based on the prevailing spot vanadium prices and, as these materials can take several months for delivery and processing, these were purchased at higher prices than those prevailing when the end product was sold, having the effect of reducing trading profits during periods of falling prices.

Furthermore, as is the norm in the industry, revenue, and the corresponding trade receivable are recognised at the time of transfer of control of products to the customer, but the final pricing determination is based on assay and prices around the time of arrival of the goods at the port of destination which can be several months later. Therefore, receivables relating to shipments made in Q4 2018 which had been valued at fair value based on the price prevailing at the end of 2018, realised less than the carrying value. The loss, together with the fair value adjustments to further sales made in H1, is included in note 2 as Other Revenues.

In accordance with the Company's accounting policy, shipments made in H1 2019, which had not yet been assayed and priced at destination by the end of the period, have been valued on the basis of the price prevailing as at 30 June 2019 of around $7/lb.

Vanadium prices are now very close to the level that the Company expects in the long-term, so the directors do not anticipate further significant falls or increases. However, there is uncertainty over the extent of future Chinese enforcement of new steel standards which might increase demand and price volatility. Stable prices will lessen the accounting effects detailed above and as production rises in Q4 2019 and the Company starts to produce vanadium pentoxide instead of AMV, it is expected that profitability will be very much enhanced.

Earnings and cash flow

The Group generated revenues of US$1.1m for the period compared to US$1.7m for the first six months of 2018, reflecting the falling market prices and the negative Other Revenue detailed above and below. Cost of sales increased to US$1.3m from US$0.7m for the first six months of 2018 reflecting the increased volumes and the relatively high price at which raw materials were acquired.

Administrative expenses of US$0.9m (H1 2018: US$0.6m) included non-recurring listing costs of $0.3m, with the remainder principally comprising employee costs, audit and professional services, reflecting the higher costs associated with the Company being listed on the London Stock Exchange.

The Group made a net loss before and after tax of US$1.3m (H1 2018: profit of US$0.3m).

Net cash outflows from operating activities totalled US$2.3m (H1 2018: US$0m) principally reflecting the decrease in selling prices. Net cash outflows from investing activities included US$0.5m (H1 2018: US$0.2m) of capital expenditure associated with expanding the processing operation. Net cash inflows from financing activities totalled US$6.6m (H1 2018: US$0.2m) being the proceeds, net of commissions, from the offer at the time of listing on the London Stock Exchange.

Balance sheet review

Non-current assets increased to US$3.3m at 30 June 2019 (2018: US$2.8m), reflecting the capital expenditure in existing operations.

Current assets excluding cash balances increased to US$2.4m from US$1.1m year before. The increase was driven by increases in production resulting in higher inventories (US$1.6m from US$0.9m) and an increase in prepayments (US$0.7m from US$0.1m)

The Group had cash of US$4.6m at 30 June 2019 (2018: US$0.9m).

Description of principal risks, uncertainties and how they are managed

Risks and uncertainties which the Group is facing are as set out in the financial statements for the year ended 31 December 2019 in the CEO's Report on Operations as published on 30 April 2019. In addition, the timing and extent of the increase in production anticipated in the fourth quarter of 2019 is uncertain because it depends on the performance of sub-contractors and unforeseen commissioning delay. Furthermore, until the connection to the new power-line, expected around the end of the first quarter of 2020, there may be interruptions to production outside the control of the Company. Since the changes being made to the process plant are in the nature of expansions and improvements to the existing processes without any significant change in the style of equipment or technology, the directors are confident that any such outcomes can be relatively easily managed but recognises that some delay may be possible.

Responsibility statements

Directors Responsibility Statement

We confirm that to the best of our knowledge:

a) the Condensed set of Interim Financial Statements has been prepared in accordance with IAS 34 Interim Financial Reporting;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related partiestransactions and changes therein); and

d) the condensed set of interim financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R.

This Half Yearly Report has been approved by the Board and signed on its behalf by:

James Turian
Director
29.08.2019

Condensed unaudited Consolidated Statement of Comprehensive Income

	Note	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Revenue	2	1,108	1,661
Cost of sales	3	(1,323)	(658)
Gross (loss) profit		**(215)**	**1,003**
Administrative expenses	4	(947)	(604)
Distribution expenses		(58)	(42)
Other expenses		(1)	(1)
(Loss) profit from operating activities		**(1,221)**	**356**
Net finance income/(costs)	6	(89)	(25)
Profit (loss) before income tax		**(1,310)**	**331**
Income tax		-	(1)
(Loss) profit for the period		**(1,310)**	**330**
Other comprehensive (loss) income			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		9	11
Total comprehensive (loss) income for the period		**(1,301)**	**341**
(Loss)/earnings/per share (basic and diluted), US$	14	(0.004)	0.001

Condensed unaudited Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2019 $000	31 December 2018 $000
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,515	2,203
Exploration and evaluation assets	8	60	59
Intangible assets	9	25	25
Long-term VAT receivable	11	429	237
Prepayments	12	251	249
Total non-current assets		**3,280**	**2,773**
Current assets			
Inventories	10	1,616	929
Trade and other receivables	11	56	38
Prepayments	12	686	91
Cash and cash equivalents	13	4,623	892

	Note	Unaudited 30 June 2019 $000	31 December 2018 $000
Total current assets		**6,981**	**1,950**
Total assets		**10,261**	**4,723**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	33,978	27,330
Additional paid-in capital		397	380
Foreign currency translation reserve		(2,956)	(2,965)
Accumulated losses		(22,585)	(21,275)
Total equity		**8,834**	**3,470**
Non-current liabilities			
Provisions		60	60
Total non-current liabilities		**60**	**60**
Current liabilities			
Trade and other payables	16	1,011	929
Contract liability	15	356	264
Total current liabilities		**1,367**	**1,193**
Total liabilities		**1,427**	**1,253**
Total equity and liabilities		**10,261**	**4,723**

Condensed unaudited Consolidated Statement of Changes in Equity

	Share capital $000	Share premium $000	Additional paid in capital $000	Foreign currency translation reserve $000	Accumulated losses $000	Total $000
Balance at 1 January 2018	15	26,904	380	(2,672)	(24,238)	389
Profit for the period	-	-	-	-	330	330
Other comprehensive income						
Exchange differences arising on translation of foreign operations	-	-	-	11	-	11
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**11**	**330**	**341**
Transactions with owners, recorded directly in equity						
Shares issued	-	181	-	-	-	181
Balance at 30 June 2018	**15**	**27,085**	**380**	**(2,661)**	**(23,908)**	**911**
Balance at 1 January 2019	27,330	-	380	(2,965)	(21,275)	3,470
Loss for the period	-	-	-	-	(1,310)	(1,310)
Other comprehensive expense						
Exchange differences arising on translation of foreign operations	-	-	-	9	-	9
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**9**	**(1,310)**	**(1,301)**
Transactions with owners, recorded directly in equity						
Shares issued (note 14)	6,648	-	-	-	-	6,648
Other transactions recognised directly in equity (note 14)	-	-	17	-	-	17
Balance at 30 June 2019	**33,978**	**-**	**397**	**(2,956)**	**(22,585)**	**8,834**

Condensed unaudited Consolidated Statement of Cash Flow

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Cash flows from operating activities		
(Loss) income for the period	**(1,310)**	**331**
Adjustments for:		
Depreciation and amortisation	257	18
Loss on write-off of property, plant and equipment	-	15
Expenses on credit loss provisions and impairment of prepayments	21	-
Income tax	-	(1)
Net finance costs / (income)	89	25
Cash from operating activities before changes in working capital	**(943)**	**388**
Change in inventories	(680)	(3)
Change in trade and other receivables	(231)	(416)
Change in prepayments	(595)	(31)
Change in trade and other payables	82	116
Change in contract liability	92	-
Net cash from operating activities	**(2,275)**	**54**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(519)	(169)
Net cash used in investing activities	**(519)**	**(169)**
Cash flows from financing activities		
Proceeds from issue of share capital	6,880	181
Transaction costs on shares subscription	(232)	-
Net cash from financing activities	**6,648**	**181**
Net increase in cash and cash equivalents	**3,854**	**66**
Cash and cash equivalents at the beginning of the period	892	267
Effect of movements in exchange rates on cash and cash equivalents	(123)	(24)
Cash and cash equivalents at the end of the period	**4,623**	**309**

Unaudited notes to the Financial Statements for the 6 months period ended 30 June 2019

1 Basis of preparation

These Condensed Unaudited Financial Statements have been prepared in accordance with IAS34 *Interim Financial Reporting*. The same accounting policies and basis of preparation have been followed as in the annual financial statements of the Group which were published in 30 April 2019.

The consolidated financial statements are prepared in accordance with IFRS on a going concern basis. The Directors have reviewed the Group's cash flow forecasts for at least 12 months following the reporting date, including sensitivities and mitigating actions. After taking into account available cash and forecast cash flow from operations, the Directors consider that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

These Condensed Unaudited Financial Statements have not been approved or reviewed by the Corporate Auditor.

IFRS 16, Leases, has been applied for the first time but its impact is not material.

2 Revenue

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Revenue from sales of vanadium products	1,972	1,661
Sales of gravel and waste rock	1	-
Total revenue from customers	**1,973**	**1,661**
Other revenues Ð change in fair value of customer contract	(865)	-
	1,108	**1,661**

Vanadium products

Under certain sales contracts the single performance obligation is the delivery of AMV to the designated delivery point at which point possession, title and risk on the product transfers to the buyer. The buyer makes an initial provisional payment based on volumes and quantities assessed by the Company and market spot prices at the date of shipment. The final payment is received once the product has reached its final destination with adjustments for quality / quantity and pricing. The final pricing is based on the historical average market prices during a quotation period based on the date the product reaches the port of destination and an adjusting payment or receipt will be made to the initially received revenue. Where the final payment for a shipment made prior to the end of an accounting period has not been determined before the end of that period, the revenue is recognised based on the spot price that prevails at the end of the accounting period, with adjustments for the value of money and the carry costs where significant.

Other revenue related to the change in the fair value of amounts receivable under the sales contracts between the date of initial recognition and year end resulting from market prices are recorded as other revenue. Refer to note 17 for details of contract liabilities recorded at fair value.

3 Cost of sales

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Materials	753	360
Wages, salaries and related taxes	257	219
Depreciation	244	22
Electricity	58	37
Other	11	20
	1,323	**658**

4 Administrative expenses

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Wages, salaries and related taxes	422	391
Listing & reorganisation expenses	336	105
Audit	61	-
Professional services	43	17
Materials	24	22
Business trip expenses	15	13
Depreciation and amortization	13	6
Security	8	9
Communication and information services	3	3
Bank fees	2	4
Other	20	34
	947	**604**

5 Personnel costs

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Wages, salaries and related taxes	639	584
	639	**584**

6 Finance costs

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Net foreign exchange costs	89	25
Net finance costs/(income)	**89**	**25**

7 Property, plant and equipment

	Land and buildings $000	Plant and equipment $000	Vehicles $000	Computers $000	Other $000	Construction in progress $000	Total $000
Cost							
Balance at 1 January 2018	1,853	2,015	364	13	42	202	4,489
Additions	9	131	123	13	47	350	673
Disposals	-	(27)	-	-	(4)	(17)	(48)
Foreign currency translation difference	(251)	(283)	(61)	(3)	(10)	(61)	(669)
Balance at 31 December 2018	**1,611**	**1,836**	**426**	**23**	**75**	**474**	**4,445**
Balance at 1 January 2019	1,611	1,836	426	23	75	474	4,445
Additions	63	200	155	14	17	70	519
Transfers	-	181	-	-	-	(181)	-
Foreign currency translation difference	14	16	3	1	2	5	41
Balance at 30 June 2019	**1,688**	**2,233**	**584**	**38**	**94**	**368**	**5,005**
Depreciation							
Balance at 1 January 2018	1,853	2,015	295	13	32	202	4,410
Depreciation for the period	-	10	29	1	5	-	45
Disposals	-	(27)	-	-	-	-	(27)
Reversal of impairment	(1,022)	(393)	-	-	-	(175)	(1,590)
Foreign currency translation difference	(250)	(270)	(42)	(2)	(5)	(27)	(596)
Balance at 31 December 2018	**581**	**1,335**	**282**	**12**	**32**	**-**	**2,242**
Balance at 1 January 2019	581	1,335	282	12	32	-	2,242
Depreciation for the period	28	171	22	2	4	-	227
Transfers	-	-	-	-	-	-	-
Foreign currency translation difference	5	13	3	1	(1)	-	21
Balance at 30 June 2019	**614**	**1,519**	**307**	**15**	**35**	**-**	**2,490**
Carrying amounts							
At 1 January 2018	**-**	**-**	**69**	**-**	**10**	**-**	**79**
At 31 December 2018	**1,030**	**501**	**144**	**11**	**43**	**474**	**2,203**
At 30 June 2019	**1,074**	**714**	**277**	**23**	**59**	**368**	**2,515**

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8 Exploration and evaluation assets

The Group's exploration and evaluation assets relate to Balasausqandiq deposit. During the six months period ended 30 June 2019 the Group did not capitalise any exploration and evaluation assets (in 2018: US$nil). As at 30 June 2019 the carrying value of exploration and evaluation assets was US$0.060m (2018: US$0.059m).

9 Intangible assets

	Mineral rights $000	Patents $000	Computer software $000	Total $000
Cost				
Balance at 1 January 2018	115	36	4	155
Additions	-	2	-	2
Foreign currency translation difference	(16)	(5)	(1)	(22)

Balance at 31 December 2018	**99**	**33**	**3**	**135**
Balance at 1 January 2019	99	33	3	135
Additions	-	-	-	-
Foreign currency translation difference	1	1	-	2
Balance at 30 June 2019	**100**	**34**	**3**	**137**
Amortisation				
Balance at 1 January 2018	115	36	2	153
Amortisation for the year	-	-	1	1
Reversal of impairment	-	(23)	-	(23)
Foreign currency translation difference	(16)	(4)	(1)	(21)
Balance at 31 December 2018	**99**	**9**	**2**	**110**
Balance at 1 January 2019	99	9	2	110
Amortisation for the year	-	1	-	1
Foreign currency translation difference	1	(1)	1	1
Balance at 30 June 2019	**100**	**9**	**3**	**112**
Carrying amounts				
At 1 January 2018	-	-	2	2
At 31 December 2018	**-**	**25**	**-**	**25**
At 30 June 2019	**-**	**25**	**-**	**25**

10 Inventories

	Unaudited 30 June 2019 $000	31 December 2018 $000
Raw materials and consumables	1,162	527
Finished goods	448	184
Goods in transit	-	218
Work in progress	6	-
	1,616	**929**

11 Trade and other receivables

Non-current	Unaudited 30 June 2019 $000	31 December 2018 $000
VAT receivable	789	594
Provision for VAT receivable	(360)	(357)
	429	**237**

Current	Unaudited 30 June 2019 $000	31 December 2018 $000
Trade receivables from third parties	26	21
Due from employees	-	24
Other receivables	51	14
	77	**59**
Expected credit loss provision	(21)	(21)
	56	**38**

The expected credit loss provision relates to credit impaired receivables which are in default and the Group considers the probability of collection to be remote given the age of the receivable and default status.

12 Prepayments

	Unaudited 30 June 2019 $000	31 December 2018 $000
Non-current		
Prepayments for equipment	251	249
	251	**249**
Current		
Prepayments for goods and services	686	91
	686	**91**

13 Cash and cash equivalents

	Unaudited 30 June 2019 $000	31 December 2018 $000
Bank balances and other cash deposits	4,623	885
Petty cash	-	7
Cash and cash equivalents	**4,623**	**892**

14 Equity

(a) Share capital

Number of shares unless otherwise stated	**Ordinary shares** Unaudited 30 June 2019	31 December 2018
Par value	-	-
Outstanding at beginning of year	305,471,087	1,523,732
Shares issued prior to share split	-	1,493
Share reorganisation (split)	-	305,045,000
Shares issued post share split	7,507,761	426,087
Outstanding at end of year	**312,978,848**	**305,471,087**

Ordinary shares

All shares rank equally. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

In July 2018 the Company's shareholders voted by ordinary resolution to subdivide each share into 200 new shares of no par value so that the listed shares will be of a value within the normal range for listing companies. As a result, the share premium was transferred to share capital in 2018.

Reserves

Share capital: Value of shares issued less costs of issuance. Prior to the share restructuring share capital related to the nominal value of shares issued.

Additional paid in capital: Amounts due to shareholders which were waived.

Foreign currency translation reserve: Foreign currency differences on retranslation of results from functional to presentational currency and foreign exchange movements on intercompany balances considered to represent net investments which are permanent as equity.

Accumulated losses: Cumulative net losses.

(b) Dividends

No dividends were declared for the six-month period ended 30 June 2019.

(c) (Loss) earnings per share (basic and diluted)

The calculation of basic and diluted earnings / (loss) per share has been based on the following (loss) profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(i) (Loss) profit attributable to ordinary shareholders (basic and diluted)

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
(Loss) profit for the year, attributable to owners of the Company	(1,310)	330
(Loss) profit attributable to ordinary shareholders	**(1,310)**	**330**

(ii) Weighted-average number of ordinary shares (basic and diluted)

Shares	**Unaudited six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018 Restated**
Issued ordinary shares at 1 January (after subdivision)	305,471,087	304,746,400
Effect of shares issued (weighted)	5,718,240	101,000
Weighted-average number of ordinary shares at 30 June	**311,189,327**	**304,847,400**
(Loss) earnings per share of common stock attributable to the Company (basic and diluted)	(0.004)	0.001

The 2018 comparative has been revised to reflect the share split as if it had occurred on 1 January 2018 for comparability purposes. There are no significant dilutive or potentially dilutive instruments.

15 Loans and borrowings

There were no outstanding loans at 30 June 2019 (31 December 2018: US$nil) and no borrowings or loan repayments in the six month period ended 30 June 2019 (in 2018: the borrowing was US$ nil).

16 Trade and other payables

	Unaudited 30 June 2019 $000	31 December 2018 $000
Trade payables	594	302
Advances received	159	5
Due to directors/key management	146	547
Due to employees	57	44
Other taxes	55	31
	1,011	**929**

17 Contract liability (trade and other payables at FVPL)

	Unaudited 30 June 2019 $000	31 December 2018 $000
Contract liability (trade and other payables at FVPL)	356	264
	356	**264**

18 Contingencies

(a) Insurance

The insurance industry in the Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally or economically available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. There is a risk that the loss or destruction of certain assets could have a material adverse effect on the GroupÕs operations and financial position.

(b) Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions which are often unclear, contradictory and subject to varying interpretations by different tax authorities. Taxes are subject to review and investigation by various levels of authorities which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years but under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

There are no tax claims or disputes at present.

19 Segment reporting

The Group's operations are split into three segments based on the nature of operations: processing, subsoil operations (being operations related to exploration and mining) and corporate segment for the purposes of IFRS 8 *Operating Segments*. The GroupÕs assets are primarily concentrated in the Republic of Kazakhstan and the GroupÕs revenues are derived from operations in, and connected with, the Republic of Kazakhstan.

Unaudited six-month period ended 30 June 2019

	Processing $000	Subsoil $000	Corporate $000	Total $000
Revenue	1,108	-	-	1,108
Cost of sales	(1,323)	-	-	(1,323)
Administrative expenses	(278)	(14)	(656)	(1,271)
Distribution & other expenses	(59)	-	-	(59)
Finance costs	9	-	(98)	(89)
(Loss)/Profit before tax	**(543)**	**(14)**	**(753)**	**(1,310)**

Unaudited six-month period ended 30 June 2018

	Processing $000	Subsoil $000	Corporate $000	Total $000
Revenue	1,661	-	-	1,661
Cost of sales	(658)	-	-	(658)
Administrative expenses	(229)	(20)	(355)	(604)
Distribution & other expenses	(43)	-	-	(43)
Finance costs	1	-	(26)	(25)
Profit before tax	**732**	**(20)**	**(381)**	331

20 Related party transactions

(a) Transactions with management and close family members

Management remuneration

Key management personnel received the following remuneration during the year, which is included in personnel costs (see Note 5):

	Unaudited six-month period ended 30 June 2019 $000	Unaudited six-month period ended 30 June 2018 $000
Wages, salaries and related taxes	190	178

(b) Transactions with other related parties

There were no other related party transactions.

END

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