Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR).

Ferro-Alloy Resources Limited ('FAR' or 'the Company' or 'the Group')

Interim Results for the six months ended 30 June 2020

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 2020.

Highlights:

- Record high production: 98 tonnes of vanadium pentoxide in the first half compared with 71 tonnes production in the same period last year in spite of COVID-19 and continuing power interruptions
- Record high shipments to customers: 109.2 tonnes of vanadium pentoxide compared with 79.6 tonnes in the same period last year
- Supplies of high grade concentrates secured under long term contract
- Hydrometallurgical line closed because of COVID-19 for the three months from March until May but pyrometallurgical operations continued throughout
- Upgrade to local feasibility study at the Balasausqandiq Vanadium Project continuing
- Prices of vanadium pentoxide have been relatively stable in 2020, having fallen throughout 2019 from the peak of around $30/lb in late 2018. The current level of around US$5-6/lb is lower than historic averages.

Post-Period:

- Step-increase of around 100% in production after the period end, with a total of 70 tonnes of vanadium pentoxide produced in the first two months of the third quarter compared with an average production of 16.3 tonnes per month in the first half of 2020
- Technology developed for the production of electrolyte for vanadium flow batteries
- Equity and Bond fundraisings completed totalling c. £1.23m

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

Ferro-Alloy Resources Limited

Nick Bridgen, Chief Executive Officer info@ferro-alloy.com

Shore Capital (Broker)

Corporate Advisory: Toby Gibbs / Mark Percy / John More Tel: +44 (0)207 408 4090

Corporate Broking: Jerry Keen

VSA Capital (Financial Adviser) Tel: +44 (0)203 005 5000

Andrew Monk / Simon Barton

St Brides Partners Limited (Financial PR & IR Adviser)

Catherine Leftley / Megan Dennison Tel: +44 (0)207 236 1177

Operations Review

The existing vanadium concentrate processing operation

In spite of cut-backs to the investment programme caused principally by the COVID-19 pandemic, major improvements to the production facilities at the Company's existing operations have been made. In particular, the new pyrometallurgical process line has been completed with the installation of the second of two roasting ovens and the expansion of the leaching circuit, as well as two press-filters commissioned. This resulted in an increase in production of 38% in the first half of 2020 and would have been higher but for COVID-19 restrictions and continuing power outages. Starting from July 2020, production has doubled compared with the average monthly production last year and there is significant capacity for higher production when the COVID-19 restrictions are ended and power interruptions are resolved.

Period	Production (tonnes of vanadium pentoxide contained in AMV*)	*Growth vs last period*	Shipments (tonnes of vanadium pentoxide contained in AMV*)	*Growth vs last period*
Q1 2020	49.1	*+53%*	61.0	*+56%*
Q2 2020	48.9	*+25%*	48.2	*+19%*
H1 2020	98.0	*+38%*	109.2	*+37%*

* AMV: ammonium metavanadate

The installation of new equipment and ongoing research work has led to continuing improvements in operating regimes for processing a wide variety of vanadium-containing concentratess in the pyrometallurgical line. Commercially, we have signed long term agreements to receive high grade raw-materials making up 100% of current output.

Starting from July 2020, production of V2O5 contained in AMV increased significantly even compared with the increased levels of the first half year. Production in July and August totalled 70 tonnes, an increase of over 100% more than the average in each month of the first half of 2020.

Outlook for the existing operation

Whilst record production has already been reported as a result of recent improvement work, further increases are expected to come in the remainder of the financial year and beyond.

The new operating regimes and supplies of concentrates which, combined with the improvements already made, are expected to result in up to 60 tonnes of vanadium pentoxide to be produced per month. However, this increase can be impacted by the unreliability of the current power supply, making completion of the connection to the existing high voltage power line critical for further sustained growth. Construction of the connection was frozen during the COVID-19 state of emergency and quarantine restrictions but was restarted in September with completion planned, COVID-19 permitting, around the end of Q1 2021.

A dissociation oven has already been procured which will enable the Company to produce vanadium pentoxide powder and eliminate the discount which applies to the current production of AMV. The main equipment is already on site but installation was temporarily halted during the state of emergency and quarantine lock-down. Installation is now being resumed, with completion expected towards the end of 2020.

Balasausqandiq

Development of the large Balasausqandiq vanadium deposit is on-going in parallel with the Company's existing operations.

Balasausquandiq has a significant advantage when compared with 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 US$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 tonnes per year pilot plant which demonstrated the effectiveness 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 which is ongoing.

Corporate

The Company listed on the new Astana International Stock Exchange (AIX) on 6 January 2020 and consequently delisted from the Kazakhstan Stock Exchange (KASE) on 21 February 2020. The Company's primary listing remains the London Stock Exchange.

On 6 April 2020 the Company issued 500,000 shares to a provider of financial services as payment for their services. On 14 May 2020 the Company issued 3,846,154 shares to raise £0.25m, on 3 September 2020 the Company issued 6,250,000 shares to raise £0.5m and on 16 September 2020 the Company issued 6,250,000 shares to raise a further £0.5m.

During the first half of 2020 the Company issued unsecured corporate bonds totalling US$0.3m and since the end of the period, in September, a further US$0.3m have been issued. The bonds were issued under the terms and conditions set out in Terms and Conditions of the Bonds in accordance with the rules of the Astana International Financial Centre which stipulate an amount per bond of US$2,000, a fixed maturity date of 17 March 2023 and interest rate, based on the nominal amount, of 5.8% per year, paid twice-yearly on 17 September and 17 March. The bonds are unsecured. Investors have the right to require repayment after a minimum period of one year by giving 30 days notice. To take account of the different dates of actual issue and prevailing market terms for interest, the actual amount subscribed for the bonds is adjusted to a premium or discount from the nominal amount to secure the agreed effective interest rate.

Issued during the half year to 30 June 2020:

Issue Date	Number of bonds of $2,000 each	Amount advanced USD	Earliest repayment date	Effective interest rate
5 June 2020	50	100,000	05.07.2021	7.50%
11 June 2020	100	200,000	11.07.2021	7.50%

Issued since the end of the period:

Issue Date	Number of bonds of $2,000 each	Amount advanced	Earliest repayment date	Effective interest rate
1 September 2020	5	10,624	01.10.2021	5.8%
9 September 2020	150	300,114	09.10.2021	7.00%

Vanadium prices in the period

Prices of vanadium pentoxide have been relatively stable in 2020, having fallen throughout 2019 from the peak of around US$30/lb in late 2018. The current level of around US$5-6/lb is lower than historic averages.

During 2019 the Group procured certain raw materials at prices based on the much higher vanadium prices prevailing at the time. As these materials can take several months for delivery and processing, they were purchased at higher prices than those prevailing when the end product was sold, which exaggerates the negative effect on trading profits during periods of falling prices. This had a significant impact on the financial results during the first half of 2020 but does not occur during periods of stable prices and the effect is reversed when prices rise.

Vanadium prices are currently impacted by COVID-19 but medium and long term forecasts indicate the likelihood of a recovery as world demand increases and new primary producers will be required to meet demand. The Group is continuing to work under the long term assumption for vanadium pentoxide of 6.75 USD/lb in 2021 and 7.5 USD/lb thereafter, both of which are less than published forecasts. If prices follow these lower long term assumptions, there is likely to be a significant improvement in profitability. The effect will be magnified when the Group commissions the equipment to convert AMV to vanadium pentoxide and the power supply issues are resolved by the installation of the new connection to the adjacent high voltage line.

COVID-19

The COVID-19 pandemic has been experienced in Kazakhstan in two waves. On 16th March 2020 Kazakhstan declared a state of emergency which ended on the 11th May 2020. Quarantine restrictions were quickly imposed and started to be relaxed in June but this resulted in a second wave during July and early August. The Kazakhstan Government again responded rapidly and reimposed a second national quarantine which ended on 17th August 2020. Cumulatively, there have been around 110,000 cases and 1,700 deaths. The daily rate of confirmed infections has now been reduced from nearly 2,000 per day in July to under 100 and international flights have resumed with a number of countries. Given the increasing cases being seen in various parts of the world, the Company will continue to monitor the situation in Kazakhstan and follow government guidance.

Operations during the first half of the year continued throughout but were impacted in several ways. The Company's main operation in Kazakhstan is manned by two teams of workers, each working for half of the month while residing on site, followed by half of the month on leave. During the lock-down it was not possible to rotate staff as usual, or to bring some professional managers to site from their homes which in many cases are long distances from the operation. Bringing some subcontractors and their equipment to site was also impossible. As a result, the decision was made to close the hydrometallurgical line for three months during March to May, resulting in lost production in the region of 30-33 tonnes of vanadium pentoxide. Delays have been experienced in the installation and commissioning of new equipment and repairs of existing equipment, and continuing shortages of technical staff have impacted the efficiency of operations. The gradual easing of travel restrictions and the return of normal activity in the wider economy are slowly diminishing these operating problems.

The protection of the health and safety of our employees is our paramount concern and the Company has implemented all the measures recommended and required by the Kazakhstan authorities.

Earnings and cash flow

The Group generated total revenues of US$1.1m for the period (2019: US$1.1m) reflecting the low market prices offsetting the strong growth in production and shipments.

Gross revenue for the first six months of 2020 was US$1.2m compared with US$2.0m in the first half of 2019. However, the latter figure was reduced by $0.9m by other revenue, reflecting the adjustment to price after delivery and fair value changes, whilst there was little change in other income to the total for the first half of 2020. Revenue, and the corresponding trade receivable, are recognised at the time of transfer of control to the customer but, as is common in the industry, the final pricing determination is often based on assay and prices after arrival of the goods at the port of destination. Therefore, revenues recognised at the time of shipment are subject to adjustment to prices prevailing up to four months later. Typically, the customer makes a provisional payment based on volumes, quantities and spot prices at the date of shipment and makes a final payment once the product has reached its final destination. As a result, when prices are rising, the final receipt can exceed the initial revenue recorded and vice versa. Where prices decrease significantly, this can result in the Company being in a net payable position if a downward adjustment to the consideration exceeds the provisional payment received.

Cost of sales increased to US$1.9m (H1 2019: US$1.3m) reflecting the increased volumes and processing of vanadium catalysts in the pyrometallurgical line that were purchased at the high prices prevailing at the end of 2018.

Strong control of overheads resulted in administrative expenses of US$0.7m, 22% below last year (H1 2019: US$0.9m).

The Group made a net loss before and after tax of US$1.7m (H1 2019: loss of US$1.3m).

Net cash outflows from operating activities totalled US$0.7m, reflecting the strong cash flow management initiated by the Group during COVID-19 pandemic and low vanadium prices (H1 2019: cash outflow US$2.3m). Investment activities and capital expenditure were reduced, with net cash outflows from investing activities totalling US$0.07m (H1 2019: US$0.5m). Net cash inflows from financing activities totalled US$0.7m (H1 2019: US$6.6m) being the proceeds, net of commissions, from equity and bond issues.

Balance sheet review

Non-current assets totalled to US$4.7m at 30 June 2020 (2019: US$5.1m), reflecting low investment activities during the COVID-19 pandemic.

Current assets excluding cash balances totalled US$1.7m (2019: US$1.8). Higher trade and other receivables and prepayments were offset by lower inventory levels.

The Group had cash of US$0.4m at 30 June 2020 (2019: US$0.6m) and borrowings in the form of bonds of US$300,000.

Description of principal risks, uncertainties and how they are managed

The 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 27 June 2020. In addition, there is a risk that further waves of the COVID-19 pandemic might cause the imposition of further lock-downs and might impact production through its impact on the company's development plans, availability of technical specialists and the performance of sub-contractors, as well as on world demand for and prices of vanadium. Furthermore, until the connection to the new power-line, now planned for the end of the first quarter 2021, there may be interruptions to production from planned and unplanned power outages outside the control of the Company.

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 parties' transactions 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:

Nicholas Bridgen
Director
30.09.2020

Condensed unaudited Consolidated Statement of Comprehensive Income

	Note	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Revenue from customers (pricing at shipment)	2	1,172	1,973
Other revenue (adjustments to price after delivery and fair value changes)		(44)	(865)
Total revenue		1,128	1,108
Cost of sales	3	(1,903)	(1,323)
Gross loss		**(775)**	**(215)**
Administrative expenses	4	(766)	(947)
Distribution expenses		(55)	(58)
Other expenses		(2)	(1)
Loss from operating activities		**(1,598)**	**(1,221)**
Net finance costs	6	(111)	(89)
Loss before income tax		**(1,709)**	**(1,310)**
Income tax		(1)	-
Loss for the period		**(1,710)**	**(1,310)**
Other comprehensive (loss) income			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(275)	9
Total comprehensive (loss) income for the period		**(1,985)**	**(1,301)**
Loss per share (basic and diluted), US$	14	(0.005)	(0.004)

Condensed unaudited Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2020 $000	31 December 2019 $000
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,888	3,206
Exploration and evaluation assets	8	56	59
Intangible assets	9	22	24
Long-term VAT receivable	11	616	652
Prepayments	12	1,082	1,148
Total non-current assets		**4,664**	**5,089**
Current assets			
Inventories	10	677	1,750
Trade and other receivables	11	463	35
Prepayments	12	547	38
Cash and cash equivalents	13	426	648
Total current assets		**2,113**	**2,471**
Total assets		**6,777**	**7,560**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	34,375	33,965
Additional paid-in capital		397	397
Foreign currency translation reserve		(3,209)	(2,934)
Accumulated losses		(26,326)	(24,617)
Total equity		**5,236**	**6,811**
Non-current liabilities			
Provisions		60	64
Total non-current liabilities		**60**	**64**
Current liabilities			
Loans and borrowings	15	300	-
Trade and other payables	16	1,125	626
Contract liability	17	56	59
Total current liabilities		**1,481**	**685**
Total liabilities		**1,541**	**749**
Total equity and liabilities		**6,777**	**7,560**

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 2019	27,330	-	380	(2,965)	(21,275)	3,470
Loss for the period	-	-	-	-	(1,310)	(1,310)
Other comprehensive income						
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	-	181	-	-	-	181
Other transactions recognised directly in equity	-	-	17	-	-	17
Balance at 30 June 2019	**33,978**	**-**	**397**	**(2,956)**	**(22,585)**	**8,834**
Balance at 1 January 2020	33,965	-	397	(2,934)	(24,617)	6,811
Loss for the period	-	-	-	-	(1,710)	(1,710)
Other comprehensive expense						
Exchange differences arising on translation of foreign operations	-	-	-	(275)	-	(275)
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**(275)**	**(1,710)**	**(1,985)**
Transactions with owners, recorded directly in equity						
Shares issued (note 14)	410	-	-	-	-	410
Balance at 30 June 2020	**34,375**	**-**	**397**	**(3,209)**	**(26,327)**	**5,236**

Condensed unaudited Consolidated Statement of Cash Flow

	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Cash flows from operating activities		
Loss for the period	**(1,710)**	**(1,310)**
Adjustments for:		
Depreciation and amortisation	244	257
Expenses on credit loss provisions and impairment of prepayments	-	21
Income tax	1	-
Net finance costs / (income)	111	89
Cash from operating activities before changes in working capital	**(1,354)**	**(943)**
Change in inventories	1,073	(680)
Change in trade and other receivables	(430)	(231)
Change in prepayments	(508)	(595)
Change in trade and other payables	534	82
Change in contract liability	(3)	92
Net cash from operating activities	**(687)**	**(2,275)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(74)	(519)
Net cash used in investing activities	**(74)**	**(519)**
Cash flows from financing activities		
Proceeds from issue of share capital	442	6,880
Transaction costs on shares subscription	(32)	(232)
Proceeds from borrowings	300	
Net cash from financing activities	**710**	**6,648**
Net increase in cash and cash equivalents	**(51)**	**3,854**
Cash and cash equivalents at the beginning of the period	648	892
Effect of movements in exchange rates on cash and cash equivalents	(171)	(123)
Cash and cash equivalents at the end of the period	**426**	**4,623**

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 on 29 June 2020.

Going concern

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, money raised subsequent to the reporting date and forecast cash flow from operations, the sirectors have a reasonable expectation 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.

In reaching this conclusion, the directors have taken account of the likely course of the COVID-19 pandemic and its likely effect on operations. However, the possibility that the course of the pandemic will be very different from the directors' expectations, including its effect on the world demand for an pricing of vanadium, gives rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Use of estimates and judgements

Preparing the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Carrying value of processing operations

Given the decrease in vanadium pentoxide prices in the period, the Directors have tested the processing operations PP&E for impairment (note 7) at 30 June 2020. In doing so, net present value cash flow forecasts were prepared using the fair value less cost to develop method which required estimates including vanadium pentoxide prices, production including the impact of ongoing and planned development, together with costs and discount rate. Key estimates included:

- Production volumes of 12 tonnes per month of vanadium pentoxide from hydrometallurgical line, 74 tons per month of vanadium pentoxide from pyrometallurgical line and 68 tonnes per month of vanadium pentoxide from electrometallurgical line.
- Prices of US$5.1/lb in 2020, US$6.75/lb in 2021 and thereafter, reflecting management estimates having consideration of market commentary less a discount, and lower than the US$7.50/lb used by the Company as a long-term assumption for other planning purposes.
- Further capital development costs of US$5m.
- Discount rate of 10% post tax in real terms.

Fair value of trade receivables and payables classified at fair value through profit and loss ("FVTPL") (note 11, 16 and 17)

The consideration receivable in respect of certain AMV sales for which performance obligations have been satisfied at the end of the period and for which the Group has received prepayment under the terms of the sale agreements, remains subject to pricing adjustments with reference to market prices in the month following arrival at the port of final destination. Under the Group's accounting policies, the fair value of the consideration is determined and the remaining receivable is adjusted to reflect fair value, or, if the final estimated consideration is lower than the amounts received prior to the end of the period, a payable at FVTPL is recorded. In the absence of forward market prices for the commodity, management estimated the forward price based on: a) spot market prices for vanadium pentoxide at 30 June 2020 less applicable deductions for AMV; b) foreign exchange rates; c) risk free rates and d) carry costs when material.

As at 30 June 2020 the Group recorded trade receivables at fair value of US$0.395m (2019: US$0.030m). As at 30 June 2020 the Group recognised a payable at FVTPL of US$0.056m (2019: US$0.059m).

These Condensed Unaudited Financial Statements have not been audited or reviewed by the Group 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 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Revenue from sales of vanadium products	1,170	1,972
Sales of gravel and waste rock	2	1
Total revenue from customers	**1,172**	**1,973**
Other revenues – change in fair value of customer contract	(44)	(865)
	1,128	**1,108**

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 2020 $000	**Unaudited six-month period ended 30 June 2019 $000**
Materials	1,261	753
Wages, salaries and related taxes	340	257
Depreciation	231	244
Electricity	67	58
Other	4	11
	1,903	**1,323**

4 Administrative expenses

	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Wages, salaries and related taxes	437	422
Professional services	211	43
Materials	25	24
Depreciation and amortization	13	13
Business trip expenses	10	15
Security	7	8
Listing & reorganisation expenses	6	336
Communication and information services	4	3
Bank fees	5	2
Audit	3	61
Other	43	20
	766	**947**

5 Personnel costs

	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Wages, salaries and related taxes	624	639
	624	**639**

6 Finance costs

	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Net foreign exchange costs	101	89
Interest on bonds	10	-
Net finance costs	**111**	**89**

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 2019	1,611	1,836	426	23	75	474	4,445
Additions	2	183	157	15	28	1,053	1,438
Transfers	62	28	-	-	-	(90)	-
Disposals	-	(48)	-	-	-	-	(48)
Foreign currency translation difference	12	15	4	1	1	8	41
Balance at 31 December 2019	**1,687**	**2,014**	**587**	**39**	**104**	**1,445**	**5,876**
Balance at 1 January 2020	1,687	2,014	587	39	104	1,445	5,876
Additions	-	7	-	-	1	66	74
Foreign currency translation difference	(94)	(113)	(33)	(2)	(6)	(81)	(329)
Balance at 30 June 2020	**1,593**	**1,908**	**554**	**37**	**99**	**1,430**	**5,621**
Depreciation							
Balance at 1 January 2019	581	1,335	282	12	32	-	2,242
Depreciation for the period	53	312	46	6	9	-	426
Disposals	-	(14)	-	(1)	(2)	-	(17)
Foreign currency translation difference	5	12	2	-	-	-	19
Balance at 31 December 2019	**639**	**1,645**	**330**	**17**	**39**	**-**	**2,670**
Balance at 1 January 2020	639	1,645	330	17	39	-	2,670
Depreciation for the period	26	155	22	3	6	-	212
Foreign currency translation difference	(36)	(92)	(18)	(1)	(2)	-	(149)
Balance at 30 June 2020	**629**	**1,706**	**334**	**19**	**43**	**-**	**2,733**
Carrying amounts							
At 1 January 2019	**1,030**	**501**	**144**	**11**	**43**	**474**	**2,203**
At 31 December 2019	**1,048**	**369**	**257**	**22**	**65**	**1,445**	**3,206**
At 30 June 2020	**964**	**200**	**220**	**18**	**56**	**1,430**	**2,888**

8 Exploration and evaluation assets

The Group's exploration and evaluation assets relate to Balasausqandiq deposit. During the six months period ended 30 June 2020 the Group did not capitalise any exploration and evaluation assets (in 2019: US$nil). As at 30 June 2020 the carrying value of exploration and evaluation assets was US$0.056m (2019: US$0.059m).

9 Intangible assets

	Mineral rights $000	Patents $000	Computer software $000	Total $000
Cost				
Balance at 1 January 2019	99	33	3	135
Additions	-	1	-	1
Foreign currency translation difference	1	-	-	1
Balance at 31 December 2019	**100**	**34**	**3**	**137**
Balance at 1 January 2020	100	34	3	137
Foreign currency translation difference	(5)	(1)	-	(6)
Balance at 30 June 2019	**95**	**33**	**3**	**131**
Amortisation				
Balance at 1 January 2019	99	9	2	110
Amortisation for the year	-	2	-	2
Foreign currency translation difference	1	(1)	1	1
Balance at 31 December 2019	**100**	**10**	**3**	**113**
Balance at 1 January 2020	100	10	3	113
Amortisation for the period	-	1	-	1
Foreign currency translation difference	(5)	-	-	(5)
Balance at 30 June 2020	**95**	**11**	**3**	**109**
Carrying amounts				
At 1 January 2019	-	24	1	25
At 31 December 2019	**-**	**24**	**-**	**24**
At 30 June 2020	**-**	**22**	**-**	**22**

10 Inventories

	Unaudited 30 June 2020 $000	31 December 2019 $000
Raw materials and consumables	525	1,575
Finished goods	97	172
Goods in transit	-	3
Work in progress	55	-
	677	**1,750**

11 Trade and other receivables

Non-current	Unaudited 30 June 2020 $000	31 December 2019 $000
VAT receivable	955	1,012
Provision for VAT receivable	(339)	(360)
	616	**652**

Current	Unaudited 30 June 2020 $000	31 December 2019 $000
Trade receivables from third parties	395	30
Due from employees	11	17
Other receivables	77	9
	483	**56**
Expected credit loss provision	(20)	(21)
	463	**35**

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 2020 $000	31 December 2019 $000
Non-current		
Prepayments for equipment	1,082	1,148
	1,082	**1,148**
Current		
Prepayments for goods and services	547	38
	547	**38**

13 Cash and cash equivalents

	Unaudited 30 June 2020 $000	31 December 2019 $000
Bank balances and other cash deposits	426	647
Petty cash	-	1
Cash and cash equivalents	**426**	**648**

14 Equity

(a) Share capital

Number of shares unless otherwise stated	Ordinary shares	
	Unaudited	
	30 June 2020	**31 December 2019**
	-	-
Outstanding at beginning of year	312,978,848	305,471,087
Shares issued	5,110,204	7,507,761
Outstanding at end of the period	**318,089,052**	**312,978,848**

Details of shares issued:

	Date of issue	Number of shares	Price per share, $
Issued in lieu of fees	01 April 2020	500,000	0.1224
Subscription	20 May 2020	3,846,154	0.0796
Issued in lieu of fees	29 June 2020	764,050	0.0982
Total		**5,110,204**	

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.

Reserves

Share capital: Value of shares issued less costs of issuance.

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 2020.

(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) attributable to ordinary shareholders (basic and diluted)***

	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Loss for the period, attributable to owners of the Company	(1,710)	(1,310)
Loss attributable to ordinary shareholders	**(1,710)**	**(1,310)**

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

Shares	Unaudited six-month period ended 30 June 2020	Unaudited six-month period ended 30 June 2019
Issued ordinary shares at 1 January	312,978,848	305,471,087
Effect of shares issued (weighted)	1,265,811	5,718,240
Weighted-average number of ordinary shares at 30 June	**314,244,659**	**311,189,327**
Loss per share of common stock attributable to the Company (basic and diluted)	(0.005)	(0.004)

15 Loans and borrowings

There were no outstanding bank loans at 30 June 2020 (31 December 2019: US$ nil) and no bank loan repayments in the six month period ended 30 June 2020 (in 2019: US$ nil).

During the period ended at 30 June 2020 the Company issued bonds for the total amount of US$300,000:

	Unaudited 30 June 2020	31 December 2019
Bonds payable	300	-
Total	**300**	**-**

The bonds were issued under the terms and conditions set out in Terms and Conditions of the Bonds in accordance with the rules of the Anstana International Financial Center which stipulate an amount per bond of US$2,000, a fixed maturity date of 17 March 2023 and interest rate, based on the nominal amount, of 5.8% per year, paid twice-yearly on 17 September and 17 March. The bonds are unsecured. Investors have the right to require repayment after a minimum period of one year by giving 30 days notice. To take account of the different dates of actual issue and prevailing market terms for interetest, the actual amount subscribed for the bonds is adjusted to a premium or discount from the nominal amount to secure the agreed effective interest rate.

Issue date	No of bonds	Effective interest rate	Maturity	Earliest repayment date	Amount subscribed
5 June 2020	50	7.5%	2023	5 July 21	100,000
11 June 2020	100	7.5%	2023	11 July 21	200,000
					300,000

16 Trade and other payables

	Unaudited 30 June 2020 $000	31 December 2019 $000
Trade payables	623	256
Due to directors/key management	297	212
Due to employees	139	105
Other taxes	56	53
Interest payable	10	-
	1,125	**626**

17 Contract liability (trade and other payables at FVTPL)

	Unaudited 30 June 2020 $000	31 December 2019 $000
Contract liability (trade and other payables at FVTPL)	56	59
	56	**59**

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 Group's 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 Group's assets are primarily concentrated in the Republic of Kazakhstan and the Group's revenues are derived from operations in, and connected with, the Republic of Kazakhstan.

Unaudited six-month period ended 30 June 2020

	Processing $000	Subsoil $000	Corporate $000	Total $000
Revenue	1,128	-	-	1,128
Cost of sales	(1,903)	-	-	(1,903)
Administrative expenses	(176)	(49)	(540)	(765)
Distribution & other expenses	(57)	-	-	(57)
Finance costs	(19)	-	(92)	(111)
Loss before tax	**(1,027)**	**(49)**	**(632)**	**(1,709)**

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 before tax	**(543)**	**(14)**	**(753)**	**(1,310)**

20 Related party transactions

(a) Transactions with management and close family members

Management remuneration

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

	Unaudited six-month period ended 30 June 2020 $000	Unaudited six-month period ended 30 June 2019 $000
Wages, salaries and related taxes	209	190

(b) Transactions with other related parties

There were no other related party transactions.

21 Subsequent events

On 3 September 2020 the Company issued 6,250,000 shares at a price per share of 8 pence per share to raise £0.5m and on 16 September 2020 the Company issued 6,250,000 shares at 8 pence per share to raise a further £0.5m.

On 1st September and 9 September 2020 the Company issued unsecured corporate bonds. The bonds were issued under the terms and conditions set out in Terms and Conditions of the Bonds in accordance with the rules of the Astana International Financial Centre which stipulate an amount per bond of US$2,000, a fixed maturity date of 17 March 2023 and interest rate, based on the nominal amount, of 5.8% per year, paid twice-yearly on 17 September and 17 March. Investors have the right to require repayment after a minimum period of one year from issue by giving 30 days notice. To take account of the different dates of actual issue and prevailing market terms for interest, the actual amount subscribed for the bonds is adjusted to a premium or discount from the nominal amount to secure the agreed effective interest rate.

Bonds issued since the end of the period:

Issue Date	Number of bonds of $2,000 each	Amount advanced	Earliest repayment date	Effective interest rate
1 September 2020	5	10,624	01.10.2021	5.8%
9 September 2020	150	300,114	09.10.2021	7.00%