

21 September 2015

**Rare Earth Minerals Plc.**

**("Rare Earth Minerals", "REM", "the Company" or "the Group")**

**Interim Results for the Six Month Period Ending 30 June 2015**

**Further Significant Progress with Expanding Lithium Assets**

Rare Earth Minerals Plc (LSE AIM: REM.LN) (RARMF: US), announces its interim results for the six months ended 30 June 2015 ("the period").

**Chairman's Statement**

I'm pleased to report that the Company's strategy of investing actively in the lithium and rare earth elements ("REE") sectors is starting to show solid growth, driven by the ever-increasing global market's focus on these sectors and REM's focus with its Joint Venture Partner on the development of the Sonora Lithium Project in northern Mexico.

The market performance of REM's portfolio of assets and investments delivered £2.65 million of total comprehensive income for the period. This performance has also had a positive effect on our balance sheet with our net assets increasing from £15.63 million, at the end of December 2014 to £21.79 million at the end of the period. At the end of the period, inclusive of our cash, equity swap agreement and undrawn conditional debt facilities the Company had approximately £9 million to support our current portfolio, potentially increase our investment within this portfolio and to identify new opportunities over the next twelve months.

Operationally, REM's principal investments have made excellent strides, and are demonstrating rapid growth as they advance up the development curve. In particular, and subsequent to the period end, REM and its partner in the Sonora Lithium Project entered into a conditional long-term lithium hydroxide supply agreement that is material to REM, the full details of which were set forth in the press release issued on 28 August 2015, which can be viewed [here](#).

This supply agreement will underpin and support the Company's plans to develop this globally significant lithium resource and will hopefully be the first of a number of potential lithium off-take partners. We are currently advancing additional potential off-take agreements with whom we have non-disclosure agreements with and we look forward to updating the market as we progress of these discussions.

The lithium market is approaching an important inflection point, with strong lithium battery growth fundamentals driving strong demand. With limited supply capacity from the traditional producers, REM sees that it will be the new producers that will be asked to fill the widening supply gap. The progress on our key assets and investments over the last six months has been very strong and we look forward to reporting on the continued developments from these projects.

The Company remains completely focused on increasing its global exposure to the lithium supply chain with significant investments now centered on Sonora and one of the European Union's most significant lithium resource at the Cinovec Lithium Project in the Czech Republic on the border with Germany. Both deposits now have combined total indicated and inferred resources of nearly 13 million tonnes ("Mt") of lithium carbonate ("LCE").

**Outlook**

The past six months has been both significant for the projects we have invested in and the markets in which they operate. We will continue to look to add value to these assets. We believe that the investments that have been made by the Group have the potential to deliver excellent returns. The board would like to take this opportunity to thank our shareholders, staff and consultants for their valuable and continued support.

**HIGHLIGHTS:**

### **Sonora Lithium Project, Northern Mexico:**

- REM's holding in Bacanora Minerals Ltd ("Bacanora") increased from 12.0% to 17.02% (17 September 2015). Total economic interest in the Mexalit and Megalit licenses has increased from 38.4% to 41.91% (17 September 2015).
- Updated mineral resource estimate ("MRE") is 226% larger than previously reported at 7.42 Mt of LCE").
- Full pre-feasibility study ("PFS") is advancing on schedule and is due for completion in Q1 2016.
- The ongoing development work and the resulting PFS are expected to be used to design a plant capable of potentially delivering up to 50,000 tonnes per year of LCE, making it one of the largest lithium producing mines in the world.
- The MRE now totals 1.12 Mt of LCE within indicated category and 6.3 Mt of LCE within the inferred resource. Drilling is continuing to confirm grade and deposit continuity.
- REM's chairman joined board of Bacanora as non-executive director alongside REM's chief executive officer.

### **Yangibana Rare Earth Minerals Project, Australia:**

- REM holds a 30% free carried interest to bankable feasibility study on the project.
- MRE of 6.79 Mt at 1.52% Total Rare Earth Oxides ("TREO"). This is comprised of an Indicated portion of 3.96 Mt at 1.59% TREO and an Inferred portion of 2.83 Mt at 1.43% TREO.
- Flotation tests resulted in 90% recovery of rare earths.
- A scoping study, published in December 2014, had a indicative pre-tax Net Present Value of AU\$ 900 million to AU\$1.2 billion based on 10 year mine life.
- The PFS is due for completion in Q4 2015.

### **Cinovec Lithium Project, Czech Republic:**

- REM currently holds a 9.79% interest in the Cinovec lithium and tin deposit, located on the German border.
- Inferred MRE of 5.5Mt LCE.
- Lithium exploration target of 3.4 Mt to 5.3Mt of LCE.
- Combined tin MRE of Indicated and Inferred portions of 183 kilotonnes (Inferred portion 167 kilotonnes of tin and indicated portion 16 kilotonnes of tin)

### **Western Lithium, Nevada**

- REM holds approximately 1.35% (17 September 2015) interest in Western Lithium USA Corp ("Western Lithium"), which owns the Kings Valley Lithium Project in Nevada and the Cauchari - Olaroz Project in Argentina (as a result of the recent merger with Lithium Americas Corp.).
- Western Lithium have produced 99.8% lithium carbonate from a demonstration plant.
- Lithium Americas combined MRE of 11.7Mt of LCE in Measured and Indicated Resources and 2.7Mt of LCE in Probable and Proven Reserves.
- Initial commercial production from Cauchari - Olaroz Project is planned at a rate of about 20,000 tonnes per year of LCE when ultimately funded and completed.
- The Cauchari - Olaroz Project is permitted for construction.

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## **INVESTMENT AND OPERATIONS REVIEW:**

### **Mexico - mineral resource**

Within our investment portfolio, most notable is the prominence of Bacanora and our joint ownerships with this company on the Sonora Lithium Project. The combined NI 43-101 compliant gross resource now stands at a total of 7.24 Mt, with further conceptual extension within the current pit shell which could potentially add a further 2.4 to 4.6 Mt of LCE. Further drilling is ongoing with results to date confirming both grade and deposit continuity.

### **Lithium market developments**

The lithium compound market continues to grow, with the battery sector forecast to be the primary driver for lithium demand. Based on the major battery manufacturers planned increase in manufacturing capacity it is anticipated that by 2020, global lithium battery capacity will have increased from the current 25 Giga Watt hours ("GWh") to approximately 110 GWh with stronger growth forecast post 2020.

This has led industry experts to forecast a lithium compound demand to grow at a 7.8% compound annual growth rate until 2025 from 180,000 tonnes today to around 410,000 tonnes in 2025. To put this into perspective, and given that most junior producers are talking about plants with a capacity of 20,000 tpa LCE, without additional production from the incumbent producers of today, REM management believe the market could require as many as 10 of these new plant in just the next 10 years, based on conservative projections.

Given management's belief that incumbent producers of lithium are limited in their ability to bring additional supply in short order to the market to satisfy growing demand, REM management believe the market will need junior producers to reach the market in order to satisfy lithium demand through 2020 and beyond.

As a result REM believes it seems likely that lithium prices will continue to march higher. Lithium has been one of the few commodities to enjoy price appreciation over the last five or six years, and given the forecast demand and supply dynamics, REM anticipates that this pattern will continue for the foreseeable future. In particular, battery grade lithium carbonate and lithium hydroxide should, REM believes, see strong price increases.

### **Australia – excellent progress on rare earth element pre-feasibility study**

Subsequent to the 230% increase in MRE (from 45,000 tonnes to 103,000 tonnes of TREO) declared at Yangibana in December 2014, the pre-feasibility and expansion programme continued during the period. This included the definition of considerable capital and operation cost savings based on improved recoveries, the applications and subsequent approvals of mining licenses and further exploration targets being identified.

### **Cinovec – large lithium and tin deposit in Europe**

During the period we took an initial strategic stake in the Cinovec lithium and tin deposit, located on the border with Germany in the Czech Republic. The Cinovec deposit has an Inferred MRE of 5.5Mt LCE and an exploration target of 3.4 Mt to 5.3Mt of LCE. In addition it has combined tin MRE of Indicated and Inferred portions of 183 kilotonnes of (Inferred portion of 167 kilotonnes of tin and indicated portion of 16 kilotonnes of tin). This substantial resource is proximate to end market in Europe in particular OEM's in the electric vehicle market and we look forward to assisting the management team developing this deposit over the coming year.

### **Western Lithium, Nevada**

Western Lithium's Kings Valley Lithium Project in Nevada produced high purity lithium carbonate (99.8%) from its demonstration plant in Germany and also further developed their process design for the

production of lithium hydroxide, with Bateman technologies. Subsequent to the period end Western Lithium agreed a merger with Lithium Americas whom are developing the third largest lithium brine deposit in the world with a combined MRE of 11.7Mt of Measured and Indicated Resources and 2.7Mt of Probable and Proven Reserves. Lithium Americas have signed heads of terms with POSCO defining the basic conditions for a joint venture to develop the Cauchari-Olaroz Lithium Project in Argentina.

## PROJECTS

### Sonora Lithium Project

Sonora is a large clay hosted Lithium deposit in the Sonora State some 190 kilometres northeast of Hermosillo and 200 kilometres south of the border with the USA.

Sonora is underlain by Oligocene to Miocene age rhyolitic tuffs, ignimbrites and breccias of the upper volcanic complex of the Sierra Madre Occidental. This succession was subjected to Basin and Range extensional normal faulting during Miocene times that resulted in the development of a series of half-grabens. The half-grabens are locally filled with fluvial-lacustrine sediments and intercalated tuffs. Alkaline volcanism around this time is thought to have contributed lithium and other alkali metals into these basins. Quaternary basalt flows cover the basinal sediment and volcanoclastic rocks succession, except where later faulting and uplift have exposed the basin infill. Mineralisation on the concessions consists of lithium-bearing clays localised in lacustrine basins.

Sonora consists of ten contiguous concessions covering 94,186 hectares. Two of the concessions (La Ventana, La Ventana 1) are owned 100% by Bacanora. The El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions are owned by Bacanora's subsidiary Mexilit SA de CV (which is owned 70% by Bacanora and 30% by REM) ("Fleur & El Sauz"). The San Gabriel, Buenavista, and Megalit concessions are owned by Bacanora's subsidiary, Megalit SA de CV (which is owned 70% by Bacanora and 30% by REM) ("Megalit"). REM has the option to negotiate an increase to its interest of up to 49.9% of Megalit under terms and consideration yet to be agreed upon. This option expires on January 12, 2016.

When REM's ownership of 17.02% of Bacanora is aggregated with REM's 30% direct interest of the companies that hold the ten mining concessions, REM has a 41.91% economic interest in these assets.

During the period Bacanora announced a revised MRE for Sonora. Highlights from the increased MRE Include:

- Indicated portion of the MRE is gross 1.12Mt LCE contained in 95Mt of clay, at lithium ("Li") grade of 2,200 ppm.
- Inferred portion of the MRE is gross 6.3Mt LCE contained in 500Mt of clay at a Li grade of 2,300 ppm.
- Conceptual extensions within current pit shell have the potential to add 2.4 to 4.6Mt LCE contained in 300 to 250Mt of clay at a Li grade of approximately 1,500 to 2,500 ppm.
- This MRE (which has been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101")) does not include identified grade and tonnages contained within the Beunavista concession, as further metallurgical testing is required on this deposit; and
- This updated MRE has been developed using a 3D geological model and Kriged grade estimates. The indicated portion of the MRE will be used for initial open pit mine design while we further develop the inferred portion of the MRE.

Progress on each of the major concessions (and REM's economic interest) is detailed below:

#### La Ventana - (17.02% economic interest REM – 17 September 2015)

Progress over the last 6 months progress at La Ventana has continued as we had anticipated. Drilling and development work that was completed earlier in the year was used to calculate an expanded and updated MRE published in May 2015.

The updated MRE of La Ventana, using a cut off of 450 ppm lithium is comprised of an Indicated portion estimated at 70Mt, averaging 2,400 ppm Li, for 0.89Mt of LCE, in addition to an Inferred portion estimated at 135Mt averaging 1,800 ppm Li, for 1.30Mt of LCE. These resources were prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

*Fleur & El Sauz- (41.91% economic interest REM – 17 September 2015)*

The contiguous El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions cover the 34 square adjacent to and along strike from the La Ventana concessions. The geology represents a strike extension of La Ventana, and has very similar geology and structural controls.

Excellent progress has been made in the development of these concessions. This cumulated in an expanded and updated MRE published in May 2015. The updated MRE of Fleur & El Sauz using a cut off of 450 ppm lithium is comprised of an Indicated portion estimated at 25Mt, averaging 1,600 ppm Li, for 0.23Mt of LCE, in addition to an Inferred portion estimated at 375Mt averaging 2,500 ppm Li, for 5Mt of LCE. These resources were prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

During the period a 4,000 metre drilling programme began on the Fleur and El Sauz concessions with the primary objective of significantly increasing the indicated mineral resources. Initial results published in September confirmed both the high grade (up to 2.68% LCE) and continuity of the deposit.

Upon completion of the drill programme and assaying, SRK will deliver an updated resource model for mine design purposes, with an initial focus on the higher grade, open pit resources on the La Ventana and Fleur concessions.

Work is ongoing in relation to the completion of a pre-feasibility study for the whole of Sonora. This is scheduled for completion in Q 2016.

*Sonora Lithium Pilot Plant Work & Project Development Work*

During the period metallurgical testing within the pilot plant continued. SGS Canada Inc. ("SGS") was appointed to carry out lithium carbonate metallurgical test work, at their Lakefield site, on a number of ore samples from the Sonora Lithium Project concessions. SGS is one of the world's leading inspection, verification, testing and certification companies, with proven expertise in lithium metallurgy. The data from this test work will be used to produce a detailed lithium carbonate flowsheet. In addition work is continuing on the development of a lithium hydroxide, (LiOH) flowsheet at its Hermosillo pilot plant and will also commence preliminary test work with a number of international specialist groups with LiOH extraction expertise.

Ausenco Engineering Canada Inc., ("Ausenco") was appointed to carry out the flow sheet review, process engineering design, infrastructure optimisation and PFS documentation for a two-stage lithium carbonate processing plant, for the production of battery grade lithium carbonate. Ausenco is internationally recognised as a specialist in the study, engineering, procurement, construction management, programme management, commissioning and operation of minerals processing projects. They recently completed an updated Feasibility Study for Talison Lithium's lithium carbonate plant in Australia and will manage Bacanora's PFS out of their office in Hermosillo, Mexico with support from Vancouver, Canada and Perth, Australia.

**Yangibana Project, Australia (REM-30% free carry)**

Since December 2011 REM has owned a 30% interest in the Yangibana rare earth project situated in the Gascoyne region of Western Australia. REM's interest is free carried up to the commencement of the bankable feasibility study on Yangibana

Yangibana is centered on narrow, discontinuously outcropping ironstone dykes that have been shown to carry anomalous REE associated with monazite mineralisation. The REE comprise 15 elements with atomic numbers between 57 and 71, plus scandium and yttrium. The heavy rare earth oxides comprise the oxides of europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium and

yttrium. The light rare earth oxides comprise the oxides of lanthium, cerium, praseodymium, neodymium and samarium.

Hastings Rare Metals Limited ("Hastings") is the manager of the Project and holds a 60% interest. REM is free carried by Hastings through to the commissioning of a bankable feasibility study. In November 2014 the total resource significantly increased by 230% from 45,000 contained tonnes TREO to 103,000 contained tonnes. The total project resources increased from 3.36 Mt at 1.34% TREO as reported in August 2014 to 6.79 Mt at 1.52% TREO.

Following on from the revised resource statement, Snowden Mining, consultants to the project, published an independent scoping study. It reported an indicative pre-tax NPV of AU\$900 million to AU\$1.2 billion based on open pit mining at 1.0 million tpa over a 15-year period. The internal rate of return of the project is estimated at 62.5%, with an estimated Capex of approximately \$390 million and a payback within 1.6 years of start of production. The scoping study was based on Yangibana production of approximately 2,700 tpa of neodymium oxide, 750 tpa of praseodymium oxide, 40 tpa of dysprosium oxide and 70 tpa of europium oxide. Significantly, the resource remains open in all directions with mineralisation cropping out to the east and west.

Project development progressed well during the six months with the appointment of the engineering team and commencement of the PFS, which is due for completion in Q1 2015. Beneficiation testing achieved 90% recovery of rare earths into 7% of original mass with a >13 times increase in rare earths grade to >20% TREO. These results indicate potential to significantly reduce capital and operating cost associated with the processing plant and it would only be required to treat 70,000 tpa as opposed to the original 200,000 tpa. Post period end, mining Licenses were granted over Yangibana Main which contained the following mineral resources:

- Yangibana North - JORC Indicated Resources of 2.73 million tonnes at 1.75%TREO\*\* with 0.58%Nd<sub>2</sub>O<sub>3</sub>-Eq\* and Inferred Resources of 0.73 million tonnes at 1.65%TREO\*\* with 0.55% Nd<sub>2</sub>O<sub>3</sub>-Eq\*
- Gossan - JORC Inferred Resources of 0.23 million tonnes at 1.39%TREO\*\* with 0.43% Nd<sub>2</sub>O<sub>3</sub>-Eq\*
- Lion's Ear - JORC Inferred Resources of 0.67 million tonnes at 1.55%TREO\*\* with 0.50% Nd<sub>2</sub>O<sub>3</sub>-Eq\*
- Hook - JORC Inferred Resources of 0.10 million tonnes at 1.93%TREO\*\* with 0.52% Nd<sub>2</sub>O<sub>3</sub>-Eq\*
- Kane's Gossan - JORC Inferred Resources of 0.61 million tonnes at 1.18%TREO\*\* with 0.41% Nd<sub>2</sub>O<sub>3</sub>

Nd<sub>2</sub>O<sub>3</sub>-Eq\*      The Nd<sub>2</sub>O<sub>3</sub> equivalent (Nd<sub>2</sub>O<sub>3</sub>-Eq) values have been calculated using a mixture of prices for Nd<sub>2</sub>O<sub>3</sub>, Pr<sub>2</sub>O<sub>3</sub>, y<sub>2</sub>O<sub>3</sub> and Eu<sub>2</sub>O<sub>3</sub> as laid out in the Hastings release dated 19 August 2015 .

TREO\*\*      The sum of the oxides of the heavy rare earth elements (HREO) and the light rare earth elements (LREO).

### **Cinovec Lithium and Tin project, Czech Republic (9.79%) owned by REM – 17 September 2015**

At the end of June 2015 REM acquired an initial strategic interest in one of the largest lithium deposits in Europe, the Cinovec deposit in the Czech Republic through a direct holding in the share capital of European Metals Holdings Limited (ASX code: EMH) ("European Metals") that owns 100 per cent of the exploration rights to the Cinovec lithium/tin deposit.

The Cinovec lithium and tin deposit is located in the Krusne Hory, a mountain range that straddles the border between Germany and the Czech Republic. The district has an extensive mining history, with various metals having been extracted since the 14th Century.

The Cinovec lithium-tin deposit is intimately associated with the cupola of the Cinovec- Zinnwald granite and comprises an irregular metasomatic greisen and greisenised granite zones from several tens to hundreds of metres thick that follow, and are located near or at, the upper contact of the cupola and thin, flat greisen zones enclosing quartz veins up to 2m thick. The Cinovec deposit has an Inferred MRE of 5.5Mt LCE and an exploration target of 3.4 Mt to 5.3Mt of LCE. In addition it has a combined tin MRE of Indicated and Inferred portions of 183 kilotonnes (Inferred portion of 167 kilotonnes of tin and indicated portion of 16 kilotonnes of tin)

## **Western Lithium (1.35 % owned by REM -17 September 2015)**

Western Lithium is developing a major lithium deposit in Northwest Nevada. The Kings Valley deposit, as it is known, contains a total proven and probable reserve of 570,000 tonnes of LCE. Based on its NI 43-101 Prefeasibility Study, the Kings Valley project is forecast to have a comparably low first-quartile cost structure against new and incumbent lithium producers, and to generate a net present value of US\$552 million at a discount rate of 8%.

In February 2015, Western Lithium announced that it had produced a high quality lithium carbonate (99.8%) from its demonstration plant in Germany and also further developed their process design for the production of lithium hydroxide, with Bateman technologies.

The most significant development for Western Lithium was the announcement of its merger with Lithium Americas in July, which completed on the 8 September 2015. As a result of the Western Lithium acquired all of the issued and outstanding common shares of Lithium Americas in exchange for 0.789 common shares of Western Lithium for each Lithium Americas Share held. Western Lithium has issued an aggregate of 130,847,374 common shares of Western Lithium to the former shareholders of Lithium Americas. On completion of the merger, Western Lithium has 265,648,063 shares issued and outstanding, with former Lithium Americas shareholders holding approximately 49.3% on an undiluted basis.

The combined entity will control two large and geographically diversified development stage lithium projects which allows for an orderly development timeline that commences with Hectatone™ business revenues in 2015, followed by potential revenues from Cauchari-Olaroz under a contemplated two year development timeline, and potential revenues from Kings Valley under a contemplated four year development timeline.

Lithium Americas has completed a NI 43-101 compliant feasibility study on its Cauchari-Olaroz Lithium Project in Jujuy, Argentina. The asset has combined MRE of 11.7 Mt of LCE in Measured and Indicated Resources and 2.7 Mt of LCE in Probable and Proven Reserves. The project has already been permitted for construction and is planned to have an initial production rate of 20,000 tpa of LCE. In addition Lithium Americas have signed heads of terms with POSCO defining the basic conditions for a joint venture to develop the Cauchari-Olaroz Lithium Project.

### **FINANCIAL RESULTS:**

During the period the Group made a loss before taxation of £1.21 million (6 months ending 30 June 2014: loss £0.19 million year ending 31 December 2013: loss £3.07 million). There was a basic loss per share of 0.02p (30 June 2014: loss per share 0.00p, 31 December 2013: loss per share 0.06p). As a result of increases in the value of available for sale assets comprehensive income for the period was £2.65 million (30 June 2014: total comprehensive income of £0.26 million, 31 December 2014 total comprehensive income of £3.67 million).

The total assets of the Group increased from £15.63 million at the end of last year (31 December 2014) to £21.79 million. Of this amount £12.74 million represent the market value of our investments at the period end.

During the period our net cash outflow from operating activities was £0.77 million, which was lower than the £0.96 million during the same period last year. We invested £3.18 million in available for sale assets which represented the vast majority of the net cash outflow from investing activities.

These investments plus other costs were funded by cash flows from investing activities totaling £4.16 million. This included £2.50 million of proceeds from the issue of share capital, which was completed in January 2015 and continued proceeds of £1.04 million from the settlement of the share swap between the Group and YA Global Master SPV, Ltd ("YAGM").

At the period end the Company had approximately £5.48 million of its US\$ 10 million debt facility with YAGM available for drawn down, the individual drawdowns are subject to approval by YAGM. This facility will expire in June 2016. In addition, and based on the share price of the Company at the end of the period the amounts due under share swap within one year (Derivative Financial Instrument) was £2.20 million.

The amount due under the share swap are dependent on the price of the Company's securities during the preceding month in which the swap payment is due. These two amounts along with our £1.65 million in cash and cash equivalents totals approximately £9.34 million of cash available to the Company within twelve months.

**RARE EARTH MINERALS PLC**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

	<i>Notes</i>	<b>Unaudited Period ended 30 June 2015</b>	Unaudited Period ended 30 June 2014 (restated)	Audited Year ended 31 December 2014
		<b>£'000</b>	£'000	£'000
Other administrative expenses		<b>(1,000)</b>	(641)	(3,173)
Total administrative expenses		<b>(1,000)</b>	(641)	(3,173)
<b>Operating (loss)</b>		<b>(1,000)</b>	(641)	(3,173)
Share of associates losses		<b>(10)</b>	-	(19)
(Loss)/gain on equity swap settlements		<b>(97)</b>	456	456
Finance cost		<b>(110)</b>	(6)	(342)
<b>Loss before taxation</b>		<b>(1,217)</b>	(191)	(3,078)
Taxation		-	-	-
<b>Loss attributable to the equity holders of the Company</b>		<b>(1,217)</b>	(191)	(3,078)
<b>Other comprehensive income</b>				
Foreign currency translation differences		<b>274</b>	17	(61)
Fair value adjustment of equity swap		<b>(130)</b>	-	(389)
Transfer to income statement of hedging & available for sale asset reserve		-	(580)	(580)
Increase in value of available for sale asset		<b>3,723</b>	1,009	429
<b>Other comprehensive income (expenditure) for the period net of tax</b>		<b>3,867</b>	<b>446</b>	<b>(601)</b>
<b>Total comprehensive income (expenditure) for the period</b>		<b>2,650</b>	255	(3,679)
<b>Loss per share</b>				
Basic & Diluted (pence per share)	2	<b>(0.02)</b>	(0.004)	(0.06)

**RARE EARTH MINERALS PLC**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

	Share capital	Share premium account (restated)	Share-based payment reserve	Available for sale asset reserve	Hedging & Exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2014</b>	<b>819</b>	<b>8,699</b>	<b>500</b>	<b>(203)</b>	<b>456</b>	<b>(5,326)</b>	<b>4,945</b>
Issue of share capital	143	5,203	-	-	-	-	5,346
Share issue costs	-	(260)	-	-	-	-	(260)
Transfer on exercise of options	-	-	(106)	-	-	106	-
Share based payments	-	-	90	-	-	-	90
<b>Transactions with owners</b>	<b>143</b>	<b>4,943</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>5,176</b>
Foreign exchange	-	-	-	-	17	-	17
Transfer to income statement	-	-	-	-	(580)	-	(580)
Increase in value of available for sale asset	-	-	-	1,009	-	-	1,009
Loss for the period	-	-	-	-	-	(191)	(191)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,009</b>	<b>(563)</b>	<b>(191)</b>	<b>255</b>
<b>Balance at 30 June 2014 (unaudited) (restated)</b>	<b>962</b>	<b>13,642</b>	<b>484</b>	<b>806</b>	<b>(107)</b>	<b>(5,411)</b>	<b>10,376</b>
Issue of share capital	105	6,923	-	-	-	-	7,028
Share issue costs	-	(700)	-	-	-	-	(700)
Share based payments	-	-	1,756	-	-	-	1,756
<b>Transactions with owners</b>	<b>105</b>	<b>6,223</b>	<b>1,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,084</b>
Foreign exchange	-	-	-	-	(78)	-	(78)
Fair value adjustment of equity swap	-	-	-	-	(389)	-	(389)
Decrease in value of available for sale asset	-	-	-	(580)	-	-	(580)
Loss for the period	-	-	-	-	-	(2,887)	(2,887)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(580)</b>	<b>(467)</b>	<b>(2,887)</b>	<b>(3,934)</b>
<b>Balance at 31 December 2014</b>	<b>1,067</b>	<b>19,865</b>	<b>2,240</b>	<b>226</b>	<b>(574)</b>	<b>(8,298)</b>	<b>14,526</b>
Issue of share capital	31	2,468	-	-	-	-	2,499
Share based payments	-	-	133	-	-	-	133
<b>Transactions with owners</b>	<b>31</b>	<b>2,468</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,632</b>
Foreign exchange	-	-	-	-	274	-	274
Fair value adjustment of equity swap	-	-	-	-	(130)	-	(130)
Increase in value of available for sale asset	-	-	-	3,723	-	-	3,723
Loss for the period	-	-	-	-	-	(1,217)	(1,217)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,723</b>	<b>144</b>	<b>(1,217)</b>	<b>2,650</b>
<b>Balance at 30 June 2015 (unaudited)</b>	<b>1,098</b>	<b>22,333</b>	<b>2,373</b>	<b>3,949</b>	<b>(430)</b>	<b>(9,515)</b>	<b>19,808</b>

**RARE EARTH MINERALS PLC**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2015 (UNAUDITED)

	Unaudited 30 June 2015	Unaudited 30 June 2014 (restated)	Audited 31 December 2014
<b>Assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current</b>			
Intangible assets	1,146	690	1,174
Investment in associate	2,932	2,259	2,933
<b>Total non-current assets</b>	<b>4,078</b>	<b>2,949</b>	<b>4,107</b>
<b>Current assets</b>			
Trade and other receivables	1,114	1,338	1,047
Derivative financial instrument	2,207	-	3,311
Available for sale asset	12,744	3,922	5,708
Cash and cash equivalents	1,656	4,092	1,463
<b>Total current assets</b>	<b>17,721</b>	<b>9,352</b>	<b>11,529</b>
<b>Total assets</b>	<b>21,799</b>	<b>12,301</b>	<b>15,636</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	607	296	475
Borrowings	1,384	1,629	635
<b>Total current liabilities and total liabilities</b>	<b>1,991</b>	<b>1,925</b>	<b>1,110</b>
<b>Equity</b>			
Share capital	1,098	962	1,067
Share premium	22,333	13,642	19,865
Share based payment reserve	2,373	484	2,240
Available for sale asset reserve	3,949	806	226
Hedging & Exchange reserve	(430)	(107)	(574)
Retained earnings	(9,515)	(5,411)	(8,298)
<b>Total equity and liabilities to owners of the company</b>	<b>19,808</b>	<b>10,376</b>	<b>14,526</b>
<b>Total equity and liabilities</b>	<b>21,799</b>	<b>12,301</b>	<b>15,636</b>

**RARE EARTH MINERALS PLC**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE PERIOD 30 JUNE 2015 (UNAUDITED)

	<b>Unaudited Period ended</b>	Unaudited Period ended	Audited Year ended
	<b>30 June 2015</b>	30 June 2014	31 December 2014
		(restated)	
	<b>£'000</b>	£'000	£'000
<b>Cash flows from operating activities</b>			
Operating loss	<b>(1,000)</b>	(641)	(3,173)
Amortisation of intangibles	<b>23</b>	24	49
Equity settled share-based payments	<b>133</b>	90	1,846
Fees settled in shares	-	94	-
(Increase) in trade and other receivables	<b>(67)</b>	(600)	(359)
Increase in trade and other payables	<b>132</b>	75	248
<b>Net cash outflow from operating activities</b>	<b>(779)</b>	(958)	(1,389)
<b>Cash flows from investing activities</b>			
Net payments for investment in associate	-	(763)	(1,456)
Payments for investments in AFS assets	<b>(3,184)</b>	(2,219)	(4,580)
Investment in exploration	<b>(9)</b>	-	(539)
Receipt on sale of AFS assets	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(3,193)</b>	(2,982)	(6,575)
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	<b>2,500</b>	5,252	12,280
Proceed from settlement of share swap	<b>1,048</b>	456	506
Investment in share swap	-	-	(3,700)
Net borrowings	<b>727</b>	1,629	682
Finance cost	<b>(110)</b>	(6)	(342)
Share issue costs	-	(260)	(960)
<b>Net cash inflow from financing activities</b>	<b>4,165</b>	7,071	8,466
<b>Net increase in cash and cash equivalents</b>	<b>193</b>	3,131	502
<b>Cash and cash equivalents at beginning of period</b>	<b>1,463</b>	961	961
<b>Cash and cash equivalents at end of period</b>	<b>1,656</b>	4,092	1,463

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

**1 BASIS OF PREPARATION**

The condensed consolidated interim financial information for the period ended 30 June 2015 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 31 December 2014. The figures for the period ended 31 December 2014 have been extracted from these accounts, which have been delivered to the Registrar of Companies, and contained an unqualified audit report.

The condensed consolidated interim financial information contained in this document does not constitute statutory accounts. In the opinion of the directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

The Condensed Consolidated Interim Financial Information was approved by the Board of Directors on 17 September 2015.

*Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Company's 2014 annual financial statements.

**2 LOSS PER SHARE**

The calculation of the loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	<b>Unaudited six months ended 30 June 2015</b>	Unaudited six months ended 30 June 2014 (restated)	Audited year ended 31 December 2014
	<b>£'000</b>	£'000	£'000
Loss on ordinary activities after tax (£'000)	<u>(1,217)</u>	<u>(191)</u>	<u>(3,078)</u>
Weighted average number of shares for calculating basic loss per share	<u>6,789,755,704</u>	<u>4,789,386,747</u>	<u>5,219,766,921</u>
<b>Basic and diluted loss per share (pence)</b>	<u><b>(0.02)</b></u>	<u>(0.004)</u>	<u>(0.06)</u>

The share options are anti-dilutive, as a consequence of the loss for the period.

### **3 EVENTS AFTER THE END OF THE REPORTING DATE.**

On 31 July 2015, Kiran Morzaria was appointed as a Director of the Company.

On 2 September 2015, the Company announced that it had increased its shareholding in Bacanora Minerals Ltd to 16.8%, through on market purchases totalling £324,530.

On 17 September 2015, the Company announced that it had increased its shareholding in Bacanora Minerals Ltd to 17.02%, through on market purchases totalling £181,405

**4** A copy of this interim statement is available on the Company's website [www.rareearthmineralsplc.com](http://www.rareearthmineralsplc.com).