CHINA AFRICA RESOURCES PLC

Interim financial statements

for the period from 1 January 2013 to 30 June 2013

Registered number: 5350512 (England and Wales)

Interim results

14 August 2013

China Africa Resources plc
("China Africa Resources" or the "Company")

China Africa Resources plc today announces its unaudited interim results for the six months ended 30 June 2013.

For further information contact:

Rod Webster, Chief Executive Officer Max Herbert, Company Secretary	Weatherly International	+44 (0)207 917 2989
Samantha Harrison / Jen Boorer Nominated Advisor	RFC Ambrian Limited	+44 (0)203 440 6800

Chairman's statement

I am pleased to present the report and accounts for China Africa Resources plc results for the half year ended 30 June 2013.

Financial Results

During the period the group made a loss before tax of US$0.5 million. The losses during the period are principally the costs incurred in managing the head office in the UK augmented by an exchange loss on sterling and Namibian deposits. The costs of progressing the company's feasibility study at the Berg Aukas mine were capitalised to evaluation costs and amounted to US$0.3 million in the half year. The major component of the evaluation costs incurred in the first half year was for the completion of the drilling campaign.

At 30 June 2013 the Company had US$2.7 million in cash reserves.

Review of the period

In the half year we have continued to pursue our primary objective which is to progress the feasibility study of the Berg Aukas deposit, as well as continuing to review other business opportunities and developing our administrative procedures and our corporate governance framework of the Company.

The highlight of the half year was the announcement of a maiden JORC resource at the Berg Aukas mine.

The JORC Indicated Mineral Resource, of which in excess of 95% is situated between the 14 and 19 levels (approximately between 350m to 550m below surface, where the majority of historical resources are located), is 1,264,800 tonnes @ 15.5% zinc, 3.8% lead and 0.33% V_2O_5 at a 3% Zn cut-off. (Resource is 100% attributable to the Company.) The JORC resource was compiled by Coffey Mining (SA) Pty Ltd.

This JORC resource estimate verifies the historical (non-compliant with current JORC reporting standards) resource estimate from December 1977 of 1,196,000 tonnes @15% zinc, 5.3% lead and 0.63% V_2O_5 between the 14 and 19 levels as reported in the Berg Aukas Competent Persons report 2011 ("2011 CPR").

This has shown the deposit to be an exceptionally high grade zinc/lead deposit with much of the significant infrastructure in place including an 800m shaft and underground development which should allow rapid and cost effective reopening of the mine.

Provided that the results continue to be positive it is expected that the feasibility study will be finalised by the end of this year.

Encouraged by Berg Aukas we are continuing to seek opportunities to enlarge the Lead and Zinc asset base of CAR and grow the Company for the benefit of our shareholders.

Jianrong Xu
Chairman

8 August 2013

Condensed consolidated statement of comprehensive income
for the period 1 January to 30 June 2013

	Note	6 months ended 30 June 2013 US$'000 (unaudited)	6 months ended 30 June 2012 US$'000 (unaudited)	Year ended 31 December 2012 US$'000 (audited)
Administrative expenses		(384)	(399)	(687)
Operating loss		**(384)**	**(399)**	**(687)**
Finance income	3	2	114	192
Finance cost	3	(74)	-	-
Loss for the period before taxation		**(456)**	**(285)**	**(495)**
Tax expense		-	-	-
Loss for the period attributable to the equity holders of the parent		**(456)**	**(285)**	**(495)**
Other Comprehensive Income				
Exchange differences on translation of foreign operations		(362)	(23)	(145)
Total comprehensive income for the period		**(818)**	**(308)**	**(640)**
Loss per share expressed in cents				
Basic and diluted attribututable to the equity holders of the parent	2	(0.02c)	(0.01c)	(0.02c)

Condensed consolidated statement of financial position
as at 30 June 2013

	At 30 June 2013 US$'000 (unaudited)	At 30 June 2012 US$'000 (unaudited)	At 31 December 2012 US$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	17	27	23
Intangible assets	6,153	5,537	6,218
Total non-current assets	6,170	5,564	6,241
Current assets			
Trade and other receivables	64	138	238
Cash and cash equivalents	2,656	4,297	3,204
	2,720	4,435	3,442
Total assets	**8,890**	**9,999**	**9,683**
Current liabilities			
Trade and other payables	(239)	(198)	(214)
Total liabilities	**(239)**	**(198)**	**(214)**
Net assets	**8,651**	**9,801**	**9,469**
Equity			
Share capital	377	377	377
Share premium	6,607	6,607	6,607
Merger relief reserve	4,052	4,052	4,052
Foreign Exchange Reserve	(512)	(28)	(150)
Retained deficit	(1,873)	(1,207)	(1,417)
Equity attributable to shareholders of the parent company	**8,651**	**9,801**	**9,469**

Condensed consolidated statement of changes in equity
for the period 1 January to 30 June 2013

	Share capital	Share premium	Merger Reserve	Foreign exchange reserve	Retained deficit	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013	**377**	**6,607**	**4,052**	**(150)**	**(1,417)**	**9,469**
Loss for the period	-	-	-	-	(456)	(456)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(362)	-	(362)
Balance at 30 June 2013	**377**	**6,607**	**4,052**	**(512)**	**(1,873)**	**8,651**
Balance at 1 January 2012	**377**	**6,607**	**4,052**	**(5)**	**(922)**	**10,109**
Loss for the period	-	-	-	-	(495)	(495)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(145)	-	(145)
Balance at 31 December 2012	**377**	**6,607**	**4,052**	**(150)**	**(1,417)**	**9,469**
Balance at 1 January 2012	**377**	**6,607**	**4,052**	**(5)**	**(922)**	**10,109**
Loss for the period	-	-	-	-	(285)	(285)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(23)	-	(23)
Balance at 30 June 2012	**377**	**6,607**	**4,052**	**(28)**	**(1,207)**	**9,801**

Condensed consolidated cash flow statement
for the period 1 January to 30 June 2013

	6 months ended 30 June 2013 US$'000 (unaudited)	6 months ended 30 June 2012 US$'000 (unaudited)	Year ended 31 December 2012 US$'000 (audited)
Cash flows from operating activities			
Loss for the year	(456)	(285)	(495)
Adjusted by:			
Unrealised exchange (gains) / losses	(8)	(56)	(47)
Depreciation	6	3	5
Interest received	(2)	(12)	(14)
	(460)	**(350)**	**(551)**
Movements in working capital			
Decrease / (increase) in trade and other receivables	174	(133)	(227)
Increase in trade and other payables	25	46	59
Net cash used in operating activities	**(261)**	**(437)**	**(719)**
Cash flows generated from investing activities			
Interest received	2	12	14
Purchase of property, plant and equipment	-	(30)	(29)
Payments for evaluation of feasibility studies	(297)	(1,299)	(2,058)
Net cash used for investing activities	**(295)**	**(1,317)**	**(2,073)**
Decrease in Cash and cash equivalents in the period	**(556)**	**(1,754)**	**(2,792)**
Reconciliation to net cash			
Cash and cash equivalents at the beginning of the period	3,204	5,949	5,949
Decrease in cash	(556)	(1,754)	(2,792)
Foreign exchange movements	8	102	47
Cash and cash equivalents at the end of the period	**2,656**	**4,297**	**3,204**

Notes to the condensed consolidated financial statements
for the period 1 January to 30 June 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The Group has not elected to comply with IAS 34 “Interim Financial Reporting” as permitted. The principal accounting policies used in preparing the interim financial statements are unchanged from those disclosed in the Group’s Annual Report for the year ended 31 December 2012 and are expected to be consistent with those policies that will be in effect at the year end.

The condensed financial statements for the six months ended 30 June 2013 and 30 June 2012 are un-reviewed and unaudited. The comparative financial information does not constitute statutory financial statements as defined by Section 435 of the Companies Act 2006**.** The comparative financial information for the year ended 31 December 2012 is not the company’s full statutory accounts for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors’ report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

2. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. Diluted earnings per share are not stated as the dilution would relate only to share options and would not be material.

	6 months ended 30 June 2013 US$'000 (unaudited)	6 months ended 30 June 2012 US$'000 (unaudited)	Year ended 31 December 2012 US$'000 (audited)
Basic and diluted loss per share (US cents)	(0.02c)	(0.01c)	(0.02c)
Loss before tax	(456)	(285)	(495)
Weighted average number of shares for basic and diluted loss per share	23,076,924	23,076,924	23,076,924

Notes to the consolidated financial statements
for the period 1 January to 30 June 2013

3. FINANCE COSTS

	6 months ended 30 June 2013 US$'000 (unaudited)	6 months ended 30 June 2012 US$'000 (unaudited)	Year ended 31 December 2012 US$'000 (audited)
Finance Income			
Bank deposits	2	12	14
Exchange gains	-	102	178
Total interest revenue	2	114	192
Finance Costs			
Exchange losses	(74)	-	-
	(74)	-	-
Investment revenue earned on financial assets analysed by category of asset is as follows:			
Loans & receivables (including cash and bank balances)	2	12	14