Interim results

10 September 2014

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 2014.

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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 2014.

Financial Results

During the period the group made a loss of US$0.4 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 prefeasibility study at the Berg Aukas mine were capitalised to evaluation costs and amounted to US$0.1 million in the half year.

At 30 June 2014 the Company had US$1.5 million in cash reserves.

Review of the period

During the half year we were able to establish commercial terms for the purchase of concentrates from Berg Aukas and complete the Pre-feasibility study of the Berg Aukas mine in Namibia.

Key data from the Pre-feasibility study:

Mine Type	Underground
Reserves * Zinc Lead Vanadium oxide	2.05 million tonnes 11.1% 2.8% 0.23%
Mining Rate	250,000 tonne per annum (tpa)
Mine Life	10 years
Processing Method	Heavy Media Separation / Flotation
Processing rate	250,000 tpa / 80,000 tpa
Recoverable Metal Zinc Lead	 20,483 tpa 5,079 tpa
Cash cost (C1) **	US$466/ tonne of Zinc (US$ 0.21/ Ib Zinc)

*Reserves (JORC) plus minable inventory
**Net of lead and silver credits

The Pre-feasibility study of the Berg Aukas mine demonstrates it to be a viable project. The project has pre-tax Net Present Values (NPVs) using a discount rate of 10%of between US$49 million and US$51 million (best-estimated value), dependent on the processing option selected. The post tax NPVs is US$29m on best-estimated value and pre-tax internal Rate of Return (IRR) of 25% in real US$ terms.

Minxcon, who prepared the independent financial evaluation stated that the under the current economic environment the Project is robust and has recommended that the project continue to advance.

The Board is currently reviewing options to fund the next stage of development.

We are also continuing to seek opportunities to enlarge the Lead and Zinc asset base of CAR and grow the Company for the benefit of our shareholders.

Cungen Ding
Chairman of the Board
10 September 2014

Consolidated income statement
for the period 1 January to 30 June 2014

	Note	6 months ended 30 June 2014 US$'000 (unaudited)	6 months ended 30 June 2013 US$'000 (unaudited)	Year ended 31 December 2013 US$'000 (audited)
Administrative expenses		(419)	(384)	(683)
Operating loss		**(419)**	**(384)**	**(683)**
Finance income	3	20	2	1
Finance cost	3	-	(74)	(7)
Loss for the period before taxation		**(399)**	**(456)**	**(689)**
Tax expense		-	-	-
Loss for the period attributable to the equity holders of the parent		**(399)**	**(456)**	**(689)**
Loss per share expressed in cents				
Basic and diluted attribututable to the equity holders of the parent	2	(0.02c)	(0.02c)	(0.03c)

Consolidated statement of comprehensive income
for the period 1 January to 30 June 2014

	6 months ended 30 June 2014 US$'000 (unaudited)	6 months ended 30 June 2013 US$'000 (unaudited)	Year ended 31 December 2013 US$'000 (audited)
Loss for the year attributable to equity holders of the parent	(399)	(456)	(689)
Exchange differences on translation of foreign operations	(33)	(362)	(574)
Total comprehensive loss for the period	**(432)**	**(818)**	**(1,263)**

Condensed consolidated statement of financial position
as at 30 June 2014

	At 30 June 2014 US$'000 (unaudited)	At 30 June 2013 US$'000 (unaudited)	At 31 December 2013 US$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	12	17	14
Intangible assets	6,354	6,153	6,329
Total non-current assets	6,366	6,170	6,343
Current assets			
Trade and other receivables	25	64	77
Cash and cash equivalents	1,472	2,656	1,922
	1,497	2,720	1,999
Total assets	**7,863**	**8,890**	**8,342**
Current liabilities			
Trade and other payables	(89)	(239)	(136)
Total liabilities	**(89)**	**(239)**	**(136)**
Net assets	**7,774**	**8,651**	**8,206**
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	(757)	(512)	(724)
Retained deficit	(2,505)	(1,873)	(2,106)
Equity attributable to shareholders of the parent company	**7,774**	**8,651**	**8,206**

Condensed consolidated statement of changes in equity
for the period 1 January to 30 June 2014

	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 2014	**377**	**6,607**	**4,052**	**(724)**	**(2,106)**	**8,206**
Loss for the period	-	-	-	-	(399)	(399)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(33)	-	(33)
Balance at 30 June 2014	**377**	**6,607**	**4,052**	**(757)**	**(2,505)**	**7,774**
Balance at 1 January 2013	**377**	**6,607**	**4,052**	**(150)**	**(1,417)**	**9,469**
Loss for the period	-	-	-	-	(689)	(689)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(574)	-	(574)
Balance at 31 December 2013	**377**	**6,607**	**4,052**	**(724)**	**(2,106)**	**8,206**
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**

Condensed consolidated cash flow statement
for the period 1 January to 30 June 2014

	6 months ended 30 June 2014 US$'000 (unaudited)	6 months ended 30 June 2013 US$'000 (unaudited)	Year ended 31 December 2013 US$'000 (audited)
Cash flows from operating activities			
Loss for the year	(399)	(456)	(689)
Adjusted by:			
Unrealised exchange (gains) / losses	(23)	(8)	30
Depreciation	2	6	5
Interest received	(20)	(2)	1
	(440)	**(460)**	**(653)**
Movements in working capital			
Increase in trade and other receivables	51	174	161
(Decrease) / Increase in trade and other payables	(47)	25	(79)
Net cash used in operating activities	**(436)**	**(261)**	**(571)**
Cash flows generated from investing activities			
Interest received	20	2	(1)
Payments for evaluation of feasibility studies	(57)	(297)	(680)
Net cash used for investing activities	**(37)**	**(295)**	**(681)**
Decrease in Cash and cash equivalents in the period	**(473)**	**(556)**	**(1,252)**
Reconciliation to net cash			
Cash and cash equivalents at the beginning of the period	1,922	3,204	3,204
Decrease in cash	(473)	(556)	(1,252)
Foreign exchange movements	23	8	(30)
Cash and cash equivalents at the end of the period	**1,472**	**2,656**	**1,922**

Notes to the condensed consolidated financial statements
for the period 1 January to 30 June 2014

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 2013 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 2014 and 30 June 2013 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 2013 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 2014 US$'000 (unaudited)	6 months ended 30 June 2013 US$'000 (unaudited)	Year ended 31 December 2013 US$'000 (audited)
Basic and diluted loss per share (US cents)	(0.02c)	(0.02c)	(0.03c)
Loss before tax	(399)	(456)	(689)
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 2014

3. FINANCE COSTS

	6 months ended 30 June 2014 US$'000 (unaudited)	6 months ended 30 June 2013 US$'000 (unaudited)	Year ended 31 December 2013 US$'000 (audited)
Finance Income			
Bank deposits	1	2	1
Exchange gains	19	-	-
Total interest revenue	20	2	1
Finance Costs			
Exchange losses	-	(74)	(7)
	-	(74)	(7)
Investment revenue earned on financial assets analysed by category of asset is as follows:			
Loans & receivables (including cash and bank balances)	1	2	1