Interim financial statements
for the period from 1 January 2016 to 30 June 2016

Registered number: 07352056 (England and Wales)

Interim results

27 July 2016

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 2016.

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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 2016.

Financial Results

During the period the group made a loss of US$0.2 million. The losses during the period are the costs incurred in managing the head office in the UK augmented by an exchange loss on sterling and Namibian deposits.

The Board have implemented a number of cost cutting measures post year end which will significantly reduce the ongoing costs of the Group. However in order to continue to meet the Group's working capital needs and development plans some additional funding will be required either through equity raisings or other financial arrangements of which there can be no certainty.

As at 30 June 2016 the Company had US$0.2 million in cash reserves having repaid a loan of US$0.2m.

Review of the period

During the period the Group has engaged in reviewing options to fund the feasibility study for 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/ lb 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), with an effective date of November 2013, 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 NPV is US$29m on best-estimated value, with a pre-tax internal Rate of Return (IRR) of 25% in real US$ terms.

The directors continue to seek funding to finance the feasibility study of Berg Aukus.

Cungen Ding
Chairman of the Board
27 July 2016

Consolidated income statement
for the period 1 January to 30 June 2016

	Note	6 months ended 30 June 2016 US$'000 (unaudited)	6 months ended 30 June 2015 US$'000 (unaudited)	Year ended 31 December 2015 US$'000 (audited)
Administrative expenses		(233)	(297)	(546)
Operating loss		**(233)**	**(297)**	**(546)**
Finance cost	3	(4)	(7)	(16)
Loss for the period before taxation		**(237)**	**(304)**	**(562)**
Tax expense		-	-	-
Loss for the period attributable to the equity holders of the parent		**(237)**	**(304)**	**(562)**
Loss per share expressed in cents				
Basic and diluted attributable to the equity holders of the parent	2	(1.03c)	(1.32c)	(2.44c)

Consolidated statement of comprehensive income
for the period 1 January to 30 June 2016

	6 months ended 30 June 2016 US$'000 (unaudited)	6 months ended 30 June 2015 US$'000 (unaudited) (restated)	Year ended 31 December 2015 US$'000 (audited)
Loss for the year attributable to equity holders of the parent	(237)	(304)	(562)
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	198	(282)	(1,351)
Total comprehensive loss for the period attributable to equity holders of the parent	**(39)**	**(586)**	**(1,913)**

Condensed consolidated statement of financial position
as at 30 June 2016

	At 30 June 2016 US$'000 (unaudited)	At 30 June 2015 US$'000 (unaudited)	At 31 December 2015 US$'000 (audited)
Assets			
Non-current assets			
Intangible assets	3,336	4,194	3,137
Property, plant and equipment	2	6	3
Total non-current assets	3,338	4,200	3,140
Current assets			
Trade and other receivables	46	33	22
Cash and cash equivalents	203	765	675
	249	798	697
Total assets	**3,587**	**4,998**	**3,837**
Current liabilities			
Trade and other payables	(59)	(104)	(70)
Loans	-	-	(200)
Total liabilities	**(59)**	**(104)**	**(270)**
Net assets	**3,528**	**4,894**	**3,567**
Equity			
Share capital	377	377	377
Share premium	6,556	6,556	6,556
Merger relief reserve	4,052	4,052	4,052
Foreign Exchange Reserve	(3,770)	(2,899)	(3,968)
Retained deficit	(3,687)	(3,192)	(3,450)
Equity attributable to shareholders of the parent company	**3,528**	**4,894**	**3,567**

Condensed consolidated statement of changes in equity
for the period 1 January to 30 June 2016

	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 2016	**377**	**6,556**	**4,052**	**(3,968)**	**(3,450)**	**3,567**
Loss for the period	-	-	-	-	(237)	(237)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	198	-	198
Balance at 30 June 2016	**377**	**6,556**	**4,052**	**(3,770)**	**(3,687)**	**3,528**
Balance at 1 January 2015 (Restated)	**377**	**6,556**	**4,052**	**(2,617)**	**(2,888)**	**5,480**
Loss for the period	-	-	-	-	(562)	(562)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(1,351)	-	(1,351)
Balance at 31 December 2015	**377**	**6,556**	**4,052**	**(3,968)**	**(3,450)**	**3,567**
Balance at 1 January 2015 (Restated)	**377**	**6,556**	**4,052**	**(2,617)**	**(2,888)**	**5,480**
Loss for the period	-	-	-	-	(304)	(304)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(282)	-	(282)
Balance at 30 June 2015	**377**	**6,556**	**4,052**	**(2,899)**	**(3,192)**	**4,894**

Condensed consolidated cash flow statement
for the period 1 January to 30 June 2016

	6 months ended 30 June 2016 US$'000 (unaudited)	6 months ended 30 June 2015 US$'000 (unaudited)	Year ended 31 December 2015 US$'000 (audited)
Cash flows from operating activities			
Loss for the year	(237)	(304)	(562)
Adjusted by:			
Unrealised exchange losses	(11)	(7)	(33)
Depreciation	1	3	4
	(247)	**(308)**	**(591)**
Movements in working capital			
(Increase)/decrease in trade and other receivables	(24)	(9)	2
Decrease in trade and other payables	(12)	(76)	(120)
Net cash used in operating activities	**(283)**	**(393)**	**(709)**
Cash flows used in financing activities			
(Repayment) / Receipt of loans	(200)	-	200
Net cash (outflows) / inflow from financing activities	**(200)**	**-**	**200**
Decrease in Cash and cash equivalents in the period	**(483)**	**(393)**	**(509)**
Reconciliation to net cash			
Cash and cash equivalents at the beginning of the period	675	1,151	1,151
Decrease in cash	(483)	(393)	(509)
Foreign exchange movements	11	7	33
Cash and cash equivalents at the end of the period	**203**	**765**	**675**

Notes to the condensed consolidated financial statements
for the period 1 January to 30 June 2016

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 2015 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 2016 and 30 June 2015 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 2015 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, but did include an emphasis of matter relating to going concern. The audit report did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

Going concern

In common with many exploration and development companies, the Company raises finance for its activities in discrete tranches. The Group has not generated revenues from operations. As such, the Group’s ability to continue to adopt the going concern assumptions will depend upon a number of matters including future successful capital raisings for necessary funding or loans from third parties.

The Board have implemented a number of cost cutting measures post year end which will significantly reduce the ongoing costs of the Group. However, In order to continue to meet the Group’s working capital needs and development plans further funding will be required either through equity raisings or other financial arrangements. This cannot be guaranteed and there are no legally binding agreements in place relating to the raising of additional funds. In the event that the Group is unable to secure further finance, it will not be able to fully develop its projects or meet its working capital requirements. In the absence of such further financing opportunities being successful, there exists a material uncertainty that may cast significant doubt on the entity’s ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

2. LOSS PER SHARE

The calculation of the basic 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. Diluted loss per share are not stated as the dilution would relate only to share options and would not be material.

	6 months ended 30 June 2016 US$'000 (unaudited)	6 months ended 30 June 2015 US$'000 (unaudited)	Year ended 31 December 2015 US$'000 (audited)
Basic and diluted loss per share (US cents)	(1.03c)	(1.32c)	(2.44c)
Loss before tax	(237)	(304)	(562)
Weighted average number of shares for basic and diluted loss per share	23,076,924	23,076,924	23,076,924

3. FINANCE COSTS

	6 months ended 30 June 2016 US$'000 (unaudited)	6 months ended 30 June 2015 US$'000 (unaudited)	Year ended 31 December 2015 US$'000 (audited)
Finance Costs			
Exchange losses	(4)	(7)	(16)
	(4)	(7)	(16)