



CHINA AFRICA RESOURCES PLC

Interim financial statements
for the period from 1 January 2012 to 30 June 2012

Registered number: 07352056 (England and Wales)

Interim results

28 August 2012

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 2012.

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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 2012.

Financial Results

During the period the group made a loss of US\$0.3 million. The losses during the period are principally the costs incurred in managing the head office in the UK offset by an exchange gain on sterling deposits. The costs of progressing the company's feasibility study at the Berg Aukas mine were capitalised to evaluation costs and amounted to US\$1.2m in total. The major component of the evaluation costs incurred in the first half year was for the drilling campaign.

At 30 June 2012 the Company had \$US4.3m 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 further developing the corporate governance framework of the Company.

Highlights in the half year were:

- A diamond drilling campaign to verify the historical records and to establish a JORC compliant resource continued with over 5,090m drilled in 9 holes. Good mineralisation has been identified and assay test work is currently underway.
- Inspection has confirmed that the existing mine shaft at Berg Aukas is in good order.

On 15 May 2012 China Africa Resources had its inaugural Annual General Meeting. At this meeting resolutions proposing the re-election of John Bryant and Rod Webster were passed. Further, a resolution proposing the re-appointment of our incumbent auditor, BDO LLP, was also passed by shareholders.

On 28 August 2012 I indicated to the Board that I would stand down both as a director and Chairman of the Company. Having piloted the Company through its launch and listing the time is right to hand over to a Chairman who will now build the company from its base. My other commitments mean that I can no longer devote the time necessary to drive the development of this Company. I am pleased that Mr Xu Jinrong who is ideally suited to do this was elected Chairman of the Company at the meeting on 28 August 2012 will be taking over at this important time. In addition, at the same board meeting Mr Xie Xingnan, an ECE nominee, was elected to the board of directors.

Our new director Mr Xie Xingnan brings a significant amount of experience and technical know-how to an already very capable board of directors, and I believe that the Company is in very good hands with a strong board of directors committed to the development of the Company.

(Signed) Yi Shao

28 August 2012

**Condensed consolidated statement of comprehensive income
 for the period 1 January to 30 June 2012**

		6 months ended	6 months ended	17 months ended
	Note	30 June 2012 US\$'000 (unaudited)	30 June 2011 US\$'000 (unaudited)	31 December 2011 US\$'000 (audited)
Administrative expenses		(399)	(45)	(599)
Operating loss		(399)	(45)	(599)
Finance income	3	114	-	4
Finance cost	3	-	(1)	(393)
Loss for the period before taxation		(285)	(46)	(988)
Tax expense		-	-	-
Loss for the period attributable to the equity holders of the parent		(285)	(46)	(988)
Exchange differences on translation of foreign operations		(23)	-	(5)
Total comprehensive income for the period		(308)	(46)	(993)
Loss per share expressed in cents				
Basic and diluted attributable to the equity holders of the parent	2	(0.01c)	(0.92c)	(0.11c)

**Condensed consolidated statement of financial position
 as at 30 June 2012**

	At 30 June 2012 US\$'000 (unaudited)	At 30 June 2011 US\$'000 (unaudited)	At 31 December 2011 US\$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	27	-	-
Intangible assets	5,537	-	4,305
Total non-current assets	5,564	-	4,305
Current assets			
Trade and other receivables	138	201	11
Cash and cash equivalents	4,297	61	5,949
	4,435	262	5,960
Total assets	9,999	262	10,265
Current liabilities			
Trade and other payables	(198)	(148)	(156)
Total liabilities	(198)	(148)	(156)
Net assets	9,801	114	10,109
Equity			
Share capital	377	80	377
Share premium	6,607	80	6,607
Merger relief reserve	4,052	-	4,052
Foreign Exchange Reserve	(28)	-	(5)
Retained deficit	(1,207)	(46)	(922)
Equity attributable to shareholders of the parent company	9,801	114	10,109

**Condensed consolidated statement of changes in equity
 for the period 1 January to 30 June 2012**

	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 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
Balance at 20 August 2010	-	-	-	-	-	-
Issue of Share capital	377	6,658	4,052	-	-	11,087
Share based payments	-	(51)	-	-	66	15
Loss for the period	-	-	-	-	(988)	(988)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(5)	-	(5)
Balance at 31 December 2011	377	6,607	4,052	(5)	(922)	10,109
Balance at 1 January 2011	-	-	-	-	-	-
Issue of Share capital	80	80	-	-	-	160
Share based payments	-	-	-	-	-	-
Loss for the period	-	-	-	-	(46)	(46)
Balance at 30 June 2011	80	80	-	-	(46)	114

**Condensed consolidated cash flow statement
 for the period 1 January to 30 June 2012**

	6 months ended 30 June 2012 US\$'000 (unaudited)	6 months ended 30 June 2011 US\$'000 (unaudited)	17 months ended 31 December 2011 US\$'000 (audited)
Cash flows from operating activities			
Loss for the year	(285)	(46)	(988)
Adjusted by:			
Unrealised exchange (gains) / losses	(56)	1	371
Depreciation	3	-	-
Share based payments	-	-	15
Interest received	(12)	-	(4)
	(350)	(45)	(606)
Movements in working capital			
Increase in trade and other receivables	(133)	(201)	(11)
Increase in trade and other payables	46	148	153
	(437)	(98)	(464)
Cash flows generated from investing activities			
Interest received	12	-	4
Purchase of property, plant and equipment	(30)	-	-
Payments for evaluation of feasibility studies	(1,299)	-	(151)
	(1,317)	-	(147)
Cash flows from financing activities			
Proceeds from issue of equity shares	-	160	7,877
Associated costs of issue of equity shares	-	-	(946)
	-	160	6,931
(Decrease) / Increase in Cash and cash equivalents in the period	(1,754)	62	6,320
Reconciliation to net cash			
Cash and cash equivalents at the beginning of the period	5,949	-	-
(Decrease) / Increase in cash	(1,754)	62	6,320
Foreign exchange movements	102	(1)	(371)
Cash and cash equivalents at the end of the period	4,297	61	5,949

Notes to the condensed consolidated financial statements for the period 1 January to 30 June 2012

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 2011 and are expected to be consistent with those policies that will be in effect at the year end. In the opinion of the Directors the interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied.

The condensed financial statements for the six months ended 30 June 2012 and 30 June 2011 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 2011 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 loss 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 2012 US\$'000 (unaudited)	6 months ended 30 June 2011 US\$'000 (unaudited)	17 months ended 31 December 2011 US\$'000 (audited)
Basic and diluted loss per share (US cents)	(0.01c)	(0.92c)	(0.11c)
Loss before tax	(285)	(46)	(988)
Weighted average number of shares for basic and diluted loss per share	23,076,924	50,000	8,991,343

**Notes to the consolidated financial statements
 for the period 1 January to 30 June 2012**
3. FINANCE COSTS

	6 months ended 30 June 2012 US\$'000 (unaudited)	6 months ended 30 June 2011 US\$'000 (unaudited)	17 months ended 31 December 2011 US\$'000 (audited)
Finance Income			
Bank deposits	12	-	4
Realised exchange gains	46	-	-
Unrealised exchange gains	56	-	-
	<hr/>	<hr/>	<hr/>
Total interest revenue	114	-	4
	<hr/>	<hr/>	<hr/>
Finance Costs			
Realised exchange losses	-	-	(22)
Unrealised exchange losses on sterling deposits	-	(1)	(371)
	<hr/>	<hr/>	<hr/>
	-	(1)	(393)
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Investment revenue earned on financial assets analysed by category of asset is as follows:			
Loans & receivables (including cash and bank balances)	12	-	4
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