



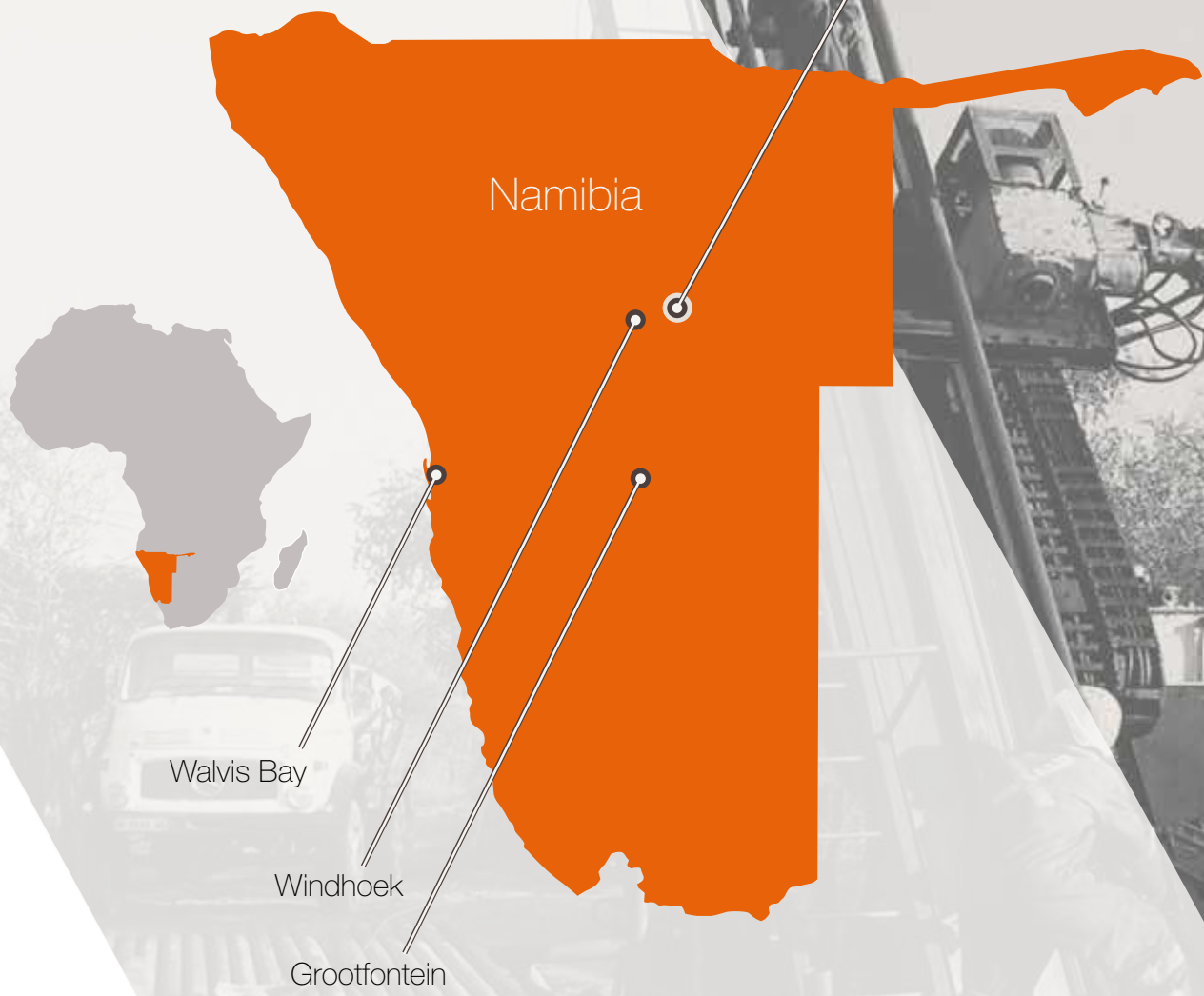
CHINA AFRICA
RESOURCES PLC
Annual Report 2014

Introduction

China Africa Resources owns 100% of the high grade zinc, lead, silver and vanadium deposit at Berg Aukas, near Grootfontein, Northern Namibia. Our immediate objective, having completed the pre-feasibility study is the development of the Berg Aukas Mine.

Contents

Strategic Report	Corporate Governance	Financial Statements			
Chairman's Statement	2	Directors' Remuneration Report	10	Consolidated Income Statement	15
Principal Risks and Uncertainties	4	Corporate Governance	11	Consolidated Statement of Comprehensive Income	16
Key Performance Indicators	6	Directors' Responsibilities	13	Consolidated and Company Statements of Financial Position	17
Corporate Social Responsibility Report (CSR)	7	Independent Auditor's Report	14	Consolidated and Company Statements of Changes in Equity	18
				Consolidated and Company Cash Flow Statements	19
				Notes to the Consolidated Financial Statements	20
				Company Information	32



Chairman's Statement

I am pleased to present the report and accounts for China Africa Resources plc results for the year ended 31 December 2014.

Financial results

During the year the Group made a loss of US\$0.8 million (2013- US\$0.7 million). The loss incurred during the year consists of costs of running the head office in London and associated listing and regulatory requirements. All costs of the Berg Aukas feasibility study have been capitalised.

At 30 December 2014 the Group had US\$1.2 million (2013- US\$1.9 million) in cash reserves.

Review of the year

During the 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.

The Pre-feasibility study of the Berg Aukas mine demonstrates it to be a viable project. The project's preferred case has a pre-tax Net Present Values (NPVs) using a discount rate of 10% of US\$51 million (best-estimated value). For this preferred case the post tax NPV is US\$29 million on a best-estimated value basis and a post-tax internal Rate of Return (IRR) of 25% in real US\$ terms.

Minxcon, who prepared the independent financial evaluation, stated that 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

Director and Chairman of the Board
3 March 2015

1.2 million US\$

cash balance of
30 December 2014

29 million US\$

post tax NPV

Key data from the pre-feasibility study:

Mine type	Underground
Ore mined *	2.05 million tonnes
Zinc	11.1%
Lead	2.8%
Vanadium oxide	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	20,483 tpa
Lead	5,079 tpa
Cash cost (C1) **	US\$466/ tonne of Zinc (US\$ 0.21/ lb Zinc)

* Ore mined includes the JORC reserve (Lund Mining 2013) and a proportion of historical resource above and below the reserve allowing for dilution and applying appropriate modifying factors.

** Net of lead and silver credits.

Principal Risks and Uncertainties

Nature of Risk

Funding risk

The company will need to secure additional funding to complete its feasibility study.

Impact

Shortage of cash for completion of the feasibility study.

Project risk

The feasibility study of Berg Aukas is not considered bankable.

Impact

Berg Aukas cannot be developed.

Currency and commodity risk

The Group's costs and the feasibility of its projects are affected by exchange rate movements between the US dollar and other currencies specifically the Namibian dollar and sterling the commodity markets.

Impact

Costs increase and revenue decreases.

Human resources risk

The achievement of the Group's objectives will be dependent on the Group attracting qualified and motivated staff.

Impact

The efficiency of a particular aspect of the Group's operations could be affected leading to reduced profitability.

Country risk

Some investors may perceive Namibia as a high risk country in which to operate.

Impact

Legal, regulatory or political changes could impact on the Group's operations.

Business review & development

A review of the business and its operations can be found in the Chairman's statement on page 2.

How we manage it

We believe the Berg Aukas feasibility study will be attractive to investors. Ongoing costs have been reduced to the minimum and the Group can look to its key shareholders for support until investment is found.

We manage the project in stages to minimise investment at each decision making point.

We have already completed the pre feasibility study for the Berg Aukas mine which indicates the potential feasibility of the project.

Management and Directors review trends in the commodity markets and exchange rates on a regular basis when considering the Group's risk management strategy.

The Namibian dollar has been a depreciating currency for several years. As funding and revenue is generally denominated in US dollars this reduces costs. The Group will review the need to hedge commodity prices as and when appropriate.

The Group maintains balances in the UK in sterling and US dollar to reduce risk.

The Group outsources the development of its project to Weatherly International plc who has an established presence in Namibia. Weatherly will also assist in the recruitment stage when appropriate.

The Fraser Institute annual survey of mining destinations (2015) rates Namibia as the top country in Africa for investment attractiveness. The Government pursues a constant strategy of encouraging investment in the country and is keen to keep the climate attractive for foreign investors.

Key Performance Indicators

KPI

Measure

Performance

Shareholder returns

Share price performance

The company's share price dropped from 26p to 11.5p in a year that was generally punishing for the mining sector. Improvements in the coming year will be dependent on a decision to progress to a full feasibility study or not.

Cash flows

Cash balances

Cash balances reduced from US\$1.9m to \$1.2m but in that time the Group completed its pre feasibility study. Ongoing administrative costs run at approximately US\$0.7 million per annum.

Performance of mine development

Achievement of project milestones

The pre feasibility study was completed in the year and indicates the Berg Aukas mine is a viable development project.

Corporate Social Responsibility Report (CSR)

China Africa Resources plc is committed to complying with all Health and Safety, environmental and social legislation in the countries in which it operates and protecting the health and general well being of its employees and contractors. It is committed to preserving the environment and the communities in the areas where we operate.

Environment

Concern for the environment is of utmost importance to China Africa Resources plc. As well as meeting all the environmental standards required by Namibian legislation it is our policy to reduce to a minimum the potential environmental impact of our activities and have a positive impact on the areas in which we operate.

Health, safety and security

The health, safety and security of the personnel and communities in which we operate takes priority in the management of our operations. Our goal is to prevent injury and ill health to employees and contractors by providing a safe and healthy working environment and by minimising risks associated with occupational hazards.

Business ethics

China Africa Resources plc is committed to carrying out all its operations with high moral and legal standards. China Africa Resources plc has an Anti corruption and Anti bribery policy which are in line with the requirements of the UK Bribery Act. Staff and contractors are made aware of their obligations on recruitment and by periodical updates.

The strategic Report on pages 2-4 was approved by the Board of Directors on 3 March 2015 and was signed on its behalf by Cungen Ding, Chairman of the Board.

Cungen Ding

Director and Chairman of the Board

3 March 2015

Board of Directors

Cungen Ding

Non-executive Chairman

Mr Cungen Ding was trained in geological exploration, is a member of AusIMM and has published several papers on geology and mineral prospecting. He has worked for more than 30 years in the exploration business and is currently Chief Geologist of the Jiangsu East China Non-Ferrous Metals Investment Holding Co., Ltd (ECE) as well as being the Dean of the East China Non-ferrous Geological Mineral Exploration Institute. During the past 5 years, Mr Ding has, amongst other things, led the survey of the MOMA Titanium Iron Placer Project in Mozambique and the preliminary and detailed survey of the Iron Project in Taliabu Island, Indonesia.

John Bryant

Non-executive

Mr. Bryant was appointed to the Board in October 2010. He is the non-executive chairman of Weatherly and the Senior Independent Director of AIM listed Igas plc. Mr. Bryant and was formerly chairman of AIM quoted Gas Turbine Efficiency plc and a board member of Attiki (Athens) Gas Company. Mr. Bryant also served as President of Cinergy Global Resources Corp, responsible for all international business and global renewable power operations of this US-based electricity and gas utility provider. Before joining Cinergy, John's professional experience was gained with Midlands Electricity plc as Executive Director Generation, British Sugar plc, Drexel Limited, BOC Limited and Unilever plc. Mr. Bryant holds an MSc from Reading University and a BA from Nottingham University, and is a fellow of the Institute of Directors and a fellow of the Royal Society of Arts.

Wu Wang

Non-executive

Mr Wu Wang has a Bachelor's degree of Engineering in Mineral Prospecting and Exploration from Northeastern University and is a Doctor of Science (Geology) from Peking University. He has over 6 years of mineral prospecting and exploration experience, specifically in mineral resource surveying and assessment of copper, gold and iron projects. In addition, he has considerable experience in exploration and due diligence of South American and African projects and is versed in both Chinese Standard and JORC. He has also published 17 papers and compiled 2 Mining Development Investment Guides. He is currently Deputy General Manager at Hong Kong East China Non-Ferrous Mineral Resource Co., Ltd.

James Richards

Senior Independent Non-executive

Mr Richards is a graduate of Oxford and Hong Kong Universities and has considerable academic and professional experience in business in China. Since 2010 Mr Richards has been the Group Director for China for De La Rue plc. Prior to this he was Director of North East Asian Affairs for Rolls Royce plc, before taking on a combined role as Director of EU relations and Advisor to the chief executive of Rolls Royce China. Mr Richards is a fluent speaker of Chinese who served for 25 years with HM diplomatic service. From 1977-1980 he acted as the official Chinese interpreter to the UK government.

Roderick Webster

Chief Executive Officer

Mr. Webster is a graduate mining engineer from the University of Sydney. He has over 40 years of experience in the resources industry, including more than 20 years in managing director or chief executive officer positions. Since 2005 Mr. Webster has been chief executive of Weatherly, an AIM listed mining, exploration and development company with. Prior to founding Weatherly, he was a senior executive at First Quantum Minerals Ltd ("FQM"), a Toronto Stock Exchange and AIM listed company. Prior to his involvement with FQM, he was a founding director and the chief executive officer of Western Metals Ltd in Australia. He has held senior management positions with the global resource companies, Homestake Gold of Australia Ltd and BHP Minerals Ltd. He is a fellow of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. At various stages he has been a member of the Executive Committees of both the Australian Minerals Council and the International Zinc Association, and a non-executive director of numerous companies.

Li Ming

Non-executive

Mr Li Ming has over 19 years of mineral exploration and geo-engineering experience, including 6 years of management experience in exploration and related mining operations in Namibia. A Master of Business Administration from Nanjing University and he also has a Bachelor's degree in English. He is currently responsible for the management of six Namibian companies involved in exploration and mining activities across the likes of copper, iron ore and zinc in Namibia. He is a former Deputy General Manager at Hong Kong East China Non-Ferrous Mineral Resource Co., Ltd.

Jingbin Tian

Non-executive

Mr Tian holds a masters degree from Nanjing University and an LL.M in International Commercial Law from Nottingham University. Since January 2010 he has acted as head of the outward investment division for ECE and previously gained professional experience in a variety of roles working for Jiangsu International Tender Co., Ltd and Jiangsu Trading Centre of Machinery and Electrical Equipment. Mr Tian is a director of Globe Metals and Mining Ltd., an ASX listed company. Mr Tian is fluent in English.

Frank Lewis

Independent Non-executive

Mr Lewis has over 25 years experience in listed and unlisted companies. He has held a number of board positions as chairman, non-executive director, chief executive officer and finance director both in the UK and abroad. Mr Lewis co-founded Computer Warehouse and listed it on the Johannesburg Stock Exchange. He was previously Chairman of Lloyds British Testing Plc and senior non-executive director of Zeehan Zinc limited. He is currently Chairman of Asia Ceramics Holdings Plc an AIM listed company and Zeo Medical Plc. Mr Lewis is a member of the South African Institute of Chartered Accountants, as well as a Fellow of The Institute of Chartered Accountants of England and Wales. He is a former member of the AIM Advisory Council that advises the London Stock

Directors' Report

Principal activity

The principal activity of China Africa Resources Plc is the exploration and development of base metals, primarily lead and zinc.

The subsidiary undertaking principally affecting the profits or net assets of the Group in the period is listed in note 15.

Business review and future development

A review of the business and future developments of the Group are included within the Chairman's statement and the strategic report on pages 2-4.

Results and dividends

During the year the Group made a loss of US\$0.8 million (2013- US\$0.7m). The loss incurred during the year consists of costs of running the head office in London and associated listing and regulatory requirements. All costs of the Berg Aukas feasibility study have been capitalised. The Directors do not recommend payment of a dividend (2013: nil).

Going concern

The Group has cash resources sufficient to sustain the business for the foreseeable future. The development of the Group's exploration asset will require significant external funding above the Group's existing available funds. The Group have met all existing license commitments and plan to consider a variety of funding options to continue developing the assets over the forthcoming year.

The Group has no debt or financial obligations outside its operating payables.

Post reporting date events

No matters or circumstances have arisen since the end of the period to the date of signature of these financial statements which significantly affected or may significantly affect the operations of the Group or Company, the results of those operations or the state of affairs of the Group or Company in future financial years.

Directors

The Directors who served during the year ended 31 December 2014 and up to the date of signing the financial statements were as follows:

Cungen Ding	Non-executive Chairman (Appointed 9 September 2014)
Jianrong Xu	Non-executive Chairman (Resigned 9 September 2014)
Roderick Webster	Chief Executive Officer
John Bryant	
Frank Lewis	
Shasha Lu	(Resigned 9 July 2014)
Li Ming	(Appointed 9 September 2014)
James Richards	
Jingbin Tian	
Wu Wang	(Appointed 9 September 2014)
Xingnan Xie	(Resigned 9 September 2014)

Directors' indemnities

China Africa Resources plc maintained liability insurance for its Directors and officers during the period and also as at the date of the report of the Directors. This Group cover extends to and includes the Directors and officers of the subsidiary Company.

Financial instruments

The financial risk management policies and objectives are set out in detail in Note 22 of the financial statements.

Information on exposure to risks

Price and cash flow risks are discussed in the Strategic report on pages 4 to 5, while credit and liquidity risks are covered in note 22.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

By order of the Board

Rod Webster

Director

3 March 2015

Directors' Remuneration Report

The Group remunerate the Directors at a level commensurate with the size of the Group and the experience of its Directors. Only the two Independent Non-Executive Directors are remunerated directly by China Africa Resources Plc as the other Directors are all remunerated directly by the company that nominated them to the Board of Directors. However as the Group grows it will be necessary to recruit senior management and the Remuneration Committee will review the Directors' remuneration and that of senior management to ensure that it upholds the objectives of the Group with regard to this issue. Details of Directors' emoluments and of payments made for professional services rendered are set out below:

	Fees US\$'000	Other Benefits US\$'000	Total US\$'000
2014			
Frank Lewis	49	–	49
James Richards	49	–	49
	98	–	98
<hr/>			
	Fees US\$'000	Other Benefits US\$'000	Total US\$'000
2013			
Frank Lewis	47	–	47
James Richards	47	–	47
	94	–	94

On behalf of the Remuneration Committee

James Richards

Non-executive Director

3 March 2015

Corporate Governance

Introduction

The Board of Directors is committed to high standards of corporate governance.

The Board is accountable to its shareholders for good governance, and the statement below is based on the review of corporate governance that was carried out prior to the listing of the Company on AIM and as reviewed by the Audit Committee and describes how the principles of good governance have been applied. Due to the size and nature of its operations the Group does not seek to comply with the provisions of the UK Corporate Governance Code in its entirety.

Constitution of the Board

During the year there were four Board meetings, two Audit Committee Meetings and no Remuneration Committee meetings or Nomination Committee meetings. Attendance at the Board meetings is shown below.

The Directors' attendance was as follows:

	Number of meetings
Cungen Ding Executive Chairman	(1/1)
Roderick Webster Chief Executive Officer	(4/4)
John Bryant	(3/4)
Frank Lewis	(4/4)
Li Ming	(1/1)
James Richards Senior Independent	(3/4)
Jianrong Xu	(0/3)
Jingbin Tian	(3/4)
Shasha Lu	(0/3)
Wu Wang	(1/1)
Xingnan Xie	(1/3)

Committees of the Board

The Audit Committee is made up of Frank Lewis (Chairman), John Bryant, and James Richards. Cungen Ding was appointed to the Audit Committee on 9 September 2014. Shasha Lu resigned from the committee on 9 July 2014.

Attendance was as follows:

	Number of meetings
Frank Lewis Chairman	(2/2)
John Bryant	(1/2)
Cungen Ding	(1/1)
Shasha Lu	(0/1)
James Richards	(2/2)

The Audit Committee meets as required. It reviews the financial reports and accounts and the preliminary and interim statements, including the Board's statement on internal financial control in the annual report, prior to their submission to the Board for approval. The Audit Committee also reviews corporate governance within the Group and reports on this to the Board. In addition, it assesses the overall performance of the external auditor including scope, cost effectiveness and objectivity of the audit.

The Audit Committee is also charged with reviewing the independence of the external auditor and monitors the level of non-audit fees. These fees are disclosed in note 7. In the opinion of the Audit Committee, which has reviewed these fees and the procedures that BDO have in place to ensure they retain their independence, the auditor's independence is not compromised. The Committee met twice in 2014 to perform its functions in respect of the review of the Report and Accounts.

The Audit Committee can meet for private discussion with the external auditor, who attends its meetings as required. The Company Secretary acts as secretary to the committee.

The Remuneration Committee is made up of James Richards (Chairman), Frank Lewis, John Bryant, and Jingbin Tian.

The Remuneration Committee did not meet in 2014. It should be noted that the Board has determined the remuneration of the Independent Non-executive Directors. All the other Directors do not receive any direct remuneration from the Company but are paid by the company that nominated them to the Board. In the future as the Company develops the Remuneration Committee will determine on behalf of the Board, the Group's policy on executive remuneration and the remuneration packages for executive Directors. It would also approve and administer any executive share option scheme and the grant of options as part of a remuneration package.

The Nominations Committee is made up of Wu Wang (Chairman- appointed 10 September 2014), James Richards and Frank Lewis and did not meet during the period under review. Jianrong Xu resigned from the Committee on 10 September 2014.

Corporate Governance continued

Internal control

The Board is responsible for reviewing and approving the adequacy and effectiveness of the Group's internal controls, including financial and operational control, risk management and compliance.

The key elements of the Group's internal control are set out in the Accounting Procedures Manual and the Board Protocol and contain:

- a clearly defined structure for the Group, its subsidiaries and management teams;
- powers which the Board has reserved for itself. These include the approval of all business plans and budgets for the Group and its subsidiary, the establishment of subsidiary companies and appointment of Directors to them, and the process for project approval and capital expenditure;
- terms of reference for the Audit, Remuneration and Nominations Committees, which define the roles of their members;
- information about how often the Board should meet (as a minimum) and an annual cycle of meetings. This covers the process for the preparation of Board agendas and, Board papers and their prior consideration by the Management team at its weekly meetings;
- detailed business plans and budgets to be approved annually and performance monitored by the Management team and Board at its meetings, which occur on a quarterly basis; and
- procedures for the approval of expenditure, the levels of authority and the management controls.

The Directors acknowledge their responsibility for the Group's system of internal financial control and risk management, and place considerable importance on maintaining this. The Manual of Internal Control and the process for authorisation that it imposes, together with the Board Protocol setting out the process for authorising business plans, budgets and projects, form an important part of our decision making process; however, this can only provide reasonable and not absolute assurance against material errors, losses or fraud.

There is currently no internal audit function within the Group owing to the small size of the administrative function. However, there is a high level of review by Directors and a clear requirement for them to authorise transactions. Should the need for a separate internal audit function become apparent, the Board will establish one.

The Board Protocol and the Accounting Procedures Manual have both been updated and refined as China Africa Resources Plc business evolves and grows.

Bribery Act

At its Board Meeting on 13 May 2011 the Company adopted a Policy for Compliance with the Bribery Act 2010 together with a set of Management Procedures; these were reviewed by the Audit Committee at its meetings in March 2014.

Relations with shareholders

The Company endeavours to maintain communication with shareholders through regulatory announcements, via the Company's website and by direct contact with its major shareholders. The Board values the views of its shareholders and fosters continuing dialogue with investment and fund managers, other investors and equity analysts to ensure that the investing community receives an informed view of the Group's prospects, plans and progress.

Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market ("AIM").

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report to the Members of China Africa Resources plc

We have audited the financial statements of China Africa Resources Plc for the year ended 31 December 2014 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and Company statement of financial position, the consolidated and Company statement of changes in equity, the consolidated and Company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's and parent company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company's financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
3 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Administrative expenses		(784)	(683)
Operating loss	6	(784)	(683)
Finance cost	10	(49)	(7)
Finance income	10	-	1
Loss for the year before taxation		(833)	(689)
Tax expense	11	-	-
Loss for the year attributable to the equity holders of the parent		(833)	(689)
Loss per share expressed in US cents			
Basic and diluted attributable to the equity holders of the parent	12	(3.61c)	(2.99c)

All amounts relate to continuing activities during the period.

The notes on pages 21 to 32 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Loss for the year attributable to the equity holders of the parent	(833)	(689)
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	(248)	(574)
Total comprehensive loss for the year attributable to equity holders of the parent	(1,081)	(1,263)

The notes on pages 21 to 32 form part of these financial statements.

Consolidated and Company Statements of Financial Position

As at 31 December 2014

	Note	Group as at 31 December 2014 US\$'000	Group as at 31 December 2013 US\$'000	Company as at 31 December 2014 US\$'000	Company as at 31 December 2013 US\$'000
Assets					
Non-current assets					
Intangible assets	13	6,119	6,329	-	-
Property, plant and equipment	14	9	14	-	-
Investment in subsidiary	15	-	-	4,156	4,156
Loans to subsidiaries	16	-	-	4,789	4,053
Total non-current assets		6,128	6,343	8,945	8,209
Current assets					
Trade and other receivables	17	24	77	18	72
Cash and cash equivalents	18	1,151	1,922	1,105	1,826
		1,175	1,999	1,123	1,898
Total assets		7,303	8,342	10,068	10,107
Current liabilities					
Trade and other payables	19	(178)	(136)	(178)	(131)
Total liabilities		(178)	(136)	(178)	(131)
Net assets		7,125	8,206	9,890	9,976
Equity					
Share capital	20	377	377	377	377
Share premium		6,556	6,607	6,556	6,607
Merger relief reserve		4,052	4,052	4,052	4,052
Foreign Exchange Reserve		(972)	(724)	-	-
Retained deficit		(2,888)	(2,106)	(1,095)	(1,060)
Equity attributable to shareholders of the parent company		7,125	8,206	9,890	9,976

The financial statements were approved by the Board on 3 March 2015 and signed on behalf of the Board by:

R J Webster

Chief Executive Officer

The notes on pages 21 to 32 form part of these financial statements.

Consolidated and Company Statements of Changes in Equity

For the year ended 31 December 2014

	Share capital US\$'000	Share premium US\$'000	Merger relief reserve US\$'000	Foreign exchange reserve US\$'000	Retained deficit US\$'000	Total US\$'000
The Group						
Balance at 31 December 2012	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
Loss for the period	–	–	–	–	(833)	(833)
Other comprehensive income						
Exchange differences on translation of foreign operations	–	–	–	(248)	–	(248)
Total Comprehensive income	377	6,607	4,052	(972)	(2,939)	7,125
Share based payments	–	(51)	–	–	51	–
Balance at 31 December 2014	377	6,556	4,052	(972)	(2,888)	7,125
The Company						
Balance at 31 December 2012	377	6,607	4,052	–	(818)	10,218
Loss for the period	–	–	–	–	(242)	(242)
Balance at 31 December 2013	377	6,607	4,052	–	(1,060)	9,976
Loss for the period	–	–	–	–	(86)	(86)
Total Comprehensive income	377	6,607	4,052	–	(1,146)	9,890
Share based payments	–	(51)	–	–	51	–
Balance at 31 December 2014	377	6,556	4,052	–	(1,095)	9,890

The following describes the nature and purpose of each reserve within owners equity

Reserve	Description and purpose
Share capital	Nominal value of shares issued.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger relief reserve	Reserve created on issue of shares on acquisition of its subsidiary in accordance with Companies Act 2006 provisions.
Foreign exchange reserve	Cumulative translation differences of net assets of subsidiary.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

The notes on pages 21 to 32 form part of these financial statements.

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2014

	Notes	Group		Company	
		Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Cash flows from operating activities					
Loss for the year		(782)	(689)	(86)	(242)
Adjusted by:					
Depreciation	14	4	5	-	-
Unrealised exchange losses		(47)	30	(37)	30
Non cash items within loans to subsidiary company		-	-	(626)	(600)
Interest received		-	1	(110)	(84)
		(825)	(653)	(859)	(896)
Movements in working capital					
Decrease / (increase) in trade and other receivables	17	53	161	54	(16)
Increase / (decrease) in trade and other payables	19	42	(79)	47	(80)
Net cash used in operating activities		(730)	(571)	(758)	(992)
Cash flows used in investing activities					
Interest received		-	(1)	-	(1)
Loans to subsidiary company		-	-	-	(283)
Payments for evaluation of feasibility studies		(88)	(680)	-	-
Net cash used in investing activities		(88)	(681)	-	(284)
Decrease in cash		(818)	(1,252)	(758)	(1,276)
Reconciliation to net cash					
Opening cash balance		1,922	3,204	1,826	3,132
Decrease in cash		(818)	(1,252)	(758)	(1,276)
Foreign exchange movements		47	(30)	37	(30)
Cash and cash equivalents at the end of the year	18	1,151	1,922	1,105	1,826

The notes on pages 21 to 32 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the 12 month year ended 31 December 2014

1. Nature of operations and general information

China Africa Resources plc and subsidiary ("the Group's") principal activities include exploration and evaluation of mining assets.

China Africa Resources plc is incorporated and domiciled in England. The address of China Africa Resources plc's registered office, which is also its principal place of business, is 180 Piccadilly, London W1J 9HF. China Africa Resources plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

China Africa Resources plc's financial statements are presented in United States dollars (US\$), which is also the functional currency of the parent company.

These consolidated financial statements were approved for issue by the Board of Directors on 3 March 2015.

2. Standards and interpretations not yet applied by the Group

2.1 Overall considerations

The company has adopted the new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board.

The adoption had no significant effects on current, prior or future periods due to the first-time application of these new requirements in respect of presentation, recognition and measurement. An overview of relevant new standards, amendments and interpretations to IFRS's issued but not yet effective is given in note 2.2.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Group's financial statements.

- IFRS 9 Financial Instruments (effective 1 January 2018)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Annual Improvements 2010-2012 Cycle (effective 1 February 2015)
- Defined Benefit plans IAS 19: Employee Contributions: Amendments to IAS 19 (effective 1 February 2015)
- Accounting for Acquisitions of Interests in Joint Operations: Amendments to IFRS 11 (effective 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation: Amendments to IAS 16 and IAS 38 (effective 1 January 2016)
- Equity Method in Separate Financial Statements (Amendments to IAS 27) (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 January 2015)
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) (effective 1 January 2016)
- Annual Improvements to IFRSs (2012-2014 Cycle) (effective 1 January 2016)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (effective 1 January 2016)

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going concern

The Company has cash resources sufficient to sustain the business for the foreseeable future. The development of the Group's exploration asset will require significant external funding above the Group's existing available funds. The Group have met all existing license commitments and plan to consider a variety of funding options over the forthcoming year.

The Group has no debt or financial obligations outside its operating payables.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiary) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses and intra-Group unrealised profits and losses are eliminated on consolidation.

Intangible assets

Exploration and evaluation costs

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the period in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions must also be met:
 - (a) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale, or
 - (b) Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include the acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General, administrative and any share based payment costs are only included in the measurement of exploration and evaluation costs where they are related directly to exploration and evaluation activities in a particular area of interest.

Exploration expenditure is transferred to property, plant and equipment upon achieving a bankable feasibility study.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight-line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Plant and machinery	3 to 15 years
---------------------	---------------

Notes to the Consolidated Financial Statements continued

For the 12 month year ended 31 December 2014

3. Significant accounting policies continued

Impairment

At each reporting date, the Group reviews its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Foreign currency translation

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising, if any, are recognised in profit or loss except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;

Exchange differences recognised in the profit or loss in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the Group's foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount of exchange differences relating to that operation is reclassified from equity to profit or loss.

Taxes

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable result for the period. Taxable profit differs from net profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Taxes

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is expected that the temporary difference will not reverse in the foreseeable future. In addition, tax losses available to be carried forward as well as other tax credits to the Group are assessed for recognition as deferred tax assets.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments, assets and liabilities

The Group uses financial instruments comprising cash, loans to subsidiaries, trade receivables and trade payables that arise from its operations.

Financial assets

The only financial assets currently held by the Group are classified as loans and receivables and cash and cash equivalents. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Included within loans and receivables are cash and cash equivalents which include cash in hand and other short term highly liquid investments with a maturity of three months or less. Any interest earned is accrued monthly and classified as interest. Short term deposits comprise deposits made for varying periods of between one day and three months.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity.

Financial liabilities

Trade payables and other short-term monetary liabilities are all classified as other financial liabilities. At present, the Group does not have any liabilities classified as fair value through profit or loss.

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to the Consolidated Financial Statements continued

For the 12 month year ended 31 December 2014

3. Significant accounting policies continued

Investment in subsidiaries

In its separate financial statements the Company recognises its investments in subsidiaries at cost, less any provision for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition. It also includes share based payments issued to employees of the Company for services provided to subsidiaries.

Finance income

Finance income is recognised as interest accrues using the effective interest method.

Merger relief

The difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange has been credited to a merger relief reserve account, in accordance with the merger relief provisions of the Companies Act 2006 and accordingly no share premium for such transactions has been setup.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying the Group's accounting policies

The following are the critical judgments that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of intangibles

The Group determines whether intangibles are impaired when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is *made as to whether or not a commercial reserve exists*. The carrying amount of intangibles at 31 December 2014 was US\$6.1 million, (2013- US\$6.3 million) - refer to note 13.

5. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Board, who are responsible for allocating resources and assessing performance of the operating segment.

The Group had no operating revenue during the year.

The Group currently has one operating segment, the Mining segment. This segment is currently engaged in the evaluation of the Berg Aukas Mine in Namibia.

There is only one segment, therefore all IFRS 8 disclosures are incorporated within other notes to the accounts.

6. Operating loss

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
This is stated after charging:		
Staff costs (note 8)	108	104
Auditor's remuneration (note 7)	51	44
Depreciation	4	5

7. Auditor's remuneration

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Remuneration receivable by the company's auditors for the audit of these accounts	47	41
Fees payable to the company's auditor and its associates for other services:		
Remuneration receivable by associates of the company's auditors for the audit of subsidiary accounts	4	3
Total remuneration	51	44

8. Employees and key management

The total Directors' emoluments for the year were US\$98,000 (2013- US\$94,000) and social security payments were US\$10,000 (2013 – US\$10,000). Those of the highest paid director were US\$49,000 (2013 - US\$47,000). Detailed disclosure of Directors' remuneration is disclosed in the Directors' remuneration report on page 11.

The Group averaged 8 (2013 - 8) employees during the year ended 31 December 2014.

Key management personnel as defined under IAS 24 have been identified as the Board of Directors.

9. Loss for the financial year

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's loss for the year was US\$85,000 (2013 - US\$242,000.)

10. Finance income and finance costs

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Finance Income		
Bank deposits	–	1
Total finance income	–	1
Finance costs		
Exchange losses	(49)	(7)
Total finance costs	(49)	(7)

11. Tax expense

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Current tax:		
UK corporation tax on the result for the year	–	–
Total current taxation	–	–
Deferred taxation	–	–
Taxation	–	–
Differences explained below:		
Loss before tax	(833)	(689)
Loss before tax multiplied by the standard CT rate 21.49% (2013: 23.25%)	(179)	(160)
Effect of:		
Expenses not deductible for tax purposes	–	2
Differences in local tax rates	(186)	(104)
Tax losses for future utilisation	199	(6)
Other short term timing differences	166	268
Tax charge for the year	–	–
Unrecognised deferred tax provision		
Short term timing differences	(429)	(303)
Tax losses UK	(189)	(172)
Tax losses Namibia	(78)	(85)
	(696)	(560)

Notes to the Consolidated Financial Statements continued

For the 12 month year ended 31 December 2014

11. Tax expense continued

The deferred tax assets are currently unrecognised as the likelihood of sufficient future taxable profits does not yet meet the definition of "probable".

The unrecognised deferred tax asset has no expiry period.

The estimated value of the potential deferred tax asset in respect of losses was measured using an expected tax rate of 20% and 37.5% for the UK and Namibian tax losses respectively (2013: 20%, 37.5%).

12. Loss per share

The calculation of basic and diluted loss per ordinary share is based on the following data:

	Year ended 31 December 2014	Year ended 31 December 2013
Basic and diluted loss per share (US cents)	(3.61c)	(2.99c)
Weighted average number of shares for basic and diluted loss per share	23,076,900	23,076,900

The basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company, China Africa Resources plc, of US\$833,000 (2013: US\$689,000) as the numerator, i.e. no adjustment to loss was necessary. The basic and dilutive loss per share are the same as the Group made a loss in the year.

13. Intangible assets

	Mining licenses US\$'000	Evaluation Costs US\$'000	Totals US\$'000
Cost:			
At 1 January 2013	4,156	2,062	6,218
Additions	–	655	655
Exchange adjustment	–	(544)	(544)
At 31 December 2013	4,156	2,173	6,329
Net book value at 31 December 2013	4,156	2,173	6,329
Net book value at 31 December 2012	4,156	2,062	6,218
Cost:			
At 1 January 2014	4,156	2,173	6,329
Additions	–	65	65
Exchange adjustment	–	(275)	(275)
At 31 December 2014	4,156	1,963	6,119
Net book value at 31 December 2014	4,156	1,963	6,119
Net book value at 31 December 2013	4,156	2,173	6,329

The mining licenses and evaluation costs relate to the Berg Aukas mine in Namibia.

14. Property plant and equipment

	Totals US\$'000
Cost	
At 1 January 2013	28
Exchange adjustment	(5)
At 31 December 2013	23
Depreciation	
At 1 January 2013	5
Charge for the year for depreciation	5
Exchange adjustment	(1)
At 31 December 2013	9
Net book value at 31 December 2013	14
Net book value at 31 December 2012	23
Cost	
At 1 January 2014	23
Exchange adjustment	(2)
At 31 December 2014	21
At 1 January 2014	9
Charge for the year for depreciation	4
Exchange adjustment	(1)
At 31 December 2014	12
Net book value at 31 December 2014	9
Net book value at 31 December 2013	14

All property plant and equipment can be classified as mobile plant.

15. Investment in subsidiary

The investment at the reporting date in the share capital of the Company include the following:

	Company	
	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000
China Africa Resources Namibia (pty) Ltd	4,156	4,156

China Africa Resources Namibia (pty) Ltd is 100% by China Africa Resources plc and is incorporated in the Republic of Namibia.

On 1 August 2011 the Group acquired 100% of the voting equity instruments of China Africa Resources Namibia (pty) Ltd a company whose principle activity is exploration and evaluation of mining assets in Namibia. The company was acquired by the issuing of 6,326,923 ordinary 1p shares at a price of 40p being the price on the date of acquisition. The acquisition price was converted to US dollars at an exchange rate of 1.642. The principal reason for this acquisition was to develop the Berg Aukas Mine in Namibia.

16. Loans to subsidiaries

	Company	
	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000
China Africa Resources Namibia (pty) Ltd	4,789	4,053
	4,789	4,053

The loan has no fixed terms of repayment and is unsecured. The loan attracts interest of US\$ 12 month libor +2%.

The intercompany loan is not repayable until November 2018.

Notes to the Consolidated Financial Statements continued
For the 12 month year ended 31 December 2014

17. Trade and other receivables

	Group		Company	
	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000
Prepayments	12	63	12	63
Sales taxes	12	14	6	9
	24	77	18	72

18. Cash

	Group		Company	
	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000
Cash and short term deposits	1,151	1,922	1,105	1,826

19. Trade and other payables - current

	Group		Company	
	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000
Trade payables	136	83	136	83
Other payables and accruals	42	53	42	48
	178	136	178	131

Trade and other payables are non interest bearing and normally settled in the month following date of invoice.

20. Share capital

	31 December 2014 US\$	31 December 2013 US\$	31 December 2014 £	31 December 2013 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p converted at an exchange rate of £:USD 1.642, except for the share capital at incorporation, which was converted at an exchange rate of £:USD 1.6032	377,001	377,001	230,769	230,769
			31 December 2014	31 December 2013
Number of ordinary 0.1p shares in issue			23,076,924	23,076,924

230,769 share options expired during the year unexercised. The Company has no share options in issue at year end.

21. Capital and contractual commitments

There were no capital or contractual commitments at 31 December 2014 (2013 - nil).

22. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

The only financial assets currently held by the Group are classified as loans and receivables and cash and cash equivalents.

Categories of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

	Carrying value		Carrying value	
	Group as at 31 December 2014 US\$'000	Group as at 31 December 2013 US\$'000	Company as at 31 December 2014 US\$'000	Company as at 31 December 2013 US\$'000
Financial assets				
Current				
Loans and receivables				
Intercompany receivables	–	–	4,789	4,053
Trade and other receivables	12	14	6	9
Cash and cash equivalents	1,151	1,922	1,105	1,826
	1,163	1,936	5,900	5,888
Financial liabilities				
Current				
Amortised cost	(178)	(136)	(178)	(131)
	(178)	(136)	(178)	(131)

As at 31 December 2014 there were no trade receivables that were past due (2013- nil) and all are believed to be recoverable.

All financial liabilities are repayable within one year.

The fair value is equivalent to book value for current assets and liabilities. Non-current liabilities are discounted at prevailing interest rates for both the long and short term elements.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk. The Directors review and agree policies for managing these risks and these are summarised below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Directors monitor cash flow on a daily basis and at quarterly Board meetings in the context of their expectations for the business, in order to ensure sufficient liquidity is available to meet foreseeable needs.

Credit risk

The Company monitors the credit risk of its intercompany loan through its management accounts and assesses the subsidiary's ability to repay the loans. It also monitors the political risk within Namibia and its effect on the loan's credit worthiness.

Interest rate risk

The Group and Company currently finances its operations through equity raisings. There are no borrowings and therefore no significant exposure to interest rate fluctuations.

The Group and Company manage the interest rate risk associated with the Group and Company cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group and Company requires to the funds for working capital purposes.

Notes to the Consolidated Financial Statements continued

For the 12 month year ended 31 December 2014

22. Financial instruments

The interest rate profile of the Group's cash and cash equivalents as at 31 December 2014 was as follows:

	US Dollars \$'000	Pound Sterling \$'000	Namibian Dollars \$'000	Total \$'000
As at 31 December 2014				
Short term deposits with fixed interest rates	650	–	–	650
Cash at bank with no interest rate	129	326	46	501
	779	326	46	1,151
As at 31 December 2013				
Cash at bank with no interest rate	1,178	648	96	1,922
	1,178	648	96	1,922

At the reporting date, the cash at bank with fixed interest rate is accruing weighted average interest of 0.1% per annum (2013: 0.7%). As required by IFRS 7, the Group has estimated the interest rate sensitivity on year end balances and determined that a one percentage point increase or decrease in the interest rate earned on short term deposits would have caused a corresponding increase or decrease in net income in the amount of US\$6,500 (2013: nil).

Foreign currency risk management

The functional currencies of the companies in the Group are US dollars and Namibian dollars. The Group does not hedge against the effects of movements in exchange rates. These risks are monitored by the Board on a regular basis.

The following table discloses the year end rates applied by the Group for the purposes of producing the financial statements:

	Translation	2014	2013
Year end	1 GBP – USD	1.56	1.65
Year end	1 USD – NED	11.56	10.49

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group	
	as at 31 December 2014 US\$'000	as at 31 December 2013 US\$'000
Cash and cash equivalents		
Pound Sterling	326	648
Namibian Dollars	46	96
	372	744

The following table details the Group's sensitivity to a 10% increase and decrease in the US dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key Management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the US dollar strengthens 10% against the relevant currency. For a 10% weakening of the US dollar against the relevant currency, there would be an equal and opposite impact on the profit and equity, and the balances below would be negative.

		31 December 2014 US\$'000	31 December 2014 US\$'000	31 December 2013 US\$'000	31 December 2013 US\$'000
Effect on loss	+10%	33	5	66	10
	-10%	33	5	66	10
Effect on equity	+10%	33	5	66	10
	-10%	33	5	66	10

23. Events subsequent to reporting date

There were no significant subsequent post reporting date events.

24. Related party transactions

	31 December 2014 US\$'000	31 December 2013 US\$'000
Group and Company		
The Group and Company had the following transactions with Weatherly International plc a 25% shareholder of the Group.		
Management Fee paid	360	552
Trade payables	(108)	(55)
Company only		
Transactions with China Africa Resources Namibia (pty) Ltd a wholly owned subsidiary		
Management Fee charged	600	600
Interest charged	110	85
Loans receivable	4,789	4,053

The controlling party of China Africa Resources plc is East China Mineral Exploration and Development Bureau for Non Ferrous Metals. The immediate holding company is HK ECE.

25. Capital management policies and procedures

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained losses as well as the reserves (consisting of share based payments reserve, foreign currency translation reserve and merger relief reserve).

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company meets its capital needs by equity financing. The Group sets the amount of capital it requires to fund the Group's project evaluation costs and administration expenses. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company and Group do not have any derivative instruments or hedging instruments. It has been determined that a sensitivity analysis will not be representative of the Company's and Group's position in relation to market risk and therefore, such an analysis has not been undertaken.

Company Information

Directors	Cungen Ding Roderick Webster James Richards Frank Lewis John Bryant Li Ming Wu Wang Jingbin Tian	(Chairman and Non-executive Director) (Chief Executive Officer) (Senior Independent Non-executive Director) (Independent Non-executive Director) (Non-executive Director) (Non-executive Director) (Non-executive Director) (Non-executive Director)
Secretary	Kevin Ellis	
Registered office	180 Piccadilly London W1J 9HF	
Registered number	07352056 (England and Wales)	
Auditor	BDO LLP 55 Baker Street London W1U 7EU	
Bankers	Bank of Scotland St James's Gate 14-16 Cockspur Street London SW1Y 5BL	
Solicitors	Cooley (UK) LLP Dashwood 69 Old Broad Street London EC2M 1QS	
Nominated adviser and broker	RFC Ambrian Ltd Level 5, Condor House, 10 St Paul's Churchyard London EC4M 8AL	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Website	www.chinaafricares.com	
TDIM	CAF	



CHINA AFRICA
RESOURCES PLC

China Africa Resources plc
180 Piccadilly, London
W1J 9HF
www.chinaafricare.com