



# CHINA AFRICA RESOURCES PLC

**REPORT AS AT 31 DECEMBER 2015**

## Contents

### Strategic Report

Chairman's statement .....	2
Principal risks and Uncertainties .....	3
Key Performance indicators .....	4

### Corporate Governance

Directors' report.....	5
Directors Remuneration Report.....	7
Corporate governance .....	8
Directors' responsibilities.....	10
Independent Auditor's Report to the Members of China Africa Resources plc.....	11

### Financial Statements

Consolidated income statement .....	13
Consolidated statement of comprehensive income .....	14
Consolidated and Company statements of financial position .....	15
Consolidated and Company statements of changes in equity .....	16
Consolidated and Company cash flow statements.....	17
Notes to the consolidated financial statements .....	18

### Company Information

Company information .....	38
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## Chairman's statement

I am pleased to present the report and accounts for China Africa Resources plc results for the year ended 31 December 2015.

## Financial Results

During the year the Group made a loss of US\$0.6 million (2014- US\$0.8 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.

As at 31 December 2015 the Group had US\$0.7 million (2014- US\$1.2 million) in cash reserves.

The company received a loan for US\$200,000 from its parent, HK ECE in the year. The loan bears interest at 12 month libor and is repayable on 30 June 2016. In common with many exploration and development companies, the Company raises finance for its activities in discrete tranches. The Group and the Company has not generated revenues from operations. As such, the Group's and Company'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. In order to continue to meet the Group's working capital needs, loan repayments and development plans further funding will be required. In the event that the Company is unable to secure further finance either through third parties or capital raising, it may 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.

## Review of the year

During the year the Group has engaged in reviewing options to fund the feasibility study for the Berg Aukas Mine in Namibia having successfully completed the pre- feasibility study last year.

Key data from the pre-feasibility study:

Mine Type	Underground
Reserves *	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)

\*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.

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.

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

**Cungen Ding**  
**Director and Chairman of the Board**  
**6 May 2016**

## Principal risks and Uncertainties

Nature of Risk	How we manage it
<b>Funding Risk</b> The company will need to secure additional funding to complete its feasibility study.  <b>Impact</b> Shortage of cash for completion of the feasibility study.	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.
<b>Project Risk</b> The feasibility study of Berg Aukas is not considered bankable.  <b>Impact</b> Berg Aukas cannot be developed.	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.
<b>Currency and Commodity Risk</b> 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.  <b>Impact</b> Costs increase and revenue decreases.	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.
<b>Human Resources Risk</b> The achievement of the Group's objectives will be dependent on the Group attracting qualified and motivated staff.  <b>Impact</b> The efficiency of a particular aspect of the Group's operations could be affected leading to reduced profitability.	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.
<b>Country Risk</b> Some investors may perceive Namibia as a high risk country in which to operate.  <b>Impact</b> Legal, regulatory or political changes could impact on the Group's operations.	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.

## Business Review & Development

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

## Key Performance indicators

KPI	Measure	Performance
Shareholder returns	Share price performance	The company's share price dropped from 11.5p to 4.1p in a year that was generally punishing for the mining sector. Improvements in the coming year will be dependent on whether to progress to a full feasibility study or not.
Cash flows	Cash balances	Cash balances reduced from US\$1.2m to \$0.7m. The Group implemented a series of cost savings initiatives to reduce the cash burn going forward.
Performance of mine development	Achievement of project milestones	The pre feasibility study indicates the Berg Aukas mine is a viable development project.

## Corporate and 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 upmost 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 both on recruitment and by periodical updates.

The strategic Report on pages 2-4 was approved by the Board of Directors on 6 March 2016 and was signed on its behalf by Cungen Ding, Chairman of the Board.

**Cungen Ding**  
**Director and Chairman of the Board**  
**6 May 2016**

## 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 China Africa Resources Namibia (pty) Ltd.

### 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\$0.6 million (2014- US\$0.8m). 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 (2014: nil).

### Going concern

In common with many exploration and development companies, the Company raises finance for its activities in discrete tranches. The Group and the Company has not generated revenues from operations. As such, the Group's and Company'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.

In order to continue to meet the Group's working capital needs, loan repayments and development plans further funding will be required. In the event that the Company is unable to secure further finance either through third parties or capital raising, it may 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.

### 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 2015 and up to the date of signing the financial statements were as follows:

Cungen Ding	Non Executive Chairman
Roderick Webster	Chief Executive Officer
John Bryant	
Frank Lewis	
Li Ming	
James Richards	
Jingbin Tian	(Resigned 16 November 2015)
Wuming Wang	

All directors except Roderick Webster were non executives.

### 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 23 of the financial statements.

**Information on exposure to risks**

Price and cash flow risks are discussed in the Strategic report on page 3, while credit and liquidity risks are covered in note 23.

**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**  
**6 May 2016**

## 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:

<b>2015</b>	<b>Fees US\$'000</b>	<b>Other Benefits US\$'000</b>	<b>Total US\$'000</b>
Frank Lewis	40	-	40
James Richards	40	-	40
	<u>80</u>	<u>-</u>	<u>80</u>
<b>2014</b>	<b>Fees US\$'000</b>	<b>Other Benefits US\$'000</b>	<b>Total US\$'000</b>
Frank Lewis	49	-	49
James Richards	49	-	49
	<u>98</u>	<u>-</u>	<u>98</u>

On behalf of the Remuneration Committee

**James Richards**  
**Non Executive Director**  
**6 May 2016**



## 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 two 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	Non Executive Chairman	(2/2)
Roderick Webster	Chief Executive Officer	(1/2)
John Bryant		(2/2)
Frank Lewis		(2/2)
Li Ming		(1/2)
James Richards	Senior Independent	(2/2)
Jingbin Tian		(1/2)
Wuming Wang		(1/2)

### Committees of the Board

**The Audit Committee** is made up of Frank Lewis (Chairman), John Bryant, James Richards and Cungen Ding.

Attendance was as follows:

		Number of meetings
Frank Lewis	Chairman	(2/2)
John Bryant		(2/2)
Cungen Ding		(2/2)
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 2015 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 and John Bryant. Jingbin Tian served until his resignation from the Board on 16 November 2015.

The Remuneration Committee did not meet in 2015. 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 Wuming Wang (Chairman), James Richards and Frank Lewis and did not meet during the period under review.

### 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 16 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 2015.

### 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 strategic 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.

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;
- 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 2015 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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](http://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 2015 and of the Group'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 IFRS'S as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Directors note that additional funds need to be raised 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. These circumstances indicate the existence of a material uncertainty, which may cast significant doubt on the Group and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

### 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  
6 May 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Consolidated income statement**  
**For the year ended 31 December 2015**

	Note	Year ended 31 December 2015 US\$'000	Year ended 31 December 2014 US\$'000
Administrative expenses		(546)	(784)
<b>Operating loss</b>	6	<b>(546)</b>	<b>(784)</b>
Finance cost	10	(16)	(49)
Loss for the year before taxation		<b>(562)</b>	<b>(833)</b>
Tax expense	11	-	-
<b>Loss for the year attributable to the equity holders of the parent</b>		<b>(562)</b>	<b>(833)</b>
<b>Loss per share expressed in US cents</b>			
Basic and diluted attributable to the equity holders of the parent	12	(2.44c)	(3.61c)

All amounts relate to continuing activities during the period.

The notes on pages 18 to 37 form part of these financial statements.

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2015**

	Year ended 31 December 2015 US\$'000	Year ended 31 December 2014 US\$'000 (Restated)
Loss for the year attributable to the equity holders of the parent	<b>(562)</b>	<b>(833)</b>
<b>Items that may be reclassified to profit and loss</b>		
Exchange differences on translation of foreign operations	(1,351)	(504)
<b>Total comprehensive loss for the year attributable to equity holders of the parent</b>	<b>(1,913)</b>	<b>(1,337)</b>

The notes on pages 18 to 37 form part of these financial statements.

## Consolidated and Company statements of financial position

As at 31 December 2015

	Not e	Group as at 31 December 2015 US\$'000	Group as at 31 December 2014 US\$'000 (Restated)	Group as at 1 January 2014 US\$'000 (Restated)	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets	13	3,137	4,474	4,940	-	-
Property, plant and equipment	14	3	9	14	-	-
Investment in subsidiary	15	-	-	-	3,567	4,156
Loans to subsidiaries	16	-	-	-	-	4,789
Total non-current assets		3,140	4,483	4,954	3,567	8,945
<b>Current assets</b>						
Trade and other receivables	17	22	24	77	17	18
Cash and cash equivalents	18	675	1,151	1,922	645	1,105
		697	1,175	1,999	662	1,123
<b>Total assets</b>		<b>3,837</b>	<b>5,658</b>	<b>6,953</b>	<b>4,229</b>	<b>10,068</b>
<b>Current liabilities</b>						
Trade and other payables	19	(70)	(178)	(136)	(68)	(178)
Loans	20	(200)	-	-	(200)	-
<b>Total liabilities</b>		<b>(270)</b>	<b>(178)</b>	<b>(136)</b>	<b>(268)</b>	<b>(178)</b>
<b>Net assets</b>		<b>3,567</b>	<b>5,480</b>	<b>6,817</b>	<b>3,961</b>	<b>9,890</b>
<b>Equity</b>						
Share capital	21	377	377	377	377	377
Share premium		6,556	6,556	6,607	6,556	6,556
Merger relief reserve		4,052	4,052	4,052	4,052	4,052
Foreign exchange reserve		(3,968)	(2,617)	(2,113)	-	-
Retained deficit		(3,450)	(2,888)	(2,106)	(7,024)	(1,095)
<b>Equity attributable to shareholders of the parent company</b>		<b>3,567</b>	<b>5,480</b>	<b>6,817</b>	<b>3,961</b>	<b>9,890</b>

The financial statements were approved by the Board on 6 May 2016 and signed on behalf of the Board by:

**R J Webster**  
Chief Executive Officer

The notes on pages 18 to 37 form part of these financial statements.



## Consolidated and Company statements of changes in equity

For the year ended 31 December 2015

	Share capital	Share premium	Merger relief reserve	Foreign exchange reserve	Retained deficit	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>						
<b>Balance at 31 December 2013</b>	<b>377</b>	<b>6,607</b>	<b>4,052</b>	<b>(724)</b>	<b>(2,106)</b>	<b>8,206</b>
Prior year adjustment	-	-	-	(1,389)	-	(1,389)
<b>Balance at 31 December 2013 (Restated)</b>	<b>377</b>	<b>6,607</b>	<b>4,052</b>	<b>(2,113)</b>	<b>(2,106)</b>	<b>6,817</b>
Loss for the period	-	-	-	-	(833)	(833)
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations (Restated)	-	-	-	(504)	-	(504)
<b>Total Comprehensive income</b>	<b>377</b>	<b>6,607</b>	<b>4,052</b>	<b>(2,617)</b>	<b>(2,939)</b>	<b>5,480</b>
Share based payments	-	(51)	-	-	51	-
<b>Balance at 31 December 2014 (Restated)</b>	<b>377</b>	<b>6,556</b>	<b>4,052</b>	<b>(2,617)</b>	<b>(2,888)</b>	<b>5,480</b>
Loss for the period	-	-	-	-	(562)	(562)
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations	-	-	-	(1,351)	-	(1,351)
<b>Balance at 31 December 2015</b>	<b>377</b>	<b>6,556</b>	<b>4,052</b>	<b>(3,968)</b>	<b>(3,450)</b>	<b>3,567</b>
<b>The Company</b>						
<b>Balance at 31 December 2013</b>	<b>377</b>	<b>6,607</b>	<b>4,052</b>	-	<b>(1,060)</b>	<b>9,976</b>
Loss for the period	-	-	-	-	(86)	(86)
<b>Total Comprehensive income</b>	<b>377</b>	<b>6,607</b>	<b>4,052</b>	-	<b>(1,146)</b>	<b>9,890</b>
Share based payments	-	(51)	-	-	51	-
<b>Balance at 31 December 2014</b>	<b>377</b>	<b>6,556</b>	<b>4,052</b>	-	<b>(1,095)</b>	<b>9,890</b>
Loss for the period	-	-	-	-	(5,929)	(5,929)
<b>Balance at 31 December 2015</b>	<b>377</b>	<b>6,556</b>	<b>4,052</b>	-	<b>(7,024)</b>	<b>3,961</b>

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 18 to 37 form part of these financial statements.	

## Consolidated and Company cash flow statements

### For the year ended 31 December 2015

	Notes	Group Year ended 31 December 2015 US\$'000	Group Year ended 31 December 2014 US\$'000	Company Year ended 31 December 2015 US\$'000	Company Year ended 31 December 2014 US\$'000
<b>Cash flows from operating activities</b>					
Loss for the year		(562)	(833)	(5,929)	(86)
Adjusted by:					
Depreciation	14	4	4	-	-
Unrealised exchange losses		(33)	(47)	(37)	(37)
Impairment of loans to subsidiaries		-	-	588	-
Non cash items within loans to subsidiary company		-	-	4,789	(736)
		<b>(591)</b>	<b>(876)</b>	<b>(589)</b>	<b>(859)</b>
Movements in working capital					
Decrease in trade and other receivables	17	2	53	2	54
(Decrease) / increase in trade and other payables	19	(120)	42	(110)	47
		<b>(709)</b>	<b>(781)</b>	<b>(697)</b>	<b>(758)</b>
<b>Cash flows used in investing activities</b>					
Payments for evaluation of feasibility studies		-	(37)	-	-
		<b>-</b>	<b>(37)</b>	<b>-</b>	<b>-</b>
<b>Cash flows used in financing activities</b>					
Receipt of loans		200		200	
		<b>200</b>	<b>-</b>	<b>200</b>	<b>-</b>
<b>Decrease in cash</b>		<b>(509)</b>	<b>(818)</b>	<b>(497)</b>	<b>(758)</b>
<b>Reconciliation to net cash</b>					
Opening cash balance		1,151	1,922	1,105	1,826
Decrease in cash		(509)	(818)	(497)	(758)
Foreign exchange movements		33	47	37	37
<b>Cash and cash equivalents at year end</b>	18	<b>675</b>	<b>1,151</b>	<b>645</b>	<b>1,105</b>

The notes on pages 18 to 37 form part of these financial statements.

## Notes to the consolidated financial statements

### For the 12 month year ended 31 December 2015

#### 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 6 May 2016.

#### 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) (not yet EU adopted)
- IFRS 5 Non Current assets held for resale and discontinued operations (effective 1 January 2016)
- IFRS 10 The narrow-scope amendments to IFRS 10 Consolidates Financial Statements (effective 1 January 2016)
- IFRS 11 Amendments to Joint Arrangements (effective 1 January 2016)
- IFRS 12 Amendments to Disclosure of Interest in Other Entities (effective 1 January 2016)
- IAS 1 Amendments to Presentation of Financial Statements (effective 1 January 2016)
- IAS 16 Amendments to Property, Plant and Equipment (effective 1 January 2016)
- IAS 19 Amendments to Employee Benefits (effective 1 January 2016)
- IAS 27 Amendments to Consolidated and Separate Financial Statements (effective 1 January 2016)
- IAS 28 Amendments to Investments in Associates and Joint Ventures (effective 1 January 2016)
- IAS 34 Amendments to Interim Financial Reporting (effective 1 January 2016)
- IAS 38 Amendments to Intangible Assets (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

In common with many exploration and development companies, the Company raises finance for its activities in discrete tranches. The Group and the Company has not generated revenues from operations. As such, the Group's and Company'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.

In order to continue to meet the Group's working capital needs, loan repayments 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 Company is unable to secure further finance it may 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.

#### 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. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

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. An impairment test is required prior to transfer to property, plant and equipment.

### 3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### 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
---------------------	---------------

#### Impairment of intangible assets

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### 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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### *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.

#### **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.

#### **Loans**

Loans are recognised when the Group becomes a party to the contractual provisions of the instrument and are recognised at fair value plus transaction costs.

#### **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 2015 was US\$3.1 million, (2014-US\$4.5 million) - refer to note 13. At the end of the year the Directors impaired the inter company loans to subsidiaries in order to address the disparity between the Group and Company net assets.

##### *Prior year adjustment*

In preparing the financial statements for the year ended 31 December 2015, the Directors have identified that the fair value uplift of \$4.1m attributable to the mining license at Group level should be considered to have the same functional currency as the entity which benefits from the license. The prior year financial statements have therefore been amended to reflect the required accounting. This has resulted in a decrease of US\$1.6m in the carrying value of the consolidated exploration and evaluation assets previously reported for the period ended 31 December 2014 with the other side of the adjustment being to the foreign exchange reserve for the same amount.



## 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 2015 US\$'000	Year ended 31 December 2014 US\$'000
<b>This is stated after charging:</b>		
Staff costs (note 8)	86	108
Auditor's remuneration (note 7)	32	51
Depreciation (note 14)	4	4
Management fee	270	360
	<hr/>	<hr/>

## 7. AUDITOR'S REMUNERATION

	Year ended 31 December 2015 US\$'000	Year ended 31 December 2014 US\$'000
Remuneration receivable by the company's auditors for the audit of these accounts	30	47
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	2	4
	<hr/>	<hr/>
Total remuneration	32	51
	<hr/>	<hr/>

## 8. EMPLOYEES AND KEY MANAGEMENT

The total Directors' emoluments for the year were US\$80,000 (2014- US\$98,000) and social security payments were US\$6,000 (2014 – US\$10,000). Those of the highest paid director were US\$40,000 (2014 - US\$49,000). Detailed disclosure of Directors' remuneration is disclosed in the Directors' remuneration report on page 7.

The Group averaged 8 (2014 - 8) employees during the year ended 31 December 2015.

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\$5,929,000 (2014- loss of US\$85,000.)

## 10. FINANCE COSTS

	Year ended 31 December 2015 US\$'000	Year ended 31 December 2014 US\$'000
<b>Finance Costs</b>		
Exchange losses	(16)	(49)
	<hr/>	<hr/>
Total finance costs	(16)	(49)
	<hr/>	<hr/>

## 11. TAX EXPENSE

	Year ended 31 December 2015 US\$'000	Year ended 31 December 2014 US\$'000
<b>Current tax:</b>		
UK corporation tax on the result for the year	-	-
Total current taxation	-	-
Deferred taxation	-	-
Taxation	-	-
Differences explained below:		
Loss before tax	(562)	(833)
Loss before tax multiplied by the standard CT rate 20.25% (2014: 21.49%)	(114)	(179)
Effect of:		
Differences in local tax rates	(376)	(186)
Tax losses for future utilisation	212	199
Other short term timing differences	278	166
Tax charge for the year	-	-
Unrecognised deferred tax provision		
Short term timing differences	(816)	(429)
Tax losses UK	(187)	(189)
Tax losses Namibia	(508)	(78)
	(1,511)	(696)

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 (2014: 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 2015	Year ended 31 December 2014
Basic and diluted loss per share (US cents)	(2.44c)	(3.61c)
Weighted average number of shares for basic and diluted loss per share	23,076,924	23,076,924
	<u><u>                    </u></u>	<u><u>                    </u></u>

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\$562,000 (2014: US\$833,000) 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

	Group Mining Licenses  US\$'000 (Restated)	Group Evaluation Costs  US\$'000	Group Total  US\$'000 (Restated)
Cost			
At 1 January 2014	4,156	2,173	6,329
Restatement of opening balance for exchange movements	(1,389)	-	(1,389)
At 1 January 2014	2,767	2,173	4,940
Additions	-	65	65
Exchange adjustment	(256)	(275)	(531)
At 31 December 2014	2,511	1,963	4,474
Net book value at 31 December 2014 (restated)	2,511	1,963	4,474
Net book value at 31 December 2013 (restated)	2,767	2,173	4,940
Cost			
At 1 January 2015	2,511	1,963	4,474
Additions	-	-	-
Exchange adjustment	(642)	(695)	(1,337)
At 31 December 2015	1,869	1,268	3,137
Net book value at 31 December 2015	1,869	1,268	3,137
Net book value at 31 December 2014 (restated)	2,511	1,963	4,474

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

In preparing the financial statements for the year ended 31 December 2015, the Directors have identified that the fair value uplift of US\$4.1m attributable to the mining license at Group level should be considered to have the same functional currency (Namibian dollars) as the entity which benefits from the license. The prior year financial statements have therefore been amended to reflect the required accounting. This has resulted in a decrease of US\$1.6m in the carrying value of the consolidated exploration and evaluation assets previously reported for the period ended 31 December 2014 with the other side of the adjustment being to the foreign exchange reserve for the same amount.

**14. PROPERTY PLANT AND EQUIPMENT**

	Group US\$'000
Cost	
At 1 January 2014	23
Exchange adjustment	(2)
	<hr/>
At 31 December 2014	21
	<hr/>
Depreciation	
At 1 January 2014	9
Charge for the year for depreciation	4
Exchange adjustment	(1)
	<hr/>
At 31 December 2014	12
	<hr/>
Net book value at 31 December 2014	9
Net book value at 31 December 2013	14
	<hr/>
Cost	
At 1 January 2015	21
Exchange adjustment	(6)
	<hr/>
At 31 December 2015	15
	<hr/>
Depreciation	
At 1 January 2015	12
Charge for the year for depreciation	4
Exchange adjustment	(4)
	<hr/>
At 31 December 2015	12
	<hr/>
Net book value at 31 December 2015	3
Net book value at 31 December 2014	9
	<hr/> <hr/>

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

**15. INVESTMENT IN SUBSIDIARY**

	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
China Africa Resources Namibia (pty) Ltd		
Opening balance	4,156	4,156
Impairment	(589)	-
	<u>3,567</u>	<u>4,156</u>

China Africa Resources Namibia (pty) Ltd is 100% owned 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 principal 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.

The impairment recorded within the year has been charged to the company's income statement. An impairment provision was considered appropriate given the disparity between the Group and Company Net Assets.

**16. LOANS TO SUBSIDIARIES**

	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
China Africa Resources Namibia (pty) Ltd	-	4,789
	<u>-</u>	<u>4,789</u>

The intercompany loan is was fully impaired in the year in order to address the disparity between the Group and Company Net Assets. The loan remains repayable in November 2018 and is unsecured. The loan attracts interest of US\$ 12 month libor +2%.

**17. TRADE AND OTHER RECEIVABLES**

	Group as at 31 December 2015 US\$'000	Group as at 31 December 2014 US\$'000	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
Prepayments	12	12	12	12
Sales Taxes	10	12	5	6
	<u>22</u>	<u>24</u>	<u>17</u>	<u>18</u>

**18. CASH AND CASH EQUIVALENTS**

	Group as at 31 December 2015 US\$'000	Group as at 31 December 2014 US\$'000	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
Cash and short term deposits	675	1,151	645	1,105

**19. TRADE AND OTHER PAYABLES - CURRENT**

	Group as at 31 December 2015 US\$'000	Group as at 31 December 2014 US\$'000	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
Trade payables	34	136	34	136
Other payables and accruals	36	42	34	42
	70	178	68	178

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

**20. LOANS**

	Group as at 31 December 2015 US\$'000	Group as at 31 December 2014 US\$'000	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
Total loans	200	-	200	-
Short term portion of loan	(200)	-	(200)	-
Long term portion of loans	-	-	-	-

The loan from the Group's parent HK ECE, is unsecured and bears interest at 12 month libor and is repayable on 30 June 2016.



**21. SHARE CAPITAL**

<b>Allotted, called up and fully paid</b>	31 December 2015 US\$	31 December 2014 US\$	31 December 2015 £	31 December 2014 £
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 2015	31 December 2014		
Number of ordinary 0.1p shares in issue	23,076,924	23,076,924		

**22. CAPITAL AND CONTRACTUAL COMMITMENTS**

There were no capital or contractual commitments at 31 December 2015 (2014- nil.).

**23. 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 2015 US\$'000	Group as at 31 December 2014 US\$'000	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
<b>Financial assets</b>				
<b>Current</b>				
Loans and receivables				
Intercompany receivables	-	-	-	4,789
Trade and other receivables	10	12	5	6
Cash and cash equivalents	675	1,151	645	1,105
	<u>685</u>	<u>1,163</u>	<u>650</u>	<u>5,900</u>
<b>Financial liabilities</b>				
<b>Current- Amortised cost</b>				
Trade and other payables	(70)	(178)	(68)	(178)
Loans	(200)	-	(200)	-
	<u>(270)</u>	<u>(178)</u>	<u>(268)</u>	<u>(178)</u>

As at 31 December 2015 there were no trade receivables that were past due (2014- 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. As noted elsewhere in the financial statements the Group's short term loan of \$200,000 from its shareholder HK ECE falls due for repayment on 30 June 2016. The Directors are current assessing the Group's options in respect of raising additional finance for the business.

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. Under existing contractual arrangement loans with subsidiary is repayable in November 2018. Repayment will be dependent on the mine going into production and repayment terms will be extended if necessary.

#### *Interest rate risk*

The Group's policy is to minimise interest rate cash flow exposures on long term financing. At 31 December 2015, the Group was exposed to changes in market interest rates through its Parent Company, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net results for the year and equity to a reasonably possible change in interest rates of +/-1.0 base points (2014 +/- 1/0 basis points) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observations of current market conditions. The calculations are based on the Company's financial instruments held at each balance sheet date. All other variables are held constant.

	2015 US\$'000	2014 US\$'000
	+1.0 Base points	+1.0 Base points
Net effect on after tax profits	2	-
Equity	2	-

The interest rate profile of the Group's cash and cash equivalents as at 31 December 2015 was as follows:

As at 31 December 2015	US Dollars \$'000	Pound Sterling \$'000	Namibian Dollars \$'000	Total \$'000
Cash at bank with no interest rate	545	100	30	675
	<u>545</u>	<u>100</u>	<u>30</u>	<u>675</u>
	<u><u>545</u></u>	<u><u>100</u></u>	<u><u>30</u></u>	<u><u>675</u></u>
As at 31 December 2014	US Dollars \$'000	Pound Sterling \$'000	Namibian Dollars \$'000	Total \$'000
Short term deposits with fixed interest rates	650	-	-	650
Cash at bank with no interest rate	129	326	46	501
	<u>779</u>	<u>326</u>	<u>46</u>	<u>1,151</u>
	<u><u>779</u></u>	<u><u>326</u></u>	<u><u>46</u></u>	<u><u>1,151</u></u>

At the reporting date, the cash at bank with fixed interest rate is accruing weighted average interest of 0.0% per annum (2014: 0.1%). 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\$ nil (2014: US\$6,500).

All cash and short term deposits were held by the Company except the Namibian dollars which were held by the subsidiary company.

**23. FINANCIAL INSTRUMENTS (continued)***Foreign currency risk management*

The functional currencies of the companies in the Group are US dollars and Namibian dollars. The surplus cash to operating needs is held in US dollars to limit currency risk against the Group's functional currency. The Group does not hedge against the effects of movements in exchange rates, 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	2015	2014
Year end	1 GBP – USD	1.48	1.56
Year end	1 USD – NAD	15.53	11.56

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 2015 US\$'000	Group as at 31 December 2014 US\$'000	Company as at 31 December 2015 US\$'000	Company as at 31 December 2014 US\$'000
Cash and cash equivalents				
Pound Sterling	100	326	100	326
Namibian Dollars	30	46	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	130	372	100	326
	<hr/>	<hr/>	<hr/>	<hr/>

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.

		British pound currency impact	Namibian dollar currency impact	British pound currency impact	Namibian dollar currency impact
		31 December 2015 US\$'000	31 December 2015 US\$'000	31 December 2014 US\$'000	31 December 2014 US\$'000
Effect on loss	+10%	11	3	33	5
	-10%	11	3	33	5
Effect on equity	+10%	11	3	33	5
	-10%	11	3	33	5

## 24. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant subsequent post reporting date events.

## 25. RELATED PARTY TRANSACTIONS

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.

	31 December 2015 US\$'000	31 December 2014 US\$'000
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### Group and Company

The Group and Company had the following transactions with Weatherly International plc a 25% shareholder of the Group.

Management Fee paid	270	360
Trade payables	-	(108)

The Group and Company had the following transactions with HK ECE a 65% shareholder of the Group.

Loans received during the year	200	-
Loans outstanding at the end of the year	200	-

### Company only

Transactions with China Africa Resources Namibia (pty) Ltd a wholly owned subsidiary

Management Fee charged	420	600
Interest charged	141	110
Gross loans receivable	5,350	4,789
Impairment	(5,350)	-
Net loans receivable	-	4,789

## 26. 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 loans and 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 and borrowing. 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.

Capital for the reporting period under review is summarised as follows:

	31 December 2015 US\$'000	31 December 2014 US\$'000
Total equity	3,567	9,900
Borrowings	200	-
	<u>3,767</u>	<u>9,900</u>

## Company information

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