

CAPE RESOURCES PLC
(AIM: CAPE)

Interim results for the six months ended 31 December 2009 (unaudited)

30 March 2010

Cape Resources Plc ("the Company"), today reports its unaudited interim results for the six months ended 31 December 2009.

Chairperson's Statement

Events during the period

At the Annual General Meeting held on 30 December 2009 a resolution was passed to change the name of the Company to Cape Resources Plc. The change became effective on 15 January 2010.

A number of opportunities are under active consideration. Positive activities are now beginning in the resources market, and we intend to position Cape such that it is well placed to participate in this revival.

Your Board remains determined to continue the implementation of its strategy going forward and views the future with confidence. The Directors hope to make a further update announcement to Shareholders when appropriate

Events since the period end

The Company's mine at Elandsplaagte ("the Mine") commenced only small scale operations because of significant cash constraints and also due to uncertainty relating to the economic feasibility of the resource. During the period to date of this report we processed 95,400 tonnes, comprising a combination of run of mine and virgin material from the Mine using the pan plant system and recovered 858 carats with an average value of USD 790 per carat.

The loan from the Industrial Development Corporation ("IDC") remains the Company's biggest liability and our management are in continuous negotiations with the IDC to find an amicable arrangement to address it. The IDC loan is accruing interest monthly and no cash repayments have been made during the period covered by this report.

Further advances of £294,554 were granted by Community Investment Holdings (Pty) Ltd to the Company and its subsidiaries ("the Group"). The terms and conditions of these advances are yet to be formalised and an announcement in this regard is expected to follow shortly.

Going concern

As at the date of the report, the Directors believe that the Group should have sufficient cash in hand to remain in operation. The Directors feel that with potential new opportunities available and on the basis of their business plan for the next twelve months, there is a reasonable likelihood that the needs of the Group can be met for the next twelve months to 31 March 2011. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Results for the period

The loss for the period amounts to £1,092,998 compared with a loss of £1,497,043 for the same period in the previous year.

Dr Anna T M Mokgokong
Non-Executive Chairperson
30 March 2010

Contacts:

Cape Resources plc
Joe Madungandaba

www.caperesourcesplc.com
+27 (0) 12 348 4295

WH Ireland Limited
John Wakefield

www.wh-ireland.co.uk
+44 (0) 117 945 3470

Consolidated income statement

		Six months ended 31-Dec 2009	Six months ended 31-Dec 2008	Year ended 30-June 2009
	Notes	Unaudited £	Unaudited £	Audited £
Revenue	4	-	--	27,202
Mining expenses		-	--	--
Gross profit		-	--	27,202
Other operating income		-	479	3,080
Administrative expenses		(234,590)	(412,098)	(494,099)
Other operating expenses		(463,608)	(759,143)	(942,712)
Operating loss		(698,198)	(1,170,762)	(1,406,529)
Investment income		4	53	14,946
Finance costs		(394,804)	(326,334)	(599,010)
Loss before taxation		(1,092,998)	(1,497,043)	(1,990,593)
Taxation	5	-	--	--
Loss for the period		(1,092,998)	(1,497,043)	(1,990,593)
Attributable to:				
Equity holders of the parent	7	(1,092,998)	(1,219,286)	(1,699,468)
Minority interest	7	-	(277,757)	(291,125)
		(1,092,998)	(1,497,043)	(1,990,593)
Loss per share				
Basic and diluted	6	0.75p	2.73p	1.84p

The above results relate to continuing operations.

Consolidated statement of recognised income and expense

	Six month period ended 31 December 2009 Unaudited £	Six month period ended 31 December 2008 Unaudited £	Year ended 30 June 2009 Audited £
Exchange differences on translation of foreign operations	(120,871)	7,482	(152,214)
Loss for the period	(1,092,998)	(1,497,043)	(1,990,593)
Total income and expense recognised	(1,213,869)	(1,489,561)	(2,142,807)
Attributable to:			
Equity holders of the parent	(1,213,869)	(1,211,804)	(1,877,698)
Minority interest	-	(277,757)	(265,109)
	(1,213,869)	(1,489,561)	(2,142,807)

Consolidated balance sheet

		As at 31 December 2009	As at 31 December 2008	As at 30 June 2009
	Notes	Unaudited £	Unaudited £	Audited £
Non-current assets				
Property, plant and equipment		5,423,070	5,355,021	5,428,858
Investment – insurance policy Sanlam (South Africa)		190,083	196,395	172,467
Deferred tax		-	--	--
		5,613,153	5,551,416	5,601,325
Current assets				
Inventory		69,801	60,921	63,332
Diamond stock		365,602	2,949	--
Trade and other debtors		249,573	326,843	330,336
Cash and cash equivalents		23,314	119,565	22,907
		708,290	510,278	416,575
Total assets		6,321,443	6,061,694	6,017,900
Current liabilities				
Trade and other payables		(8,996,476)	(1,633,377)	(7,514,865)
Provisions		(5,794)	(482,106)	(5,257)
		(9,002,270)	(2,115,483)	(7,520,122)
Net current assets		(8,293,980)	(1,605,205)	(7,103,547)
Non-current liabilities				
Long term liability – IDC loan		-	(4,989,131)	--
Provisions		(380,520)	--	(345,256)
Deferred tax		-	--	--
		(380,520)	(4,989,131)	(345,256)
Total liabilities		(9,382,790)	(7,104,614)	(7,865,378)
Net assets		(3,061,347)	(1,042,920)	(1,847,478)
Equity				
Share capital	7	5,459,605	4,459,605	5,459,605
Share premium	7	28,099,780	28,244,541	28,099,780
Convertible loan	7	-	1,000,000	-
Translation reserve	7	343,340	634,959	464,211
Accumulated (loss)/profit	7	(36,964,072)	(35,390,892)	(35,871,074)
Equity attributable to equity holders of the parent	7	(3,061,347)	(1,051,787)	(1,847,478)
Minority interest	7	-	8,867	--
Total equity		(3,061,347)	(1,042,920)	(1,847,478)

Consolidated cash flow statement

		Six month period ended 31 December 2009 Unaudited £	Six month period ended 31 December 2008 Unaudited £	Year ended 30 June 2009 Audited £
Net cash outflow from operating activities	Notes 8	(601,783)	(654,152)	(577,737)
Investing activities				
Interest received		4	53	14,946
Pre-production development costs		-	--	--
Acquisition of property, plant and equipment		(2,907)	(300,128)	(350,581)
Investment – insurance policy Sanlam (South Africa)		-	(52,268)	(53,171)
Net cash used in investing activities		(2,903)	(352,343)	(388,806)
Financing activities				
Proceeds on issue of shares	7	-	--	--
Share issue costs	7	-	--	(144,761)
Convertible loan received	7/9	-	1,000,000	--
Loan received – IDC		609,339	325,276	1,000,000
Interest paid		(666)	(326,334)	(1,844)
Net cash from financing activities		608,673	998,942	853,395
Net decrease in cash and cash equivalents		3,987	(7,553)	(113,148)
Cash and cash equivalents at beginning of period		22,907	114,078	114,078
Effect of foreign exchange rate changes		(3,580)	13,040	21,977
Cash and cash equivalents at end of period		23,314	119,565	22,907

Interim results for the six months ended 31 December 2009 (unaudited)

Notes to the financial information

1. General information and accounting policies

Cape Resources Plc is a company incorporated in the United Kingdom under the Companies Act 2006. It was incorporated on 25 March 2004 under the name of Dominion Mining Plc and changed its name to Cape Diamonds Plc on 26 January 2006 and to Cape Resources Plc on 15 January 2010.

This announcement is for the unaudited interim results for the six month period ended 31 December 2009.

The interim results including all comparatives have been prepared using the accounting policies consistent with the audited financial statements for the year ended 30 June 2009.

This financial information is presented in pounds sterling. The currency of the primary economic environment in which the group operates is South African Rand ("R").

The R/£ exchange rates for the period are as follows:

	Six months ended 31 December 2009	Six months ended 31 December 2008	Year ended 30 June 2009
Period end rate	11.81	13.70	13.02
Average rate for period	12.36	15.21	14.47

2. Basis of accounting

The accounting policies for the interim financial information are consistent with those applied in the preparation of the audited financial statements for the year ended 30 June 2009, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

This financial information has been prepared on a historical cost basis, except for certain financial instruments which are carried at fair value in accordance with IFRS.

The financial information of the subsidiaries is prepared for the same reporting period as the parent company, using consistent accounting policies.

3. Interim results for the six month period ended 31 December 2009 (unaudited)

The financial information presented for the interim period covers the period from 1 July 2009 to 31 December 2009. The comparative figures cover the period from 1 July 2008 to 31 December 2008.

The financial information set out in the interim report is unaudited.

This announcement was approved by the Board of Directors of the Company on 29 March 2010.

4. Revenue

Revenue for the six month period ended 31 December 2009 of £ nil (2008: £nil; 30 June 2009: £27,202) comprises the sale of diamonds in the South African market which is the Group's only segment.

5. Current Tax – Group

	Six month period ended 31 December 2009 Unaudited £	Six month period ended 31 December 2008 Unaudited £	Year ended 30 June 2009 Audited £
Current tax			
- UK corporation tax	-	-	-
- South African tax	-	-	-
Deferred taxation - South Africa	-	-	-
Total tax credit	-	-	-

No provision is made for current tax as none of the companies in the group had taxable income.

6. Loss per share

From continuing operations:

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

	Six month period ended 31 December 2009 Unaudited £	Six month period ended 31 December 2008 Unaudited £	Year ended 30 June 2009 Audited £
Earnings			
Loss for the purposes of basic and diluted loss per share being share attributable to equity holders of the parent	(1,092,998)	(1,219,286)	(1,699,468)
Statutory number of shares			
Weighted average number of ordinary shares for the purpose of basic loss per share	144,596,053	44,596,053	91,993,313
Effect of dilutive potential ordinary shares: Share warrants	236,986	3,929,150	236,986
Weighted average number of ordinary shares for the purpose of diluted earnings per share	144,833,039	48,525,203	92,230,299
Basic and diluted loss per share	0.75p	2.73p	1.84p

The outstanding share warrants are anti-dilutive as the Group made a loss during the current and prior periods.

7 (a) Statement of change in equity for the six month period ended 31 December 2009

	Share capital £	Share premium £	Translation Reserve £	Retained earnings £	Minority interest £	Total £
At 1 July 2009	5,459,605	28,099,780	464,211	(35,871,074)	-	(1,847,478)
Net loss for the period				(1,092,998)		(1,092,998)
Exchange differences on translation of overseas operations			(120,871)			(120,871)
At 31 December 2009	<u>5,459,605</u>	<u>28,099,780</u>	<u>343,340</u>	<u>(36,964,072)</u>	<u>-</u>	<u>(3,061,347)</u>

(b) Statement of change in equity for the six month period ended 31 December 2008

	Share capital £	Share premium £	Convertible Loan £	Translation reserve £	Retained earnings £	Minority interest £	Total £
At 1 July 2008	4,459,605	28,244,541	-	642,441	(34,171,606)	265,109	(559,910)
Net loss for the period					(1,219,286)	(277,757)	(1,497,043)
Convertible Loan			1,000,000				1,000,000
Exchange differences on translation of overseas operations				(7,482)		21,515	14,033
At 31 December 2008	<u>4,459,605</u>	<u>28,244,541</u>	<u>1,000,000</u>	<u>634,959</u>	<u>(35,390,892)</u>	<u>8,867</u>	<u>(1,042,920)</u>

(c) Statement of change in equity for the year ended 30 June 2009

	Share capital £	Share premium £	Translation reserve £	Retained earnings £	Minority interest £	Total £
At 1 July 2008	4,459,605	28,244,541	642,441	(34,171,606)	265,109	(559,910)
Net loss for the period	-	-	-	(1,699,468)	(291,125)	(1,990,593)
Shares issued	1,000,000	-	-	-	-	1,000,000
Share issue expenses	-	(144,761)	-	-	-	(144,761)
Exchange differences on translation of overseas operations			(178,230)		26,016	(152,214)
At 30 June 2009	<u>5,459,605</u>	<u>28,099,780</u>	<u>464,211</u>	<u>(35,871,074)</u>	<u>-</u>	<u>(1,847,478)</u>

(d) The translation of the Group's foreign operations to the functional currency at each balance sheet gives rise to a foreign exchange difference that is initially recorded as a separate component of the equity in the translation reserve. This reserve is recognised in the income statement on the disposal of the foreign operation.

8. Notes to the cash flow statement

	Six months ended 31 December 2009 Unaudited	Six months ended 31 December 2008 Unaudited	Year ended 30 June 2009 Audited
	£	£	£
Operating loss from continuing operations	(698,198)	(1,170,762)	(1,406,529)
Adjustments for:			
Impairment of asset	-	--	--
Depreciation of property, plant and equipment	531,745	108,331	298,673
Bad debt write off	-	--	12,787
Amortisation of rehabilitation assets	7,019	--	--
Increase/(decrease) in provisions	-	116,846	(15,638)
Share-based payments	-	--	--
Net foreign exchange (gain)/loss	-	--	(109,720)
Other non-cash items	-	(39,330)	--
Operating cash flows before movements in working capital	(159,434)	(984,915)	(1,220,427)
Decrease / (increase) in diamond stock	(365,602)	--	(8,265)
Decrease/(increase) in trade and other debtors	109,321	38,223	(3,865)
Increase / (decrease) in trade and other payables	(186,068)	292,540	654,820
Net cash outflow from operating activities	(601,783)	(654,152)	(577,737)

9. Events after the balance sheet date

At 31 December 2008, there was a non-interest bearing convertible loan from Keysha Investments 194 (Pty) Limited ("Keysha") which was converted into ordinary shares of the Company following shareholder approval at the General Meeting in 7 January 2009.

A summary of the Company's share capital pre and post GM on 7 January 2009 is as follows:

Before the conversion:

Authorised

70 million shares of 10p each

Issued

44,596,053 ordinary shares of 10p each

Post the conversion (on 8 January 2009):

Authorised

800 million shares of 1p each

44,596,053 deferred shares of 9p each

Issued

44,596,053 deferred shares of 9p each

144,596,053 ordinary shares of 1p each

The issued shares include 100 million new ordinary shares of 1p each on conversion to Keysha, representing 69.16% of the enlarged share capital. The deferred shares have very limited rights and are effectively valueless.

Warrants

Following the sub-division the number of ordinary shares subject to the warrants granted by the Company and the exercise price will be adjusted. Warrant holders will be notified of the adjustments to their warrants in due course.

10. Going concern

As at the date of the report, the Directors believe that the Group should have sufficient cash in hand to remain in operation. The Directors feel that with potential new opportunities available and on the basis of their business plan for the next twelve months, there is a reasonable likelihood that the needs of the Group can be met for the next twelve months to 31 March 2011. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.