Asa Resource Group plc

("Asa Resource", "the Group" or "the Company")

Unaudited results for the six months ended 30 September 2016 &
brief update on operations

Asa Resource Group plc is pleased to announce its unaudited interim financial results for the six months ended 30 September 2016 and offer a brief update on its mining operations.

Group financial highlights

- Revenue up 4% to $64.1m (H1 FY2016: $61.9m)
- EBITDA $10.1m (H1 FY2016: $0.2m loss), a significant improvement on the prior half year
- Profit after tax: $3.1m (H1 FY2016: $4.3m loss), an improvement of $7.5m
- Both Freda Rebecca and BNC operating profitably
- Earnings per share $0.14 (H1 FY2016: $0.25)
- Cash balance: $1.1m (H1 FY2016: $9.7m), mainly due to capital expenditure at BNC, Freda Rebecca and investment on Zani Kodo gold project. Cash balance of $9.7m at 30 Sept 2015 included part of the outstanding proceeds received from BNC smelter bond.

Operational highlights

ASA Gold — Freda Rebecca Gold Mine — Zimbabwe

- Profit before tax 61% higher to $5.3m (H1 FY2016: $3.3m)
- Revenue 2% lower at $39.8m (H1 FY2016: $40.4m)
- Gold production 13% lower at 30,367oz (H1 FY2016: 35,052oz)
- Tonnes mined and milled decreased by 0.4% and 11% respectively compared to H1 FY2016 due to cracked shield cap of main mill but issue offset by new mills
- C1 increased by 8% to $967/oz (H1 FY2016: $899/oz) and C3 by 7% to $1,133/oz (H1 FY2016: $1,057) due to lower gold production
- Two small additional mills sourced within the Group and refurbished

ASA Gold — Zani-Kodo JV (Democratic Republic of Congo)

- Key equipment for a gravity plant ordered and assembled with a view to starting a basic operation as soon as possible in 2017
- Total gold JORC resource unchanged at 2.975 million ounces

ASA Nickel — Bindura Nickel Corporation (BNC) Trojan Nickel Mine ("Trojan") — Zimbabwe

- Revenue increased by 9% to US$22.5 million (H1 FY2016 $20.6 million)
- Increased nickel production contributed to a 34% decrease in cash costs to $5,216/t (H1 FY2016: $7,864/t) and a 33% decrease in the all-in sustaining costs to $5,759/t (H1 FY2016: $8,601/t)
- Profit after tax of $1,184,245 (H1 FY2016: loss of US$3,359,512)
- 19% reduction in realised average nickel-in-concentrate price to $6,198/t (H1 FY2016: $7,654/t)
- Trojan sales increased 25% to 3,464t nickel-in-concentrate (H1 FY2016: 2,762t)
- Head grade increased to 1.89% (H1 FY2016: 1.41%) following the adoption of the new mine plan to blend massives with disseminated ore
- Tonnes mined and milled decreased by 11% to 201,707t (H1 FY2016: 226,294t) and 11% to 205,290t (H1 FY2016: 231,224t) respectively compared to H1 FY2016

Bindura Smelter and Refinery (BSR)

- Upgrade and refurbishment of the smelter project on course (above 71% complete)
- Capital expenditure of US$4.2 million incurred during the period mainly on smelter project

ASA Diamonds — Klipspringer (South Africa)

- Diamond sales increased by 28% to 66,154 cts (H1 FY2016: 51,660 cts)
- Average realised fine diamonds sale price increased by 9% to $19.00/ct (H1 FY2016: $17.37/ct)
- Average diamond production cost reduced 20% to $11.83/ct (H1 FY2016: $14.89)
- Tonnes treated increased by 10% to 100,276 t (H1 FY2016: 91,288 t)
- Bulk sampling carried out in May and July this year on the coarse dump tailings exceeded expectations and the retreatment processing will ramp up from January 2017 and continue for about 3 years
- Under the new coarse tailings programme, the Group will earn 30% of net revenue equating to approximately $800,000 per year sufficient to cover care and maintenance costs

Post Period highlights

Corporate/Administrative

- Functions previously carried out in Johannesburg and Harare combined into one integrated operational team at Bindura in Zimbabwe where Freda Rebecca and BNC are located
- Mr Toi Muganyi appointed as the Group's new Chief Operating Officer and Batirai Manhando, the Group's Chief Technical Officer

Operational/Exploration

- Zani-Kodo environmental and community mining licences and OHADA compliance progressed
- At Klipspringer, the Marsfontein coarse tailings processing programme is underway
- Twelve month moratorium on first repayment of the principal of BNC smelter bond
- Trojan re-deepening project revisited and planned for 2017
- Agency appointed to redesign the Group's website due to launch by Feb 2017

CEO STATEMENT

Mr Yat Hoi Ning, Group Chief Executive Officer, commented:

"The first half of the current year saw steady progress across the Group with an after tax profit of $3.1m, predominantly coming from its two key mining operations in Zimbabwe. While I am pleased with this progress, we must remain focused on reducing our corporate and operating costs further to reflect the contrasting movements in nickel and gold.

To help achieve this objective we have reorganised the executive management. The managing directors of Freda Rebecca and BNC will move to the Group level as COO and CTO. By bringing teams closer together, communications become more efficient and duplication between corporate and operational functions are minimised. These appointments are significant in that they strengthen the Group executive's mining and technical expertise. In conjunction with our Finance Director, Mr Kwan, and myself, they will also oversee our diamond, gold and copper interests in DRC, South Africa and Angola. In addition, the Group will hold at least two quarterly board meetings at our Asa Complex, Bindura, where Freda and BNC are located.

The main objectives for the Group for the second half of the year are consistency of output and C3 targets. The outflow of cash for the period was $6.3m. It comprised cash generated by operations of $3.1m, cash utilised in investing activities of $11.3m and cash advanced through financing activities of $1.9m.

ASA GOLD

The challenges at Freda Rebecca are different to that of BNC. The mining performance at Freda has been very consistent over the years, but milling capacity has held them back. With the commissioning of two additional small mills, this problem will finally be resolved in the next few quarters. It remains our objective to have C3 costs below $1,000 oz and reach gold output of 80,000 to 100,000 oz per annum. There is a new mill plan to gradually reach these targets. This plan includes repairing the cracked shield cap of our main mill and the refurbishment of both existing mills. This plan will be executed in the next six months and I am confident that, when the milling capacity of 1.8m tonnes is achieved, Freda Rebecca will be in a good position to contribute significantly to the Group's future prospects.

At Zani Kodo, where we hold an 80% stake in a substantial gold reserve of almost 3m ounces, management has been actively engaging with the DRC government to validate our mining licences. As part of this process, a pre-feasibility study has been provided to the DRC Minister for Mines and awaits final approval. In the meantime key equipment for a gravity plant has been ordered with a view to starting a basic operation as soon as possible in 2017.

ASA NICKEL

Trojan's $1.2m after tax profit reflects the steady rise in the price of nickel and the impressive all-in-sustaining costs of $5,759/t for the half year. However, in contrast to Freda, their issue has not been milling, but mining. Annual sales targets of 7,000 to 8,000 tonnes have been slow to achieve on a quarter-on-quarter pro rata basis this year. Based on a cost analysis, a decision was taken to outsource the supply of operating LHDs and dump trucks earlier this year to help speed up development. The subcontractor purchased two new 20t dump trucks, but experienced delays with delivery resulting in reduced availability of ore. Supply issues have been rectified and production is expected to improve in the next two quarters. Given this scenario, BNC has performed relatively well so far this year.

With nickel close to $11,500/t, BNC should be able to take advantage of their low C3 costs of around $5,000/t and produce nickel-in-concentrate in excess of 600/t per month (equal to 7,200/t pa).

With the price outlook for nickel more encouraging and the smelter taking shape ($19.5m committed and 71% complete), management is revisiting phase 2 of the shaft re-deepening project. On completion, it would extend the life of mine by about 5 years and give Trojan increased access to known ore reserves and potentially higher grades in advance of the smelter restart. As reported previously, Trojan's concentrate can only provide sufficient output to meet 50-55% of the smelter's total capacity and, without third party feed, it would not be running at optimum levels on present production. The re-deepening project could provide increased feed for the smelter and, equally important; allow exploration drilling to continue to evaluate resources below 45/0 level. It will cost approximately $5m to complete this project and extend the shaft system from 43/0 to 45/0 level. Management is exploring ways on how to mitigate its impact on production. To assist with bringing both of these projects to fruition in 2017, bondholders have agreed to place a 12-month moratorium on the principal Bond debt; in the meantime BNC will continue to make interest payments as normal. When the previous executive originally negotiated the $20m Bond, in 2014, it was assumed nickel prices would be higher and this moratorium gives BNC time to complete the smelter project and, hopefully, for nickel prices to increase further.

Nickel at $11,000/t or above would help increase margins and contribute to these capex commitments. A contract with a third party to supply concentrate would obviously improve margins.

ASA DIAMONDS

Results from our fine tailings (slimes) retreatment operation at Klipspringer outperformed expectations and demonstrates the expertise of our JV partner in processing tailings. Following a very positive bulk residue sample test by Gemcore, work has commenced on the substantial coarse diamond tailings Marsfontein dump. When De Beers operated the mine in the late 90s, Marsfontein was one of the best performing diamond mines in the world and why we are optimistic about the potential of this three-year project. The Group will earn 30% of the project net revenue without having to contribute to expenses. This is expected to equate to approximately $800,000 per year which should more than cover the costs of care and maintenance of the underground mine, licences site supervision and security. The terms of the agreement oblige Gemcore to refurbish several parts of the existing processing plant for use in the retreatment process. In the meantime, discussions are ongoing with a number of potential JV mining partners with a view to re-starting the underground mine. The value of Gemcore's work in the plant refurbishment will help when these discussions come to fruition.

ASA COPPER

The Group's JV partner on copper is Hailiang, the world's second largest manufacturer of copper tubes. Hailiang continue to meet their exploration commitments to spend up to $25m over a minimum of four years across 27 concessions in the Katanga Province (DRC). Asa Resource holds a 38% non-dilutable interest in Muya SARL, the JV entity. With a 62% stake in Muya, Hailiang is now fully responsible for the exploration programme and we are reliant on them as to when they choose to confirm exploration findings or when reserves are JORC compliant. In the meantime, the Group is working towards unlocking the value of five of the remaining most promising concessions of Kibolwe, Lutobwe, Lombe, Kapande and Mifumbi, under our wholly owned subsidiary SEMHKAT.

AGRIBUSINESS

Our agribusiness is progressing with both livestock and crop farming under development at Bindura. The slaughterhouse in Johannesburg is now at full production. Apart from contributing to Group income, these activities provide essential employment in their communities. In due course they will earn much needed overseas income for both Zimbabwe and South Africa.

SUMMARY

This has been an encouraging half-year with steady progress across the Group. While there are significant capex demands in the second part of the year, our commitment remains strong. We continue to press ahead to meet output production and cost targets. We also remain focused on our long-term strategy to unlock the untapped potential of the Group's impressive portfolio of assets.

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REVIEW OF OPERATIONS

ASA Gold – Freda Rebecca Gold (Zimbabwe)

		H1 FY2017 Six months ended 30 Sept 2016	H1 FY2016 Six months ended 30 Sept 2015	Variance %
Tonnes mined	t	684,711	687,288	(0.4)
Tonnes milled	t	537,108	602,861	(11)
Head grade	g/t	2.11	2.09	1
Recovery	%	84	83.1	1
Gold sales	oz	30,367	35,052	(13)
Average gold price	$/oz	1,310	1,153	14
Cash cost (C1)	$/oz	967	899	8
All-in sustaining cost (C3)	$/oz	1,133	1,057	7

Figures shown are unaudited and may vary upon final audit.

1. C1 cash cost includes costs for mining, processing, administration, accounting movements for stockpiles and gold-in-circuit, and net proceeds from by-product credits. C1 costs exclude capital costs for exploration, mine development or processing mill capital works and royalties.
2. C3 (all-in sustaining) costs reflect C1 costs plus depreciation and amortisation, thus incorporating the capital cost of production plus interest, other indirect costs and royalties. All-in sustaining costs represent all costs attributable to gold production over the period.

Income statement (unaudited)

$'000	H1 FY2017	H1 FY2016
	Six months ended	Six months ended
	30-Sep-16	30-Sep-15
Revenue	39,770	40,403
Cost Of Sales	-25,369	-27,123
Operating Profit (loss)	14,400	13,279
Profit/(loss) before tax	8,128	6,607
Profit/(loss) after tax	5,274	3,288

Figures shown are unaudited and may vary upon final audit.

Management comments

Management offers additional comments on their operational performance:

- Revenue decreased by 2% to $39.8m (H1 FY2016: $40.4m) due to a 13% decrease in ounces sold to 30,367oz, partly offset by a 14% increase in the average gold price per ounce to $1,310/oz (H1 FY2016: $1,153/oz)
- Gold production decreased by 13% to 30,367 oz mainly as a result of a 11% decrease in tonnes milled which decreased to 537,108t from 602,861t (H1 FY2016) attributable to a 12% decrease in mill running time and a feed-end journal failure on one of our larger mills
- Tonnes mined decreased by 0.4% to 684,711t (H1 FY2016: 687,288t). The decrease was caused by low availability of loading units and loss of a production area due to LHD17 accident in February 2016.
- The average feed grade increased by 1% to 2.11g/t (H1 FY2016 to 2.09g/t)
- Gold recovery increased to 84% (H1 FY2016: 83%), due to the controls introduced to eliminate carbon fines
- C1 Cash costs increased by 8% to $967/oz (H1 FY2016: $899/oz) as a result of a 13% decrease in gold production
- All-in sustaining costs realised increased by 7% to $1,133/oz (H1 FY2016: $1,119/oz)

Asa Nickel – BNC Trojan Nickel Mine (Zimbabwe)

		H1 FY2017	H1 FY2016	Variance
		Six months ended 30-Sep-16	**Six months ended 30-Sep-15**	**%**
Tonnes mined	t	201,707	226,294	(11)
Tonnes milled	t	205,290	231,224	(11)
Head grade	g/t	1.9	1.4	35
Recovery	%	88.1	85.8	3
Nickel sales	t	3,464	2,762	25
Average nickel price realised	$/t	6,198	7,654	(19)
Cash cost (C1)	$/t	5,216	7,864	(34)
All-in sustaining cost (C3)	$/t	5,759	8,601	(33)

1. C1 cash cost per tonne includes costs for mining, processing, administration, off-take costs and penalties, transport costs, accounting movements for stockpiles, and net proceeds from by-product credits. It excludes capital costs for exploration, mine development or processing mill capital works, and the cost of royalties.
2. All-in sustaining C3 cost reflects the cash cost per tonne plus depreciation and amortisation, thus incorporating the capital cost of production, plus interest, other indirect costs and royalties. All-in-sustaining cost represents all costs attributable to nickel production over the period.
3. The company has amended the reporting of the average nickel price realised, cash cost and all-in sustaining cost. The average nickel price realised reflects the actual price of nickel-in-concentrate rather than the average nickel price. Cash costs and all-in sustaining costs are now reported as actual costs incurred for nickel-in-concentrate, previously these costs were adjusted for the opportunity cost forgone as a result of selling nickel-in-concentrate rather than nickel cathode.

Income statement (unaudited)

$'000	H1 FY2017	H1 FY2016
	Six months ended	Six months ended
	30-Sep-16	30-Sep-15
Revenue	22,458	20,560
Cost Of Sales	-14,319	-18,305
Operating Profit (loss)	2,235	(4,108)
Profit/(loss) before tax	1,747	(4,259)
Profit/(loss) after tax	**1,184**	**(3,359)**

Figures shown are unaudited and may vary upon final audit.

Management commentary

Management offers additional comments on their operational performance:

- Tonnes mined and milled decreased by 11% to 201,707t (H1 FY2016: 226,294t) and 11% to 205,290t (H1 FY2016: 231,224t) respectively. Hoisting gradually improved during the period mainly due to increased scooping and fixed plant stability.

- Mining constraints for the period include: low availability of LHDs and dump trucks 64% and 60% respectively. Development was outsourced to a contractor in June 2016 to speed up development that was lagging behind and therefore negatively affecting ore source availability. The contractor purchased two new 20t-dump trucks but experienced delays in the delivery and commissioning of the units resulting in poor performance. Work is in progress and spares have been sourced to commission the second dump truck in the third quarter. Production is expected to improve with the commissioning of the second 20t dump truck and refurbishment of the other units.

- Production should improve going forward as equipment availability stablises. The contractor has augmented both the pieces of equipment and its maintenance team to ensure sustained performance moving forward. In addition, the contractor purchased a new LHD that was commissioned end of September. The additional swing machine will increase scooping and availability.

- Availability of additional sources of massives is expected to increase production going forward.

- C1 cash costs for nickel-in-concentrate decreased by 34% to $5,216/t (H1 FY2016: $7,864/t), and all-in sustaining C3 costs of nickel-in-concentrate decreased by 33% to $5,759/t (H1 FY2016: $8,601/t). The decrease in C1 and C3 costs is attributable to increase in production achieved and cost control measures.

Asa Diamonds – Klipspringer Diamond Mine (South Africa)

		H1 FY2017	H1 FY2016	Variance
		Six months ended 30-Sep-16	Six months ended 30-Sep-15	%
Tonnes treated	t	100,276	91,288	10
ROM diamonds recovered	Carats	54,720	53,587	2
Diamond sales	Carats	66,154	51,660	28
Average diamond production cost	$/ct	11.83	14.89	(20)
Average diamond sale price	$/ct	19.00	17.37	9

Ratio of Run of Mine (ROM) diamonds delivered to diamonds in stock (DIS) after sieving, cleaning and sorting.

Figures shown are unaudited and may vary upon final audit.

Management commentary

Management offers additional comments on their operational performance:

- Klipspringer's underground mine remains on care and maintenance. Dewatering of the mine is ongoing and flood protection mechanisms put in place to prevent a recurrence.
- The Group previously held 69.77% of the equity. When fresh capital was required in 2015, our minority holder opted not to participate, with the unintended consequence of pushing our stake over the threshold of 74% permitted under South African's Black Economic Empowerment (BEE) regulations. The Group is seeking to resolve this issue with a view to re-start the underground mine operation as soon as possible.
- JV partner Gemcore is refurbishing parts of the processing plant as part of their tailings re-treatment contract

FINANCIAL REVIEW

Statement of Profit or Loss

The group reported revenue of $64.1m for the period (H1 FY2016: $61.9m).

Freda Rebecca generated $39.8m of revenue (H1 FY2016: $40.4m) from the sale of 36,171 ounces of gold (H1 FY2016: 35,052 ounces). BNC generated $22.5m of revenue (H1 FY2016: $20.6m) from the sale of 3,464 tonnes (H1 FY2016: 2,762 tonnes) of nickel in concentrate. Other Asa Group entities generated revenue of $1.8m (H1 FY2016: $0.9m) from various sources.

Operating costs (before restructuring costs) during the period totalled $54.0m (H1 FY2016: $60.6m) for the half year, being $19.2m (H1 FY2016: $23.8m) incurred by BNC and $31.6m (H1 FY2016: $34.1m) incurred by Freda Rebecca, due to an extensive cost reduction exercise carried out at both mines. Other Asa Group entities, incurred operating costs of $3.2m (H1 FY2016: $3.9m), including corporate expenses of $2.4m (H1 FY2016: $3.4m).

Therefore, the recurring Group EBITDA amounted to $10.1m (H1 FY2016 $0.2m loss), a contribution by BNC of $3.3m (H1 FY2016: $3.2m loss), and by Freda Rebecca of $8.2m (H1 FY2016: $6.3m). Other Asa Group entities, incurred a $1.4m loss (H1 FY2016: $3.3m).

The group reported a profit before tax of $5.7m (H1 FY2016: $4.7m loss). Fully diluted loss per share for the period was 14 US cents per share (cps) (H1 FY2016: 0.25cps earnings).

Statement of Cash Flows

The Group had cash balances of $1.1m (H1 FY2016: $9.7m, comprising $0.1m (H1 FY2016: $2.3m) held by BNC, $0.2m (H1 FY2016: $2.1m) held by Freda Rebecca, and $0.8m (H1 FY2016: $5.3m) by Other Asa Group entities. Cash balance of $9.7m at 30 Sept 2015 included part of the outstanding proceeds from BNC smelter bond.

The Group generated $4.0m (H1 FY2016: $2m utilisation) in cash from operations, being a utilisation of $3.4m (H1 FY2016: $2.7m) by BNC offset by positive cash flow generated by Freda Rebecca of $8.5m (H1 FY2016: $5.6m) and other Asa Group of $1.1m (H1 FY2016: $4.9m).

The Group utilised $11.2m (H1 FY2016: $13.4m) in investing activities, comprising $3.5m (H1 FY2016: $8.8m) utilised in investing activities at BNC of which $3.1m (H1 FY2016: $4.7m) was in relation to the smelter re-start. Freda Rebecca invested $5.1m (H1 FY2016: $2.3m) in capital expenditure, and the Group invested an additional $1.4m (H1 FY2016: $1.5m) in intangible assets in MIZAKO/Zani Kodo. Other Asa Group entities invested $1.2m (H1 FY2016: $0.8m) of which $0.9m (H1 FY2016: $nil) related to the acquisition of Asa Meat, the abattoir in South Africa, and $0.1m (H1 FY2016: $0.6m) was spent in relation to copper exploration activities in SEMHKAT.

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (UNAUDITED)

For the six months ended 30 September 2016

	Note	H1 FY2017 $'000	H1 FY2016 $'000	FY2016 $'000
Revenue	-	**64,122**	61,854	121,316
Cost of sales	-	**(39,875)**	(45,261)	(85,957)
Gross profit		**24,247**	16,593	35,359
Other income	-	**686**	489	1,359
Freight and insurance expenses		**(3,366)**	(3,159)	(5,606)
Royalties and selling expenses		**(2,684)**	(2,521)	(5,133)
General and administrative expenses		**(5,991)**	(5,837)	(12,751)
Care and maintenance expenses		**(458)**	(861)	(1,250)
Corporate expenses		**(2,454)**	(3,388)	(4,600)
Restructuring expenses	-	**(173)**	(1,516)	(2,967)
Dividends received		**29**	-	-
Loss on sale of assets	-	**378**	(1)	(1)
Foreign exchange profit/(loss)		**(71)**	4	(4,753)
EBITDA [(1)]		**10,143**	(197)	(343)
Impairment loss	-	**-**	-	(434)
Impairment reversal	-	**-**	-	4,144
Depreciation	-	**(3,449)**	(3,964)	(6,764)
Finance income	-	**45**	27	122
Finance expense	-	**(1,096)**	(608)	(1,965)
Profit/(loss) before income tax		**5,643**	(4,742)	(5,240)
Income tax expense	-	**(2,562)**	476	(4,387)
Net profit/(loss) for the year		**3,081**	(4,266)	(9,627)
Net profit/(loss) attributable to:				
Owners of the Parent		**2,294**	(3,816)	(9,352)

Non-controlling interest		**787**	(450)	(275)
Net profit/(loss) for the year		**3,081**	(4,266)	(9,627)
Earnings/(loss) per share				
Basic earnings/(loss) per share (US cents)	6	**0.14**	(0.25)	(0.60)
Diluted earnings/(loss) per share (US cents)	6	**0.14**	(0.25)	(0.60)

(1) Earnings before interest, impairments, tax, depreciation and amortisation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2016

	H1 FY2017	H1 FY2016	FY2016
	$'000	$'000	$'000
Profit for the year	**3,081**	(4,266)	(9,627)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	**77**	475	4,865
Other comprehensive profit/(loss) for the year, net of income tax	**77**	475	4,865
Total comprehensive profit/(loss) for the year	**3,158**	(3,791)	(4,762)
Total comprehensive profit/(loss) attributable to:			
Owners of the Parent	**2,371**	(3,341)	(4,487)
Non-controlling interest	**787**	(450)	(275)
Total comprehensive profit/(loss) for the year	**3,158**	(3,791)	(4,762)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2016

	H1 FY2017 $'000	H1 FY2016 $'000	FY2016 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	**114,128**	101,041	107,163
Intangible assets	**74,462**	71,532	72,998
Non-current investments	**474**	576	1,266
Deferred tax assets	**4,679**	5,737	5,242
Non-current receivables	**1,203**	895	1,133
Total non-current assets	**194,946**	179,781	187,802
Current assets			
Inventories	**13,614**	16,311	14,181
Trade and other receivables	**30,516**	24,304	22,700
Available for sale financial assets	**3,672**	-	3,447
Cash and cash equivalents	**1,134**	9,670	7,369
Total current assets	**48,936**	50,285	47,697
Total assets	**243,882**	230,066	235,499
EQUITY			
Issued share capital	**104,007**	104,007	104,007
Share premium	**69,230**	69,351	69,230
Reserves	**101,430**	97,039	101,182
Accumulated losses	**(148,597)**	(145,355)	(150,891)
Total equity attributable to equity holders of the parent	**126,070**	125,042	123,528
Non-controlling interest	**12,714**	11,752	11,927
Total equity	**138,784**	136,794	135,455
LIABILITIES			
Non-current liabilities			

Loans payable	_	**26,051**	24,491	23,116
Environmental rehabilitation provisions	_	**17,686**	17,467	17,562
Deferred tax liabilities	_	**14,141**	9,817	13,194
Total non-current liabilities		**57,878**	51,775	53,872
Current liabilities				
Trade payables		**17,005**	13,917	13,769
Accruals and other payables	_	**13,719**	21,754	14,584
Loans payable	_	**12,285**	2,369	13,897
Provisions	_	**4,211**	3,457	3,922
Total current liabilities		**47,220**	41,497	46,172
Total liabilities		**105,098**	93,272	100,044
Total equity and liabilities		**243,882**	230,066	235,499

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended 30 September 2016

	Share Capital $'000	Share premium $'000	Translation reserve $'000	Share-based payment reserves (1) $'000	Total reserves $'000	Retained earnings $'000	Total equity attributable to equity holders of the parent $'000	Non-controlling $'000	Total equity $'000
Restated balance as at 1 April 2015	**99,572**	**69,536**	**94,184**	**2,207**	**96,391**	**(141,539)**	**123,960**	**12,202**	**136,162**
Profit for the year	-	-	-	-	-	(9,352)	(9,352)	(275)	(9,627)
Foreign currency translation differences	-	-	4,865	-	4,865	-	4,865	-	4,865
Total comprehensive income for the year	**-**	**-**	**4,865**	**-**	**4,865**	**(9,352)**	**(4,487)**	**(275)**	**(4,762)**
Contributions by and distributions to owners									
Issue of ordinary shares	4,435	(306)	-	-	-	-	4,129	-	4,129
Dividends	-	-	-	-	-	-	-	-	-
Premium on share issue less expenses	-	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	-	-	-	-	-	-	-
Change in non-controlling interest - carrying amount	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	(74)	(74)	-	(74)	-	(74)
Share-based payment reversals	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**4,435**	**(306)**	**-**	**(74)**	**(74)**	**-**	**4,055**	**-**	**4,055**
Balance as at 31 March 2016	**104,007**	**69,230**	**99,049**	**2,133**	**101,182**	**(150,891)**	**123,528**	**11,927**	**135,455**
Balance as at 1 April 2016	**104,007**	**69,230**	**99,049**	**2,133**	**101,182**	**(150,891)**	**123,528**	**11,927**	**135,455**
Loss for the year	-	-	-	-	-	2,294	2,294	787	3,081

Foreign currency translation differences	-	-	77	-	77	-	77	-	77
Total comprehensive income for the year	**-**	**-**	**77**	**-**	**77**	**2,294**	**2,371**	**787**	**3,158**
Contributions by and distributions to owners									
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Change in non-controlling interest - carrying amount	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	171	171	-	171	-	171
Share-based payment reversals	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**171**	**171**	**-**	**171**	**-**	**171**
Balance as at 30 September 2016	**104,007**	**69,230**	**99,126**	**2,304**	**101,430**	**(148,597)**	**126,070**	**12,714**	**138,784**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended 30 September 2016

	H1 FY2017	H1 FY2016	FY2016
	$'000	$'000	$'000
Cash flows from operating activities			
Profit before income tax	**5,640**	(4,742)	(5,240)
Adjustments for:			
Foreign exchange movements	**70**	(4)	4,752
Depreciation	**3,447**	3,964	6,764
Charge in relation to share-based payments	**171**	173	(74)
Decrease/(Increase) in rehabilitation provisions	**44**	(162)	231
(Decrease)/Increase in other provisions	**289**	(390)	368
Increase in environmental assets	**-**	176	(279)
Increase in bad debts provision	**(17)**	141	603
Impairment loss	**-**	-	434
Impairment reversal	**-**	-	(4,144)
Loss on sale of assets	**(378)**	(1)	-
Adjusted profit before tax	**9,266**	(845)	3,415
Movements in working capital:			
Decrease/(Increase) in inventories	**567**	1,510	3,658
Increase in trade and other receivables	**(7,044)**	(4,063)	(2,601)
Increase in trade and other payables	**2,226**	1,438	(2,458)
	5,015	(1,960)	2,014
Income tax paid	**(1,053)**	-	(1,364)

Net cash from operating activities	**3,962**	(1,960)	650
Cash flows from investing activities			
Additions to property, plant and equipment	**(10,389)**	(11,109)	(21,284)
Investment in intangible exploration assets	**(1,718)**	(2,257)	(3,723)
Increase in Investment	**741**	-	(27)
Proceeds from sale of property, plant and equipment	**219**	8	53
Net cash used in investing activities	**(11,147)**	(13,358)	(24,981)
Cash flows from financing activities			
Proceeds from issue of share capital	**-**	4,435	4,435
Share issue expenses	**-**	(186)	(306)
Proceeds from issue of bond	**-**	3,600	3,893
Dividends paid to non-controlling interests	**(397)**	-	(226)
Share issuance to non-controlling interest	**-**	-	-
Loans advanced	**6,213**	3,528	21,577
Loans repaid	**(4,890)**	-	(11,620)
Net cash from financing activities	**926**	11,377	17,753
Net (decrease)/increase in cash and cash equivalents	**(6,259)**	(3,941)	(6,578)
Cash and cash equivalents at beginning of the year	**7,369**	14,023	14,023
Exchange rate movement on cash and cash equivalents at beginning of year	**24**	(412)	(76)
Cash and cash equivalents at end of the year -	**1,134**	9,670	7,369

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2016

1. Reporting entity

Asa Resource Group PLC (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements ("Interim Financial Statements") of the Company as at and for the six months ended 30 September 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The audited consolidated financial statements of the Group as at and for the year ended 31 March 2016 are available upon request from the Company's registered office at One Fleet Place, London, EC4M 7WS, United Kingdom or at www.asaukplc.com.

2. Statement of compliance

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as adopted by the EU. These Interim Financial Statements have been prepared using the same accounting policies as used in the preparation of the Group's annual financial statements for the year ended 31 March 2016, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2016. The financial information presented in this document is unaudited.

The comparative figures for the financial year ended 31 March 2016 are the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified, included emphasis of matter paragraphs in which the auditor drew attention to significant uncertainties that may cast significant doubt regarding going concern and the carrying value of investments, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Company's accounts are in agreement with those records and whether the auditor has obtained all the information and explanations necessary for the purposes of its audit.

3. Going concern

The Directors, having considered the Group's and the Company's current trading activities, funding position and projected funding requirements and the Zimbabwean environment for the period at least twelve months from the date of approval of these interim financial statements, consider it appropriate to adopt the Going Concern basis in preparing the Interim Financial Statements for the six months ended 30 September 2016. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim Operational Review above. The financial position of the Group, its cash flows and liquidity position are as set out in the Financial Review section of this report.

The group reports a profit for the six months ended 30 September 2016 of $3.1m (H1 FY2016: $4.3m loss). As at 30 September 2016, the Group held cash of $1.1m (H1 FY2016: $9.7m).

During the six months to 30 September 2016, BNC and Freda Rebecca's respective cash flow contributions to the Group fell due to cash obligations related to operating activities and capital expenditure at each mine. However, the Group worked hard to reduce its corporate overhead structure, resulting in corporate costs of $2.4m compared to $3.4m for the same period last year, and minimise exploration expenditure on its gold and copper exploration assets. Nevertheless, the Group's cash balance of $1.1m is significantly lower than it was six months ago at year end when it was $7.4m.

Discussions are on-going with the Zimbabwean Government pertaining to the implementation of the country's Indigenisation Act in relation to Asa Resource's Zimbabwean assets. Asa Resource's implementation of the Indigenisation Act may reduce the quantum of cash flow Asa Resource receives from its Zimbabwean entities. Furthermore, the lack of clarity around indigenisation makes it harder for Asa Resource to raise funding as required for its Zimbabwean assets.

The Directors have prepared the cash flow forecasts of the Group and are of the opinion that the Group's current cash resources, together with the cash forecast to be generated by Freda Rebecca and BNC, are sufficient to fund all of the Group's planned activities for at least 12 months from the date of these Financial Statements.

Ongoing operations

During the year, operations at both BNC and Freda Rebecca have continued successfully and the operating cash inflows from BNC, together with financing raised in the form of a bond to part-fund the restart of the smelter, have significantly improved the Group's cash position and outlook. Despite this, there still remains a number of challenges to ensure that appropriate funding in the form of bank facilities are obtained across the Group when required and certain known risks are managed as set out in more detail below.

The Directors' cash flow forecasts assume:

- An average nickel price for nickel in concentrate of $12,458 per tonne and an average gold price of $1,150 per ounce; and
- All planned capital expenditure to maintain existing operations, with any additional capital expenditure to be funded from a combination of cash generated from operations and bank overdraft facilities, some of which have yet to be secured.

The Directors are aware that various risks outside the Group's control might impact the validity of their forecasts. These risks include future gold and nickel prices; mining and processing performance; resource and reserve risks; and customer risks in addition to the political and indigenisation risks in Zimbabwe (refer to page 30 of the Directors' Report and note 22 of the FY2016 Annual Report) which may constrain the ability of the Company to control the movement of cash between entities or receive dividends.

Nickel prices in particular have been historically volatile, however, absent a structural change in the market, forecasts are considered to be achievable, particularly given the current nickel price being $11,400/t. Reasonably expected variations in nickel price would not cause the going concern assumption to be inappropriate. Although the gold price had too been depressed in recent times, the gold price has started to improve, with gold currently trading at over $1,200/oz, and reasonably expected variations in the gold price would also not cause the going concern assumption to be inappropriate.

The Directors are aware that various uncertainties might affect the validity of their forecasts. These uncertainties include metal prices, mining and processing risks and resource and reserve risks, in addition to indigenisation risks in Zimbabwe. The Directors, however, believe they have the ability to manage cash flows and implement indigenisation proposals so as to minimise the cash flow impact to the Group. However, the Directors acknowledge that there is no certainty that mitigation efforts will be successful. The Directors have concluded that the combination of these circumstances represents a material uncertainty that may cast significant doubt on the Company's and the Group's ability to continue as a going concern and that the Company and the Group may therefore be unable to realise all their assets and discharge all of their liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing these Financial Statements that do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

4. Significant accounting policies

In the preparation of these Interim Financial Statements, the Group has applied the same accounting policies as those presented in the Group's consolidated financial statements for the year ended 31 March 2016, as set out on pages 70 to 78 of the Annual Report. Management is currently assessing the potential impact of the changes of the amendments, noted in the Annual Report, to published standards and interpretations which are effective for the Group for the half year ended 30 September 2016. They are not anticipated to be material or significant.

5. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units.

The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The executive chairman reviews internal management reports for each of the strategic business units.

The following summary describes the operations in each of the Group's reportable segments:

- **Gold**: Gold mining and prospecting activities
- **Nickel**: Nickel mining, smelting and refining activities partially on care and maintenance
- **Other Asa**: Diamond mining activities currently on care and maintenance, agriculture and husbandry, property, etc

Information about reportable segments – Operations

	H1 FY2017					H1 FY2016					FY2016				
	Nickel	**Gold**	**Other Asa Resource**	**Consol-idation entries**	**Total**	**Nickel**	**Gold**	**Other Asa Resource**	**Consol-idation entries**	**Total**	**Nickel**	**Gold**	**Other Asa Resource**	**Consol-idation entries**	**TOTAL**
Revenue	22.5	39.8	1.8	-	64.1	20.6	40.4	0.9	-	61.9	42.3	77.8	1.2	-	121.3
Cost of sales	(13.4)	(25.1)	(1.3)	-	(39.8)	(17.3)	(27.3)	(0.7)	-	(45.3)	(31.2)	(53.9)	(0.8)	-	(85.9)
Gross profit	**9.1**	**14.7**	**0.5**	**-**	**24.3**	**3.3**	**13.1**	**0.2**	**-**	**16.6**	**11.1**	**23.9**	**0.4**	**-**	**35.4**
Other income	0.2	0.1	0.3	-	0.6	0.2	0.2	0.1	-	0.5	0.2	1.2	-	-	1.4
Freight and insurance expenses	(3.2)	(0.2)	-	-	(3.4)	(2.9)	(0.3)	-	-	(3.2)	(5.2)	(0.4)	-	-	(5.6)
Royalties and selling expenses	(0.6)	(2.0)	(0.1)	-	(2.7)	(0.6)	(1.9)	-	-	(2.5)	(1.2)	(3.9)	-	-	(5.1)
General and administrative expenses	(1.6)	(3.5)	(0.9)	-	(6.0)	(1.9)	(3.9)	-	-	(5.8)	(4.1)	(8.5)	(0.1)	-	(12.7)
Care and maintenance expenses	(0.1)	-	(0.3)	-	(0.4)	(0.5)	-	(0.4)	-	(0.9)	(0.8)	-	(0.5)	-	(1.3)
Management fees income/(expenses)	(0.5)	(0.9)	1.4	-	-	-	-	-	-	-	(0.8)	(1.8)	2.6	-	-
Corporate expenses	-	-	(2.1)	(0.3)	(2.4)	(0.4)	(0.9)	(2.1)	-	(3.4)	-	-	(4.5)	(0.1)	(4.6)
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retrenchment and restructuring expenses	(0.1)	-	-	-	(0.1)	(0.3)	-	(1.2)	-	(1.5)	(1.4)	-	(1.6)	-	(3.0)

Profit/(loss) on sale of assets	0.4	-	-	-	0.4	-	-	-	-	-	2.8	-	-	(2.8)	-
Foreign exchange gain/(loss)	(0.3)	-	0.1	-	(0.2)	(0.1)	-	0.4	(0.3)	-	(0.2)	-	(7.7)	3.1	(4.8)
EBITDA	**3.3**	**8.2**	**(1.1)**	**(0.3)**	**10.1**	**(3.2)**	**6.3**	**(3.0)**	**(0.3)**	**(0.2)**	**0.4**	**10.5**	**(11.4)**	**0.2**	**(0.3)**
Impairment loss	-	-	(0.5)	0.5	-	-	-	-	-	-	-	(0.4)	(0.2)	0.2	(0.4)
Impairment reversal	-	-	-	-	-	-	-	-	-	-	3.4	0.7	-	-	4.1
Depreciation	(0.9)	(2.4)	(0.1)	-	(3.4)	(1.1)	(2.9)	-	-	(4.0)	(2.0)	(4.6)	(0.1)	(0.1)	(6.8)
Finance income	-	0.1	-	-	0.1	-	-	1.0	(1.0)	-	0.1	-	2.0	(2.0)	0.1
Finance expense	(0.6)	(0.5)	-	-	(1.1)	(0.1)	(0.5)	(0.9)	1.0	(0.5)	(0.7)	(1.6)	(1.5)	1.9	(1.9)
Net profit/(loss) before income tax	**1.8**	**5.4**	**(1.7)**	**0.2**	**5.7**	**(4.4)**	**2.9**	**(2.9)**	**(0.3)**	**(4.7)**	**1.2**	**4.6**	**(11.2)**	**0.2**	**(5.2)**
Income tax credit/(expense)	(0.6)	(2.0)	-	-	(2.6)	0.9	(0.2)	(0.3)	-	0.4	(0.6)	(3.2)	(1.6)	1.0	(4.4)
Net profit/(loss)	**1.2**	**3.4**	**(1.7)**	**0.2**	**3.1**	**(3.5)**	**2.7**	**(3.2)**	**(0.3)**	**(4.3)**	**0.6**	**1.4**	**(12.8)**	**1.2**	**(9.6)**
Net profit attributable to:															
Owners of the Parent	**1.2**	**3.4**	**(1.7)**	**(0.6)**	**2.3**	**(3.5)**	**2.7**	**(3.2)**	**0.2**	**(3.8)**	**0.6**	**1.4**	**(12.8)**	**0.9**	**(9.9)**
Non-controlling interest	-	-	-	0.8	0.8	-	-	-	(0.5)	(0.5)	-	-	-	0.3	0.3
Net profit/(loss) for the period	**1.2**	**3.4**	**(1.7)**	**0.2**	**3.1**	**(3.5)**	**2.7**	**(3.2)**	**(0.3)**	**(4.3)**	**0.6**	**1.4**	**(12.8)**	**1.2**	**(9.6)**

6. Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the profit or loss after taxation for the period attributable to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue for dividends during the period.

Diluted earnings per share is computed by dividing the profit or loss after taxation for the period attributable to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the period.

	H1 FY2017	H1 FY2016	FY2016
	$'000	$'000	$'000
Earnings			
Profit attributable to ordinary shareholders	**2,294**	(3,816)	(9,352)
	Number	**Number**	**Number**
Weighted average number of shares			
Issued ordinary shares at the beginning of the year	**1,690,145,443**	1,397,780,675	1,397,780,675
Effect of shares issued	**-**	148,184,882	148,184,882
Weighted average shares at the end of the year for basic and diluted EPS	**1,690,145,443**	1,545,965,557	1,545,965,557
Basic earnings/(loss) per share (US cents)	**0.14**	(0.25)	(0.60)
Diluted earnings/(loss) per share (US cents)	**0.14**	(0.25)	(0.60)

7. Post balance sheet events

There were no events after balance sheet date that required additional disclosure.