

SOVEREIGN MINES OF AFRICA PLC

**INTERIM REPORT AND UNAUDITED INTERIM FINANCIAL
INFORMATION**

FOR THE SIX MONTHS ENDED 30 JUNE 2015

SOVEREIGN MINES OF AFRICA PLC

CHAIRMAN'S STATEMENT

Dear Shareholder

The Company reports a net loss of £41,351 for the six-month period ended 30 June 2015, compared to a loss of £84,739 for the corresponding period in 2014.

In July, your Board entered into an exclusivity agreement with a major third party with a view to them partnering with us to develop the Mandiana project (the "Partnership"). The period of exclusivity runs to early October but due to the sensitivity of the negotiations your Board is unable to provide further details until the exclusivity period lapses or produces a formal agreement which can be announced.

The company currently has circa £40,000 in cash as at the date of this announcement and the Board recognises the need for further funding to finance the Company's ongoing working capital requirements of approximately £100,000 per annum.

The Board has received a firm commitment from one of its directors to underwrite this fundraising, as well as indications of support from major shareholders. This fundraising will take place in the immediate future, once the position regarding the potential Partnership has come to fruition. However, shareholders should be aware that without the potential Partnership being concluded and a refinancing in the immediate term, the Company will not be able to finance the expenditure necessary to retain its exploration assets and continue in operation.

David B. Pearl FCA
Chairman
25 September 2015

SOVEREIGN MINES OF AFRICA PLC

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

Six months ended 30 June 2015

	Notes	Six months ended 30/06/15 Unaudited £	Six months ended 30/06/14 Unaudited £	Year ended 31/12/14 Audited £
Administrative expenses – (operating loss)		(47,333)	(83,597)	(3,879,379)
Loss on financial assets at fair value		-	(2,086)	(2,086)
Finance income		494	944	1,840
Loss on ordinary activities before taxation		<u>(46,839)</u>	<u>(84,739)</u>	<u>(3,879,625)</u>
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>	<u>-</u>
Loss for the financial period		<u><u>(46,839)</u></u>	<u><u>(84,739)</u></u>	<u><u>(3,879,625)</u></u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>(46,839)</u></u>	<u><u>(84,739)</u></u>	<u><u>(3,879,625)</u></u>
Loss for the period and Total comprehensive loss attributable to:				
Owners of the parent		(46,839)	(84,739)	(3,879,625)
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>(46,839)</u></u>	<u><u>(84,739)</u></u>	<u><u>(3,879,625)</u></u>
Loss per ordinary share (pence) – From continuing operations: basic and diluted	4	(0.02)p	(0.03)p	(1.31)p

SOVEREIGN MINES OF AFRICA PLC

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 June 2015**

	Note	As at 30/06/15 Unaudited £	As at 30/06/14 Unaudited £	As at 31/12/14 Audited £
FIXED ASSETS				
Intangible assets		<u>1,275,059</u>	<u>4,716,316</u>	<u>1,158,898</u>
CURRENT ASSETS				
Cash and cash equivalents		<u>99,663</u>	<u>526,054</u>	<u>249,951</u>
		99,663	526,054	249,951
CURRENT LIABILITIES				
Trade and other payables		<u>(65,683)</u>	<u>(102,582)</u>	<u>(58,459)</u>
NET CURRENT ASSETS		<u>33,979</u>	<u>423,472</u>	<u>191,492</u>
NET ASSETS		<u><u>1,309,039</u></u>	<u><u>5,139,788</u></u>	<u><u>1,350,390</u></u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital		3,108,589	3,108,589	3,108,589
Share premium account		5,099,544	5,099,544	5,099,544
Reconstruction reserve		(586,100)	(586,100)	(586,100)
Share-based payment reserve		19,942	8,966	14,454
Retained earnings		<u>(6,332,936)</u>	<u>(2,491,211)</u>	<u>(6,286,097)</u>
TOTAL EQUITY		<u><u>1,309,039</u></u>	<u><u>5,139,788</u></u>	<u><u>1,350,390</u></u>
Net assets per share (pence) - basic	5	<u><u>0.42p</u></u>	<u><u>1.65p</u></u>	<u><u>0.49 p</u></u>

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UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2015

		Six months to 30/06/15 Unaudited £	Six months to 30/06/14 Unaudited £	Year ended 31/12/14 Audited £
Net cash outflow from operating activities	3	(34,621)	(35,264)	(168,643)
Cash flows from investing activities				
Purchase of intangible fixed assets		(116,161)	(226,638)	(370,258)
Proceeds of disposal of financial assets at fair value		-	15,914	15,914
		(116,161)	(210,724)	(354,344)
Cash flows from financing activities				
Net proceeds from issue of share capital		-	585,640	585,640
Finance income		494	944	1,840
		494	586,584	587,480
Net (decrease)/ increase in cash and cash equivalents		(150,289)	340,596	64,493
Cash and cash equivalents at beginning of period		249,951	185,458	185,458
Cash and cash equivalents at end of period		99,663	526,054	249,951

SOVEREIGN MINES OF AFRICA PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015

	Share capital	Share premium	Reconstruction reserve	Retained earnings	Share-based payment reserve	Total
	£	£	£	£	£	£
At 1 January 2014	2,483,589	5,099,544	(586,100)	(2,367,112)	3,478	4,633,399
Loss and total comprehensive income for six months ended 30 June 2014	-	-	-	(84,739)	-	(84,739)
Share-based payment expense	-	-	-	-	5,488	5,488
Issue of shares, net of share issue costs	625,000	-	-	(39,360)	-	585,640
At 30 June 2014	<u>3,108,589</u>	<u>5,099,544</u>	<u>(586,100)</u>	<u>(2,491,211)</u>	<u>8,966</u>	<u>5,139,788</u>
Loss and total comprehensive income for six months ended 31 December 2014	-	-	-	(3,794,886)	-	(3,794,886)
Share-based payment expense	-	-	-	-	5,488	5,488
At 31 December 2014	<u>3,108,589</u>	<u>5,099,544</u>	<u>(586,100)</u>	<u>(6,286,097)</u>	<u>14,454</u>	<u>1,350,390</u>
Loss and total comprehensive income for six months ended 30 June 2015				(46,839)		(46,839)
Share-based payment expense					5,488	5,488
At 30 June 2015	<u>3,108,589</u> =====	<u>5,099,544</u> =====	<u>(586,100)</u> =====	<u>(6,332,936)</u> =====	<u>19,942</u> =====	<u>1,309,039</u> =====

SOVEREIGN MINES OF AFRICA PLC

Notes to the interim consolidated financial information

Six months ended 30 June 2015

1. GENERAL

The interim financial information for the six month period ended 30 June 2015 are unaudited and were approved by the Directors of the Company on XX September 2015. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The financial information contained in this report in respect of the annual financial statements for the year ended 31 December 2014 has been extracted from the report and financial statements for that year which have been filed with the Registrar of Companies. The report of the auditors on those accounts did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and was not qualified, although it included an emphasis of matter in respect of going concern.

The interim financial information is unaudited and has not been reviewed by the auditors.

The Company's operations are not subject to seasonality or cyclicity.

No dividend has been declared or paid in this interim period.

2. ACCOUNTING POLICIES

The principal accounting policies and methods of computation have remained unchanged from those used in the preparation of the Company's 2014 annual financial statements and are expected to be used for the Company's 2015 annual financial statements.

Going concern

Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors have formed the opinion that the Group will have sufficient funds to undertake its operations over the next 12 months from the date of signing these financial statements. This is based on cash flow projections prepared for that period, their ability to secure additional funding required to cover working capital and the assumption that future exploration expenditure will be funded by a future strategic partner.

The Group's ability to continue its exploration programme is a critical accounting assumption (as described further in note 3) and as a result the directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its 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 has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SOVEREIGN MINES OF AFRICA PLC

Notes to the interim consolidated financial information

Six months ended 30 June 2015

3. ACCOUNTING POLICIES (continued)

Going concern (continued)

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that may be necessary if the going concern basis of preparation of the financial statements is not appropriate.

4. CASH FLOWS FROM OPERATING ACTIVITIES

	Six months to 30/06/15 Unaudited £	Six months to 30/06/14 Unaudited £	Year ended 31/12/14 Audited £
Loss before taxation	(46,839)	(84,739)	(3,879,625)
Adjustments for:			
Impairment losses on intangible assets	-	-	3,694,352
Losses on financial assets at fair value	-	2,086	2,086
Finance income	(494)	(944)	(1,840)
Share-based payment expense	5,488	5,488	10,976
	<u>(41,845)</u>	<u>(78,109)</u>	<u>(174,051)</u>
Decrease in financial assets at fair value	-	-	-
Increase in receivables	-	-	-
Increase/(decrease) in payables	7,224	42,845	5,408
	<u>(34,621)</u>	<u>(35,264)</u>	<u>(168,643)</u>

4. LOSS PER SHARE

	Six months to 30/06/15 Unaudited	Six months to 30/06/14 Unaudited	Year ended 31/12/14 Audited
Weighted average number of ordinary shares in issue	<u>310,858,850</u>	<u>282,198,629</u>	<u>296,646,521</u>
Loss after taxation	<u>£(46,839)</u>	<u>£(84,739)</u>	<u>£(3,879,625)</u>
Loss per share	<u>(0.02)p</u>	<u>(0.03)p</u>	<u>(1.31)p</u>

Due to there being a loss during the period, the share options are anti-dilutive and therefore the diluted loss per share is the same as the loss per share.

SOVEREIGN MINES OF AFRICA PLC

Notes to the interim consolidated financial information

Six months ended 30 June 2015

5. NET ASSET VALUE PER SHARE

The “basic” net asset value per share figures are calculated on the basis of the net assets attributable to equity shareholders divided by the number of ordinary shares in issue at the relevant dates of 310,858,850 (30 June 2014: 310,858,850; 31 December 2014: 310,858,850).

6. SHARE CAPITAL

Issued and fully paid:

	2015	2014	2015	2014
	No. of	No. of	£	£
	shares	shares		
Ordinary shares of £0.01 each	-	310,858,850	-	3,108,589
Ordinary shares of £0.0001 each	310,858,850	-	310,859	-
Deferred shares of £0.099 each	310,858,850	-	2,797,730	-
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	621,717,700	310,858,850	3,108,589	3,108,589
	=====	=====	=====	=====

On 30 June 2015, the company’s share capital was subdivided from 310,858,850 ordinary shares of £0.01 each into 310,850,858 ordinary shares of £0.0001 each and 310,858,850 deferred shares of £0.099 each.

The deferred shares carry no voting or dividend rights. Deferred shareholders are entitled to receive the amount paid up or credited as paid up on their respective holdings of deferred shares only after there has been paid on each ordinary share the nominal amount paid up on such share plus a further £1 per ordinary share. The holders of the deferred shares shall not be entitled to participate further in any distribution of the assets or the capital of the Company.

7. COPIES OF INTERIM REPORT

Copies of the interim report are available to the public free of charge from the Company at 2nd Floor, New Penderel House, 283–288 High Holborn, London WC1V 7HP during normal office hours, Saturdays and Sundays excepted, for 14 days from today and are available on the website at www.sovmines.com.