African Potash Limited / Index: AIM / Epic: AFPO / Sector: Mining
23 March 2012

African Potash Limited ('African Potash' or 'the Company')
Interim Results

African Potash Limited, the AIM listed African exploration company, is pleased to announce its results for the period ended 31 December 2011.

Chairman's Statement

African Potash was established as a dedicated vehicle focussed on investing in or acquiring potash assets in Sub-Saharan Africa, to take advantage of long term growth fundamentals of potash and the increasing demand for potash from the agricultural sector. The Company was admitted to trading on AIM at the end of September 2011, backed by a number of institutional shareholders and has raised approximately $10.9m in total through two equity fundraisings, each at 5p per share. With a firm financial footing, the Board has been able to advance its strategy to review, acquire and advance targeted assets that meet the criteria of our investment policy.

Accordingly, on 3 February 2012, we entered into an agreement to acquire Patagonia Capital Limited ('Patagonia') (the 'Acquisition'). Patagonia holds a 70% interest in La Societe des Potasses et des Mines S.A. ('SPM'), a potash exploration company located in the Republic of Congo. SPM holds a 12-month authorisation to conduct prospecting for potash and associated minerals in the lake Dinga area of the Republic of Congo, a globally significant potash region. The SPM project, which is flanked by projects being developed by international mining companies, has received an initial approval from the Minister of Mines in its application to be granted an exclusive three year permis de recherche ('Permis de Recherche'), in respect of the same area.

The Acquisition will be our first transaction, establishing us as an exploration and development group focussed on potash assets in sub Saharan Africa. However it should be noted that completion of the Acquisition remains conditional upon (amongst other matters) SPM being formally granted the Permis de Recherche and African Potash shareholder approval being obtained. The Acquistion will constitute a reverse takeover for the purposes of the AIM Rules, therefore trading in the Company's shares have been suspended pending publication of a readmission document. We are hopeful of completing the Acquisition in the near future and look forward to providing further information in due course.

Financial Results

As mentioned above, the Company raised US$10.9m through two equity fundraisingsduring the period ended 31 December 2011. The AIM IPO costs of $0.5m have been written off to the income statement and included in the pre-tax loss of $1.0m for the period to 31 December 2011.

Outlook

The long term growth fundamentals of commercial potash exploration are highly encouraging, as potash is primarily used as a source of potassium fertiliser,. A combination of rising demographics and growing affluence in the developing world has led to a structural shift resulting in higher global demand for agricultural produce. Accommodating the increase in demand for foodstuffs will require a greater use of fertilisers, which in turn creates an opportunity for a vehicle such as ours.

We are excited about our first project in the Republic of Congo and are confident that we have identified an investment target with considerable upside potential. We are also encouraged by the number of other opportunities being presented to us and look forward to building a substantial presence in the sector. Our strong board and management team, as well as positive cash position, ensure that African Potash is ideally placed to capitalise on the growing demand for foodstuffs and has the necessary components to rapidly build value.

Finally, I would like to thank both our shareholders and our team for their support and look forward to providing updates on the Company's activities as we seek to expand our portfolio.

Ed Marlow
Chairman

Unaudited Comprehensive Income Statement
For the period to 31 December 2011

	Note	Unaudited period to 31 December 2011 $'000
Operating expenses		(869)
Other expenses		(124)
Operating loss		(993)
Net finance income		1
Loss before taxation		(992)
Income tax expense		-
Loss for the period attributable to equity holders		(992)
Loss per share: basic and diluted	5	0.7 cents

Unaudited Balance Sheet
As at 31 December 2011

	Note	Unaudited 31 December 2011 $'000
Current assets		
Trade and other receivables		849
Cash and cash equivalents		9,145
Total current assets		9,994
Total assets		9,994
Current liabilities		
Trade and other payables		(75)
Total current liabilities		(75)
Net assets		9,919
Equity		
Issued capital	6	10,911
Retained earnings		(992)
Total equity attributable to equity holders		9,919

Unaudited Statement of Changes in Equity

	Ordinary share capital $’000	Retained earnings $’000	Total $’000
At 11 August	-	-	-
Loss for the period	-	(992)	(992)
Total comprehensive income for the period	-	(992)	(992)
Transactions with owners			
Issue of shares	10,911	-	10,911
Total transactions with owners	10,911	-	10,911
Balance at 31 December 2011	10,911	(992)	9,919

Unaudited Statement of Cash Flows

For the period to 31 December 2011	Unaudited period to 31 December 2011
Operating activities	**$'000**
Loss before tax	(992)
Adjustments for:	
Net interest income	(1)
Operating cash flow before movements in working capital	(993)
Working capital adjustments:	
- Increase in receivables	(849)
- Increase in payables	75
Cash used in operations	(1,767)
Net interest received / (paid)	1
Net cash outflow from operating activities	(1,766)
Financing activities	
Proceeds from issue of share capital	10,911
Net cash flow from financing activities	10,911
Net increase in cash and cash equivalents	9,145
Cash and cash equivalents at start of the period	-
Cash and cash equivalents at end of the period	9,145

Notes to the Unaudited Interim Financial Statements

1. General information

African Potash Limited ('African Potash' or 'the Company') has an investing policy to acquire potash (and associated minerals) assets in Africa. African Potash is a public limited company incorporated and domiciled in Guernsey. The Company was incorporated on 11 August 2011. The address of its registered office is Richmond House, St Julian's Avenue, St Peter Port, Guernsey GY1 1GZ

The Company is listed on the AIM Market of London Stock Exchange plc.

The interim financial statements for the period ended 31 December 2011 are unaudited and do not constitute full accounts. They were approved for issue by the board on 22 March 2012.

The unaudited interim financial statements have been prepared in US Dollars as this is the currency of the primary economic environment in which the Company intends to operate.

2. Basis of preparation

The unaudited interim financial statements for the period ended 31 December 2011 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB). References to 'IFRS' hereafter should be construed as references to IFRSs as adopted by the EU

3. Significant accounting policies

Basis of accounting
The unaudited interim financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. The principal accounting policies adopted are set out below.

Foreign currency translation
Transactions and balances:
Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the

translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the income statement.

Finance income
Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation
The Company is resident for taxation purposes in Guernsey and its income is subject to income tax, presently at a rate of zero.

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In that case, tax is also recognised in other comprehensive income or directly in equity, respectively. Taxable profit differs from accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Current tax expense is the expected tax payable on the taxable income for the period. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the reporting date, and including any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the asset can be utilised. This requires judgements to be made in respect of the availability of future taxable income.

Financial assets
Financial assets are classified into the following specific categories:

- Financial assets at fair value through profit or loss ("FVTPL");
- Held-to-maturity investments;
- Available-for-sale ("AFS") financial assets; and
- Loans and receivables.

The classification depends upon the nature and purpose of the financial asset and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected

life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Trade and other receivables are not interest bearing and are initially recognised at their fair value and are subsequently stated at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

Financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition, net of transaction costs.

Operating segments

The Chief Operating Decision Maker is the Board of Directors. The board reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segments based on the reports reviewed by the board. The board considers the activities from a business viewpoint.

Operating loss

Operating loss consists of operating expenses. Operating loss excludes net finance costs.

4. Segment information

The directors consider that the Company operates in one geographical segment, Africa, however whilst it is evaluating investment opportunities it is unable to allocate expenditure to a business segment.

5. Earnings per share

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

	Unaudited period to 31 December 2011 $'000
Loss the purpose of calculating basic loss per share attributable to equity holders	(922)
Number of shares	
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	141,481,690
Basic and diluted loss per share (cents)	0.7

6. Share Capital

	Ordinary shares of no par value Allotted and fully paid	
	Number	**$'000**
Issue of shares	198,700,000	10,911
At 31 December 2011	198,700,000	10,911

Between incorporation and 23 September 2011, 40 million ordinary shares were issued for cash at a price of 0.1p per ordinary share and 35 million ordinary shares were issued for cash at a price of 2p per ordinary share.

On 30 September 2011, 83.7 million ordinary shares were issued for cash at a price of 5p per ordinary share.

On 31 October 2011, 40 million ordinary shares were issued for cash at a price of 5p per ordinary share.

7. Subsequent Events

On 3 February 2012, the Company announced that it had entered into an agreement to acquire the entire issued share capital of Patagonia Capital Limited ("Patagonia") (the "Acquisition"). Patagonia holds a 70% interest in La Societe des Potasses et des Mines S.A. ("SPM"), a company incorporated in the Republic of Congo.

The total maximum consideration payable for the Acquisition is US$15,000,000 which will be satisfied (subject to the achievement of certain milestones by SPM) by the issue and allotment of up to US$12,000,000 worth of new ordinary shares in the Company and by the payment by the Company of up to US$3,000,000 in cash

SPM holds a 12-month authorisation to conduct prospecting for potash and associated minerals in the lake Dinga area of the Republic of Congo, a globally significant potash region. The SPM project, which is flanked by projects being developed by international mining companies, has received an initial approval from the Minister of Mines in its application to be granted an exclusive three year permis de recherche ('Permis de Recherche'), in respect of the same area.