

COPPER RESOURCES CORPORATION
(“CRC” or the “Company”)
INTERIM REPORT FOR SIX MONTHS
Ended June 30, 2006

Copper Resources Corporation (AIM: CRC), the minerals exploration and mining company, today released its interim report for the six months ended June 30, 2006.

Highlights from January–September, 2006

- Completion of the feasibility study for the Kinsenda Restart Project in February 2006 in the Democratic Republic of Congo (“DRC”) by Mineral Engineering Technical Services Pty Ltd (“METS”)
- Commencement in February of the Kinsenda dewatering programme.
- Raising of US\$7.7 million at the end of March through a private placement
- Completion in April by FinOre of Perth of a new resource estimate for Kinsenda that upgraded the previous estimate to JORC and SAMREC standards
- Completion in July of the infill drilling programme at Hinoba-an in the Philippines
- Commencement in July of construction of the processing plant at the Kinsenda site.
- Acceptance in July of offer of finance from RMB Resources for US\$32 million for the Kinsenda Restart Project.
- Discovery in September 2006 of gold at the Hinoba-an property in the Philippines
- Identification of an attractive process (Dense Media Separation) for treating the ore of the Haib Project in Namibia, with new scoping study prepared by METS pointing to a 50% reduction in capital costs previously estimated at US\$700 million

Overview

Since listing in April 2005 CRC has acquired the Namibia and DRC properties. The Company has made substantial progress on all three of its projects, so that the Directors expect that Kinsenda in DRC will be brought into production in 2007, the Hinoba-an bankable feasibility study will be completed in 2007, and the Haib feasibility study will be completed in mid 2007.

Kinsenda Project – DRC

Since CRC acquired 75% of MMK the following important milestones have been reached in the ongoing redevelopment of the Kinsenda Restart Project:

- METS have completed the feasibility study
- METS are currently completing the bankable feasibility study
- Dewatering has commenced

- Construction has commenced
- RMB Resources have approved a project financing facility of \$32.0 million assuring the financing of Kinsenda

Hinoba-an Project – Philippines

The infill and geotechnical drilling is now complete and the BFS is continuing with metallurgical testwork underway, with a resource estimate to be completed in the third quarter of 2006. During geotechnical drilling CRC discovered a significant gold system next to the current ore body. CRC is proceeding with infill drilling on a 50x50 grid to prove up the gold discovery and proceed with a gold resource estimate.

Haib Project – Namibia

Based on the positive conclusions of the new METS scoping study, CRC is embarking on a pilot-scale test work programme for the promising Dense Media Separation process. In addition, CRC will begin work on site to collect samples of ore for mineralogical testing to ensure that, over the whole of the ore body, mineralisation characteristics are documented. The pilot plant test results will be available in mid-2007, at which point CRC will commence a bankable feasibility study.

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The accompanying unaudited consolidated Financial Information for the six months ended 30 June 2006 and 30 June 2005 is expressed in United States Dollars, has been reviewed by the Company's Auditors and has an effective date of 27 September 2006.

COPPER RESOURCES CORPORATION
CONSOLIDATED INCOME STATEMENT

For the six month period ended 30 June 2006
(Unaudited)

	30 June		31 December	
	2006	2005	2005	2004
	\$'000	\$'000	\$'000	\$'000
Revenue	3,493	-	-	-
Cost of Sales	<u>(2,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross Profit	<u>1,275</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest receivable and similar income	105	137	298	2
Administration expenses	(4,175)	(543)	(1,449)	(744)
Unrealised foreign exchange gain/(loss)	218	(384)	78	(1)
Share option expenses	-	(1,169)	(1,559)	(74)
Warrant expenses	(3,877)	-	-	-
Other write offs	-	-	(435)	-
Loss on ordinary activities before taxation	(6,454)	(1,959)	(3,067)	(817)
Income tax expense	-	-	-	-
Minority interest	311	-	1	-
Loss for the financial year	<u>(6,143)</u>	<u>(1,959)</u>	<u>(3,066)</u>	<u>(817)</u>
Basic loss per ordinary share (Note 1)	<u>(12.0c)</u>	<u>(10c)</u>	<u>(13.6c)</u>	<u>(817,000)</u>
Diluted loss per ordinary share (Note 1)	<u>(9.9c)</u>	<u>(10c)</u>	<u>(12.5c)</u>	<u>(817,000)</u>

All amounts relate to continuing operations.

COPPER RESOURCES CORPORATION
CONSOLIDATED BALANCE SHEET
As at 30 June 2006
(Unaudited)

<i>Notes</i>	As at 30 June 2006 (unaudited)	As at 30 June 2005 (unaudited)	As at 31 December 2005 (audited)
	\$'000	\$'000	\$'000
Assets			
Non-current Assets			
Property, plant and equipment	3	6,525	6
Development, exploration and evaluation	2	31,178	2,544
Investment in other company		200	200
Total non-current assets		37,903	32,204
Current Assets			
Inventories		4,165	-
Trade and other receivables		3,119	196
Cash and cash equivalents		12,497	16,441
Total current assets		19,781	19,287
Total assets		57,684	51,491
Equity and liabilities			
Shareholder's equity			
Share capital	4	43,024	19,321
Contributed surplus		2,817	-
Other reserve		6,406	1,629
Retained earnings		(10,116)	(2,867)
Total equity		42,131	30,785
Minority interests		3,993	14
Net funds available to shareholders		46,124	35,089
Non-current liabilities			
Deferred tax liabilities		18	493
Deferred purchase consideration		500	625
Borrowings	5	-	-
Total non-current liabilities		518	842

Current Liabilities

Trade and other payables		3,457	96	5,097
Deferred purchase consideration		75	75	150
Borrowings	5	7,509	-	10,313
Total current liabilities		11,041	171	15,560
Total liabilities		11,559	1,289	16,402
Total equity and liabilities		57,683	19,387	51,491

COPPER RESOURCES CORPORATION
CHANGES IN EQUITY STATEMENT

For the six month period ended 30 June 2006
(Unaudited)

	Share Capital	Contributed surplus	Other Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance, 31 December 2004	10	2,817	107	(907)	2,027
Additional contribution of capital	30,355	-	-	-	30,355
Loss arising in the period	-	-	-	(3,066)	(3,066)
Share based transactions	-	-	1,559	-	(1,559)
Foreign exchange loss	-	-	(90)	-	(90)
Balance, 31 December 2005	30,365	2,817	1,576	(3,973)	30,785
Loss for the 6 months	-	-	-	(6,143)	(6,143)
Additional contribution of capital	12,659	-	-	-	12,659
Share based transactions	-	-	4,830	-	4,830
At 30 June 2006	43,024	2,817	6,406	(10,116)	42,131

COPPER RESOURCES CORPORATION
CONSOLIDATED CASH FLOW STATEMENTS

For the six month period ended 30 June 2006

(Unaudited)

	30 June		31 December	
	2006	2005	2005	2004
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities	(6,559)	(1,959)	(3,364)	(817)
Adjusted for:				
Amortisation of intangible assets	-	1	-	1
Share based transactions	3,877	1,169	1,559	452
Depreciation on property plant and equipment	347	-	13	-
Foreign exchange gain/(loss)	(218)	(4)	-	5
Operating cash flows before movement in working capital	(2,553)	(793)	(1,792)	(359)
Change in receivables/inventories	439	(169)	1,814	(8)
Change in payables	(1,468)	94	(5,218)	31
Net cash (used in)/generated from operations	(1,029)	(75)	(3,404)	23
Net cash used in operating activities	(3,582)	(869)	(5,196)	(336)
Cash flows from investing activities				
Interest received	105	-	298	-
Acquisition of subsidiaries	-	-	(12,914)	(6)
Cash acquired in acquisition of subsidiaries	-	1	2,454	1
Investment in exploration costs	(3,746)	(599)	(4,363)	(4)
Investment in associates	-	(200)	(200)	(60)
Purchase of property, plant and equipment	(1,346)	(5)	(217)	(1)
Net cash generated from/(used in) investment activities	(4,987)	(804)	(14,942)	(70)
Cash flows from financing activities				
Share capital issued (net of costs)	7,249	16,765	30,355	-
Contributions by shareholder	75	-	-	1,592
Drawdown of loans	2,177	-	-	-
Net cash from financing activities	9,501	16,765	30,355	1,592
Net increase in cash and cash equivalents	932	15,092	10,217	1,186
Cash and cash equivalents at beginning of period	11,565	1,348	1,348	162
Cash and cash equivalents at end of period	12,497	16,441	11,565	1,348

1. Nature of Operations

Copper Resources Corporation (“CRC” or the “Company”) is the holding company of a mineral exploration and development group of companies (the “Group”). The Group is involved in the exploration, evaluation and development of copper deposits in the Philippines, Namibia and Democratic Republic of the Congo (“DRC”).

Kinsenda, Musoshi and Lubembe Projects - DRC

In February 2006 Mineral Engineering Technology Services (“METS”) completed a Feasibility Study on the Kinsenda redevelopment project in the DRC. In July 2006 the Company announced that Rand Merchant Bank (“RMB”) had been mandated and received credit approval to provide a US\$32.0 million project finance facility for the redevelopment of the Kinsenda Project. The redevelopment of Kinsenda is progressing and commissioning is scheduled for June 2007. Musoshi and Lubembe are currently on care and maintenance and will be progressed once CRC has commissioned Kinsenda.

Hinoba-an Project - Philippines

CRC is continuing the Bankable Feasibility Study (“BFS”) on the Hinoba-an Project in the Philippines. The BFS is due for completion is Q2, 2007.

Haib Project – Namibia

CRC has completed the process review and identified Dense media separation as an amenable process for the Haib ore. The initial review has been completed at a scoping level and now needs to be enhanced into a feasibility study and BFS.

Details of progress on the companies various projects can also be obtained on CRC’s website www.copperresources.com .

In May 2006 The Company completed a private placement raising US\$7.76 million by issuing 8.0 million shares. These funds are being utilised in the redevelopment of the Kinsenda Project in the DRC and on going working capital.

The accompanying interim consolidated financial information is prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Selected information and disclosures required in notes to annual consolidated financial statements has been condensed or omitted. This interim consolidated financial information should be read in conjunction with the Company’s audited annual consolidated financial statements and notes for the year ended 31 December 2005. The interim financial information has been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended 31 December 2005.

Basic and Diluted Loss Per Share

The calculation of basic loss per ordinary share for the six months ended 30 June 2006 is based on the loss on ordinary activities after taxation of \$6.14 million (2005: \$1.96 million) and on 50,839,566 ordinary shares being the weighted average of ordinary shares in issue and ranking for dividend during the period.

The calculation of diluted loss per ordinary share for the six months ended 30 June 2006 is based on the loss on ordinary activities after taxation of \$6.14 million and on 62,062,670 ordinary shares, warrants and share options being the weighted average of ordinary shares, warrants and share options in issue and ranking for dividend during the period.

Details of warrants and share options in issue which could potentially dilute earnings per share in the future are shown in Note 4.

Impairment

The Company assesses whether impairment exists in any of its exploration projects and writes down that project to its estimated recoverable value when such impairment is found to exist. No write downs were recorded in the interim financial information. If there had been such a write down it would have been recorded in the Company's Income Statement.

Risks

The exploration for an exploitation of natural resources are speculative activities that involve a high degree of risk for the Company and its shareholders, the risk factors which should be taken into account in assessing the companies activities should include, but are not limited to those set out below:

- Copper price volatility
- Currency fluctuations
- Normal risks of mining operations
- Political risks
- Government regulations

2. Exploration, evaluation and development

	Deferred Exploration Costs \$'000
Balance, 31 December 2004	212
Additions	26,266
Balance, 31 December 2005	26,478
Additions	4,700
At 30 June 2006	31,178

Intangible assets consist of capitalised exploration, evaluation and development costs in relation to each of the Company's mining assets.

3. Property, plant and equipment

	Freehold properties \$'000	Heavy Equipment \$'000	Plant and Equipment \$'000	Total \$'000
Cost				
At 31 December 2005	477	5,135	312	5,924
Additions	-	1,011	335	1,346
At 30 June 2006	477	6,146	647	7,270
Depreciation				
At 31 December 2005	11	348	39	398
Charge for the 6 months	9	298	40	347
At 30 June 2006	20	646	79	745
Net book value				
At 31 December 2004	-	-	2	2
At 31 December 2005	466	4,787	273	5,526
At 30 June 2006	457	5,500	568	6,525

4. Share Capital

	Number	Amount US\$'000
Authorised		
Ordinary Shares of no par value	500,000,000	-
	Number	Amount US\$'000
Issued		
Balance, 31 December 2005	46,794,335	30,365
Ordinary Shares issued on exercise of options	300,000	75
Ordinary shares issued for debt/equity swap	5,499,857	5,335
Ordinary Shares issued on private placement	8,000,000	7,249
Balance 30 June 2006	60,594,192	43,024

In March 2006 a total of \$75,000 was raised from the exercise of 300,000 options to purchase ordinary shares of the Company at 25c.

On 6 June 2006 the Company completed a public placement to raise gross proceeds of \$7.76 million, through the issuance of 8,000,000 ordinary shares at 97c per share and 4,000,000 warrants at 75p per share. The net proceeds of the offering were \$7.25 million after deducting associated raising costs of \$0.43 million plus various professional fees and stamp duty reserve tax costs related to the offering.

In March 2006 the Company issued 5,499,857 ordinary shares at 97c per share to the Forrest Group converting \$5.33 million of debt to equity.

Share Options and Warrants

The Company has issued the following options at 30 June 2006:

Share Options Held at 30 June 2006	Share options Held at 31 December 2005	Date of Grant	Option Price per Share	Exercise Period
4,053,475	4,353,475	2005	various	Up to 2010

The Company has issued the following warrants during the 6 months ended 30 June 2006:

Number of Warrants at 30 June 2006	Number of Warrants at 31 December 2005	Date of Grant	Subscription Price	Exercise Period
4,000,000	-	4 April 2006	75p	4 April 2008
2,749,929	-	4 April 2006	75p	4 April 2008
120,000	-	4 April 2006	55p	4 April 2011
<u>6,869,929</u>	<u>-</u>			

5. Borrowings

During the 6 months the Company concluded a debt for equity swap

	Current	Non-Current
	\$'000	\$'000
At 30 June 2005	-	-
Loan drawdown	10,313	354
At 31 December 2005	<u>10,313</u>	<u>354</u>
Loan drawdown	2,531	-
Loan repayment	-	(354)
Debt for Equity swap	(5,335)	-
At 30 June 2006	<u>7,509</u>	<u>-</u>

During the 6 months the Company converted the trade creditor of \$2.4 million into loan and also completed a debt for equity swap by issuing 5,499, 857 ordinary shares extinguishing \$5.3 million in debt.