www.africancopper.com

AIM and TSX: ACU
BSE: African Copper

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended 30 September 2005

The following discussion and analysis of the consolidated operations, results, and financial position of African Copper Plc ("African Copper" or the "Company") for three and nine month periods ended 30 September 2005 should be read in conjunction with the 30 September 2005 unaudited interim report of African Copper, the 31 December 2004 audited consolidated financial statements of African Copper and the respective related notes thereto and the report entitled Technical Report on the Dukwe Copper Project and Matsitama Prospecting Licences prepared by A.C.A. Howe International Limited dated May 5, 2005. The said financial statements have been prepared under the historical cost convention and in accordance with United Kingdom generally accepted accounting principles. All amounts herein are expressed in Sterling unless otherwise indicated. (See note 11(c) - Foreign Exchange Data in the Interim Report) The effective date of this report is 7 November 2005.

Additional information relating to the Company is available at www.africancopper.com or SEDAR at www.sedar.com.

Mr. Joseph Hamilton, P.Geo., the Company's Chief Operating Officer and a 43-101 "qualified person" as defined by the Canadian National Instrument 43-101, has reviewed the technical material contained herein.

Forward-Looking Statements

Except for statements of historical facts relating to African Copper, certain information contained herein constitutes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning estimates of expected capital expenditures, statements relating to expected future production and cashflows, statements relating to the advancement of African Copper's exploration and development projects, statements relating to the potential of the Dukwe and Matsitama projects and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although African Copper believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include the potential that African Coppers' projects will experience technological and mechanical problems, geological conditions in the deposits and projects may not result in commercial levels of mineral production, changes in copper prices, changes in political conditions in Botswana, changes in availability of project and equity financing and other risks. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The reader is cautioned not to place undue reliance on forward-looking statements.

1.0 Business Overview

The Company operates in the resource industry in Africa. The principal business of the Company is the exploration and development of copper deposits in the Republic of Botswana. The Company has two principal assets, both located in Botswana: the Dukwe Project and the Matsitama Project. Reference is made to the technical report (the "Technical Report") on the Dukwe and Matsitama Projects dated 5 May 2005 prepared for the Company by A.C.A.Howe International Limited, a copy of which has been filed on SEDAR and the Company's website.

The Company is incorporated in England and Wales with a primary listing on the Alternative Investment Market of the London Stock Exchange ("AIM") and additional listings on the Toronto Stock Exchange ("TSX") and the Botswana Stock Exchange ("BSX"). The ordinary shares of African Copper trade on the AIM and the TSX under the symbol ACU and on the BSX under the symbol "African Copper".

The Company's most advanced project is the Dukwe Project. Past work has included extensive drilling, sampling and subsequent engineering and metallurgical test work to delineate a substantial copper oxide resource. (reference is made to the Technical Report). The Company is completing detailed engineering and cost estimates on a proposed open-pit, heap leach solvent extraction and electrowinning ("SX-EW") operation. This work has included geotechnical studies, pit optimization studies, detailed costing estimates, equipment sizing, manpower estimates, environmental impact assessments, archeological studies and infrastructure design. The work for the SX-EW operation was substantially complete at the end of October 2005.

A 20,000 metre drilling program has been designed and is underway with respect to the sulphide ore underlying the open pit (reference is made to the Technical Report). The objective of this drilling program is to establish estimated resources in the deeper sulphide-bearing portions of the deposit to Measured and Indicated categories in accordance with the Canadian requirements of National Instrument 43-101. The Company has retained a globally recognized independent consulting firm to oversee this drilling and sampling program, and the ultimate resource estimation. This drilling is expected to be completed in January 2006 with final assays available early in fiscal 2006. A final resource estimate of the sulphides is expected to be delivered in early fiscal 2006.

In addition to the Dukwe Project, the Company owns the Matsitama Project which encompasses a 4,000 square kilometre sedimentary fold belt that provides the Company with exploration potential in conjunction with known mineralization. Beyond two known deposits (as defined by past operators, which are not compliant with Canadian requirements of National Instrument 43-101) the Matsitama exploration area contains 37 other copper occurrences and 2 zinc occurrences, many of which are drill-ready. The geochemical database contains over 210,000 samples and shows 147 high amplitude copper-in-soil geochemical anomalies with peak values up to 1,850 ppm Cu over areas as large as 5 square kilometres. Marked improvements in local infrastructure in the area warrant re-evaluation of previous feasibility studies on the Matsitama Project area as well as initial drilling on numerous untested targets.

2.0 Copper Market

Over the past few years demand for copper has grown on average more than the growth of copper production which led to a supply shortfall in 2003. This shortfall widened further during the course of 2004 with the total deficit estimated by some industry experts to be between 600,000 and 1 million tonnes. This together with the fact that U.S., China and Japan have all seen industrial growth has led to a recent decline in stockpiles of copper held by the international exchange warehouses, such as the London Metal Exchange.

The world copper price in September 2005 traded above US$1.70/lb. Four years ago the price was US$0.61/lb and it fluctuated between US$0.61/lb and approximately US$0.80/lb over the ensuing two-year period. Towards the end of 2003 the copper price rose sharply and since then it has fluctuated between just under U.S.$1.20/lb and U.S$1.70/lb. Recent strikes in the industry have further curtailed supply and provided support for the price through the third quarter of 2005.

3.0 Critical Accounting Estimates

Goodwill

Goodwill arising on consolidation is capitalised and shown within fixed assets. Amortization of goodwill arising from the acquisition of Mortbury Limited ("Mortbury") in May 2004 and the purchase of the Mortbury preference share in November 2004 are to be deferred until production occurs, when it will be charged over the expected production period of the project. Where a project is abandoned or is determined to not be economically viable, the goodwill is written off.

Resource Properties, Deferred Exploration and Development Costs

All costs related to the exploration of mineral properties are capitalized until either the properties are brought into production, at which time they are depleted on a unit of production basis, or until the properties are sold, allowed to lapse or abandoned, at which time they are charged to the profit and loss account.

The amounts capitalized at any time represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of particular properties. The recoverability of the carrying values of exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and future profitable production therefrom or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

4.0 Overall Performance

The Company had working capital of approximately £11.2 million at 30 September 2005 compared to approximately £13.3 million at 31 December 2004. During the nine months ended 30 September 2005 the Company did not generate any operating revenues, as it is in the development stage and, therefore, losses were incurred throughout the period. The fiscal 2005 operating budget for administration and development of the Dukwe Project and exploration of the Matsitama Project was set at approximately £6.6 million. However, the budget was subsequently increased in September 2005 to £7.25 million to accelerate certain metallurgical and engineering studies for the deeper high grade sulphides and by the need to place deposits to secure long lead time items required for the possible mining operations.

African Copper reported a net loss of £137,123 (0.26p per share) for the third quarter of 2005 as compared to a net loss of £105,272 (0.40p per share) for the third quarter of 2004. For the nine months ended 30 September 2005, the Company reported a net loss of £539,540 (1.05p per share) as compared to a net loss of £122,497 (0.85p per share) for the nine months ended 30 September 2004. The increase in net losses in the comparative periods resulted from the increased level of corporate and development activity during fiscal 2005. During the first half of fiscal 2004 the Company remained largely inactive until it acquired Mortbury in May 2004. Mortbury, through its wholly-owned subsidiaries, Messina Copper (Botswana) (Pty) Limited ('Messina") and Matsitama Minerals Limited ("Matsitama"), owns six prospecting licences and a deposit retention licence covering the Dukwe and the Matsitama Projects.

From an administrative standpoint, the Company focused its efforts on establishing the necessary infrastructure to support both its corporate and development activities. In addition to recruiting and hiring several accomplished and technically qualified key executives in Botswana the Company was successful in recruiting Mr. Joseph Hamilton as its Chief Operating Officer. Corporate administration expenses were £332,356 and £954,899 in the third quarter and for the nine months ended 30 September 2005, respectively, compared to £108,864 and £134,983 in the comparative periods in 2004. This increase was budgeted and is commensurate with the Company's growth over the last year. Corporate administration expenses are expected to continue at approximately the same quarterly rate during the rest of fiscal 2005. Administration expenses in Botswana were £29,010 and £88,205 in the third quarter and year to date fiscal 2005, respectively.

4.0 Overall Performance **(continued)**

Specific items contributing to the corporate administration costs were as follows:

	Three months ended 30 September 2005 £	Three months ended 30 September 2004 £	Nine months ended 30 September 2005 £	Nine months ended 30 September 2004 £
Consultants, salaries and benefits	84,896	-	262,844	-
Directors fees	14,775	-	40,375	-
Office costs	50,726	-	102,398	-
Public company administration	22,592	-	68,013	-
Listing on Toronto and Botswana Exchanges	51,876	-	110,372	-
Administration	7,290	-	22,197	-
Insurance	9,660	-	28,665	-
Travel and conferences	36,382	20,453	140,478	20,453
Professional fees	25,149	88,411	91,352	114,530
Botswana administration	29,010		88,205	
	332,356	108,864	954,899	134,983

Interest income for the three and nine month periods ended 30 September 2005 was £154,409 and £418,551 (£3,592 and £12,486 in the comparative periods in 2004). The increase was the result of the investment of excess cash balances resulting from the 12 November 2004 placing of 19,736,843 shares at 76p which raised gross proceeds of £15 million for the Company.

The Company's primary assets at 30 September 2005 were cash totaling £12.5 million (£13.4 million – 31 December 2004), vehicles and office equipment of £191,339 (£28,431– 31 December 2004) and intangible assets of £13.4 million (£10.9 million – 31 December 2004).

The following is a summary of the intangible fixed assets at 30 September 2005:

	Goodwill £	Deferred Exploration Costs £	Total £
At 31 December 2004	8,684,180	2,233,628	10,917,808
Additions	-	2,451,570	2,451,570
At 30 September 2005	8,684,180	4,685,198	13,369,378

Goodwill is the fair value premium of the shares issued or consideration paid by the Company in connection with the following two transactions completed in fiscal 2004:

1. On 26 May 2004 the Company completed the acquisition of Mortbury in respect of which the Company issued 20,650,010 ordinary shares.
2. On 26 November 2004 the Company completed an agreement to purchase a preference share in its subsidiary Mortbury which provided the holder a royalty of 11.5% of Mortbury's future net profits attributable to copper production in Botswana. Consideration of US$6 million was satisfied by the issue of 3,927,943 ordinary shares at 76p and US$500,000 in cash.

A description of additions to the Deferred Exploration Costs is presented in Section 4.1.1 and 4.1.2 below.

4.1 Dukwe Project

4.1.1 Strategy and Outlook

The Company's mission is to develop the first copper mine in a potentially world class base metal district in Botswana with the goal of commencing production in fiscal 2007. In order to achieve its stated mission the Company focused its fiscal 2005 operational plan on completing the detailed engineering for a heap leach operation at the Dukwe oxide deposit while concurrently working on a feasibility study for the proposed Dukwe sulphide underground mining operation.

The development strategy for the Dukwe Project is dependant on a number of factors, but will involve a combination of underground and open pit operations over the proposed mine life. The initial development strategy envisaged the open pit operation being constructed first, with the underground mine commencing production in year three of operations. In order to benefit from the current high copper prices the Company believes that an acceleration of the higher grade underground mine is potentially warranted depending on the results of the current programs being undertaken.

Dukwe Oxide

Detailed engineering for a 2,500 tonne per day heap leach open pit operation commenced in April 2005 and was substantially complete in Q3 of 2005. In July 2005 the Company announced that an estimated US$30 million (2004 estimate: US$26.1 million) was required in direct costs to construct a 350 tonne per hour three stage crushing circuit, agglomeration drum with conveyor stacking to the heap leach pad with final processing through SX-EW technology. Contract mining is assumed in the estimate. Contingencies, owner's costs and the cost of an engineering procurement construction management ("EPCM") contract were expected to add a further 30% to the direct costs.

In late August the Company began a series of studies aimed at optimizing the mining sequence for the open pit, and to finish the open-pit designs using mining costs provided by suitable mining contractors. In September, the Company released a partial cost estimate for the processing of the oxide ore. This included the crushing, stacking, heap leaching and SX-EW part of the plant. Processing cost estimates fell between US$15 and US$16 per tonne of ore. Acid costs composed about 62% of this total, while power costs accounted for about 18% and the remaining 20% of the cost is labour, G&A and sundry operating expenses.

Geotechnical and pit-slope stability studies were completed in September 2005 and the Company announced that an improvement had been made to the pit-slope on the east wall of the pit, which reduced the overall strip ratio from about 11:1 to about 9:1. Pit optimization studies were initiated in order to provide monthly and annual production information from the open pit. Quotes for contract mining were obtained, and these were utilized as a part of the planning process. These quotes showed an increase in mining costs between 2004 and 2005 of about 50%, principally the result of increased fuel and explosives costs and less competition between mine contractors. The open pit SX-EW option for processing continues to show good economics under existing commodity prices. The Board of Directors however determined that the concentrator processing option should be aggressively explored with the underground mine development accelerated in the mine plan. This realignment of the processing options could have the effect of tripling production in the early years of the mine, with obvious economic implications for the operation.

In Q3 of 2005, the Company conducted a metallurgical flotation study utilizing oxide, supergene and sulphide material. Metallurgical work is continuing but initial tests have showed that the recoveries of copper from flotation of near-surface mineralization was found to be similar or better than the recoveries achieved through the heap leaching of the ore. Since a concentrator will ultimately be required for processing of underlying sulphides, the Company has accelerated the metallurgical work and concentrator design engineering as part of an integrated development plan for the deposit. Initial cost estimates are expected to be competed in December of this year.

The Environmental Impact Assessment ("EIA") is complete, and was submitted to the Botswana government in early November 2005. The scope of the original study has been modified to include the impact of an underground operation with a flotation concentrator and associated tailings facility. The original EIA studies completed in 2002 encompassed only an open pit mine. These historical studies showed few obstacles to development of the deposit. The Company is confident that approval of the EIA will be secured in Q4 of 2005.

In conjunction with the EIA, a Hydrogeological/Water Resources Study has been completed. As a result of this study, an aquifer was identified to the north of the deposit that appears to be able to provide sufficient water for the needs of the Dukwe Project. The Company expects to begin drilling of these water boreholes in November and have flow tests completed early in 2006. Obtaining a permit for Abstraction Rights to this aquifer is expected to be secured by the end of Q1, 2006.

Dukwe Sulphide

In Q3 of 2005, the Company started a metallurgical testing program designed to test the milling and flotation characteristics of the sulphides beneath the extent of the open pit. The first phase of this program involved the collection of approximately 3 tonnes of material from eight large diameter diamond drill holes that were positioned to drill down the length of the ore zone. This material was delivered to an independent test facility in Johannesburg in August 2005. The results of these tests were satisfactory, and a concentrator can be used to quickly recover the copper bearing sulphide minerals.

In July 2005, the Company embarked on an aggressive drilling program designed to establish estimated resources for the deeper sulphides in the Measured and Indicated categories in accordance with the requirements of Canadian National Instrument 43-101. Six diamond drills are currently carrying out a 20,000 metre program, which is expected to be complete January 2006. A final resource estimate of the deeper sulphides will likely be delivered early in fiscal 2006.

In conjunction with the metallurgical and delineation studies, the Company directed engineering consultants to begin detailed engineering studies of a floatation concentrator and associated tailings facility. This work is underway and the delivery of capital and operating cost estimates is expected in December of this year. The Company is confident that a decision regarding production from the underground sulphides could be made as early as Q1 of 2006 once metallurgical, engineering, capital and operating costs and resource/reserve characteristics are known.

Exploration at the Dukwe Project

The Dukwe mineralization is known to extend at least two kilometres to the north of the current resources, and indications of similar copper mineralization are known to exist over a trend extending for 20 kilometres to the south. Very little exploration has ever been directed at these areas, and the Company intends to systematically explore these trends. A ground based geophysical induced polarization survey commenced in October 2005. This survey should help in the delineation of further drill targets within the trend of the mineralization. Should any areas be found, drilling could commence shortly after the existing drill program at the Dukwe deposit is completed.

4.1.2 Dukwe Project – Expenditures

	Three months ended 30 September 2005 £	Nine months ended 30 September 2005 £
Beginning Balance	**2,999,550**	**2,233,628**
Project Management	94,317	97,608
Mineral Resource Estimate	37,151	72,252
Drilling and Assaying	1,081,796	1,400,021
Detailed Engineering	372,097	716,940
Outside Consultants	51,018	63,223
Vehicles and Travel	5,886	9,709
Salaries, General and Administration	34,967	83,400
Ending balance	**4,676,781**	**4,676,781**

4.2 Matsitama Project

The Matsitama Project encompasses a 4,000 square kilometre sedimentary fold belt that provides the Company with exploration potential in conjunction with known mineralization. The Company has recently started drilling at the Thakadu and Makala copper prospects with one diamond drill. Initial drill holes will test the stratigraphy and mineralization of these sedimentary-hosted copper deposits. Disseminated chalcopyrite-covellite mineralization is known to exist over substantial widths, although drilling was conducted to shallow depths of only 140 metres below surface. The deposits are open and appear to lie along strike from each other and the intervening 2 kilometres between the deposits appears to show similar stratigraphy. Exploration between the deposits has been sporadic in the past, and the potential to join the two deposits has positive implications for tonnage and contained copper. These deposits show a similarity to those observed in the Copperbelt of Zambia, although they have a higher metamorphic grade.

Two drillholes were completed at each of the Thakadu and Makala deposits in Q3 of 2005. Samples of this material will be delivered to the assay laboratory in Johannesburg with results expected to be delivered shortly thereafter. The Company's goal over the next two years is to conduct an economic evaluation of the Thakadu/Makala copper deposits along with a systematic exploration program of the large holdings covering the balance of the Matsitama belt.

5.0 Summary of Quarterly Results

African Copper was incorporated on 11 February 2004. The Company's reporting currency is Sterling. The Company's subsidiary measurement currencies include: Mortbury (Sterling), Messina (Botswana Pula) and Matsitama (Botswana Pula).The following table sets out selected financial data on the Company for the most recently completed seven quarters, which data has been prepared in accordance with applicable United Kingdom Accounting Standards:

	Q3 30 Sept. 2005	Q2 30 June 2005	Q1 31 March 2005	Q4 31 Dec. 2004	Q3 30 Sept. 2004	Q2 30 June 2004	11 Feb to 31 March 2004
Interest revenues	£154,409	£136,649	£127,493	£70,999	£3,592	£8,894	-
Net loss *	£137,123	£227,913	£174,504	£194,250	£108,864	£17,225	-
Basic loss per ordinary share	0.26p	0.44p	0.35p	0.50p	0.41p	0.17p	-
Diluted loss per ordinary share	0.26p	0.44p	0.35p	0.50p	0.41p	0.17p	-

** See Note 11 in the unaudited interim report for the nine months ended 30 September 2005 for a reconciliation of the interim report to Canadian GAAP*

6.0 Liquidity

The Company had a net working capital balance of £11,175,704 as at 30 September 2005 compared to £13,308,530 at 31 December 2004.

The Company's existing cash resources are expected to be sufficient to fund the Company's planned activities until at least the end of fiscal 2006. Pending successful completion of the feasibility studies in respect of the Dukwe oxide and sulphide zones, the Company intends to be in a position to seek project or equity financing to commence construction. Since its inception, the Company has relied on the capital markets (in particular the equity markets) to fund its exploration and other activities. If the Company's existing cash resources are insufficient to fund all the Company's planned activities or the Company is unable to obtain project financing before its resources are exhausted, the Company will have to rely upon equity markets or other sources of capital (from potential joint venture partners or other arrangements), the availability of which cannot be assured, in order to continue funding the development of the Dukwe and Matsitama Projects. Capital markets are subject to significant volatilities and uncertainties. There can be no assurance that African Copper's undeveloped projects

6.0 Liquidity (continued)

can be totally developed, in whole or in part, since factors beyond the Company's control may adversely affect its access to funding or its ability to recruit third party participants.

During the nine months ended 30 September 2005, a total of £1,021,192 was generated from the exercise of 2,012,967 warrants to purchase ordinary shares of the Company at 50p and 28,015 warrants to purchase ordinary shares of the Company at 52.5p. At 7 November 2005 outstanding warrants represented a total of 2,474,030 ordinary shares issueable for maximum aggregate proceeds of £1,298,866 if exercised prior to 12 November 2006 or £1,731,821 if exercised between 13 November 2006 and 12 November 2007.

At 7 November 2005 outstanding options represented a total of 5,509,872 ordinary shares issueable for maximum aggregate proceeds of £3,017,493 if exercised.

The Company does not currently have contractual obligations with regards to any purchase obligations or financings. The Company has entered into agreements for serviced office accommodation in the UK and Canada as shown below under Operating Obligations:

Contractual Obligations	Total £	2005 £	2006 £	2007 £	2008 £
Long Term Debt	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
Operating Obligations	168,000	96,000	72,000	-	-
Purchase Obligation	-	-	-	-	-
Other Long Term Obligation	-	-	-	-	-
Total Contractual Obligations	168,000	96,000	72,000	-	-

The Company's wholly-owned subsidiaries, Messina and Matsitama, are obliged to incur certain minimum expenditures in respect of their prospecting and retention licences. Below is a summary of this expenditure commitment as set out in the original licences:

Licence Number	Duration	2005 £	2006 £	2007 £	2008 £
Matsitama					
14/2004	April 2004-March 2007	57,135	57,135	-	-
15/2004	April 2004-March 2007	57,135	57,135	-	-
16/2004	April 2004-March 2007	57,135	57,135	-	-
17/2004	April 2004-March 2007	57,135	57,135	-	-
01/2005	Jan. 2005-Dec. 2007	7,559	25,197	25,197	
Dukwe					
2004/IR	Jan. 2005-Dec. 2006	18,142	18,142	-	-
33/2005	July 2005-September 2008	-	61,324	61,324	61,324

7.0 Capital Resources

Current demands on the Company's capital resources stem from management's pursuit to move the Dukwe Project towards commercial production and conduct a systematic exploration program on the Matsitama Project. The Company currently has a projected capital expenditure budget of approximately £6.6 million for the Dukwe Project and the Matsitama Project. These planned expenditures will be funded out of existing capital reserves. If construction of a mine at Dukwe is to commence, additional capital resources will have to be put in place in early fiscal 2006. The source of this additional funding is anticipated to be project and equity financing.

During the three and nine months ended 30 September 2005 the Company capitalized £1,685,648 and £2,451,570,respectively, on its exploration properties related to the development of the Dukwe Project.

8.0 Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

9.0 Transactions with Related Parties

The Company was charged £21,433 (2004 - £Nil) and £77,936 (2004 - £Nil) for the three and nine months ended 30 September 2005 by the Dragon Group, a group controlled by A. J. Williams, a director of the Company for the provision of fully serviced office accommodation in the UK and reimbursed expenses. Accounts payable at 30 September 2005 were £6,976 (2004 - £Nil).

The Company was charged £9,630 (2004 - £Nil) and £30,604 (2004 - £Nil) for the three and nine months ended 30 September 2005 by the Summit Resource Management Limited, a company controlled by D. Jones, a director and Chief Executive Officer of the Company, for the provision of fully serviced office accommodation in Canada and reimbursed expenses. Accounts payable at 30 September 2005 were £1,714 (2004 - £Nil).

These related party transactions were in the normal course of operations and were measured at the exchange amounts.

10.0 Risks

The Company will be subject to known and unknown risks, uncertainties and other conditions that may have a material impact on the financial condition and results of operations of African Copper. Such risks, uncertainties and other factors include, but are not limited to, the following:

- (i) Risks inherent in the natural resource exploration and development business generally;
- (ii) The lack of cashflow and the Company's dependence on new capital;
- (iii) The competition in the mineral exploration industry with respect to, among other things, the acquisition of additional resource properties and the retention of personnel;
- (iv) The risks associated with governmental regulation and environmental liability;
- (v) The price of copper as the Company's revenues are expected to be in large part derived from the extraction and sale of copper. Prices of copper have fluctuated widely in recent years. The price of copper directly affects the viability of the Company's projects;
- (vi) Currency risk as copper is sold throughout the world, principally in U.S. dollars, but the Company's costs in relation to the development of the Dukwe Project will be incurred principally in Botswana Pula and South African Rand;
- (vii) Reliance on key personnel and subcontractors in Botswana;
- (viii) Risks associated with conducting exploration and development in Botswana. While the directors believe the Government of Botswana supports the development of natural resources by foreign operators there in no assurance that future political and economic conditions in Botswana will not change; and
- (ix) The Company's limited operating history.

11.0 Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and payables and accruals. It is management's opinion that the Company is not exposed to significant interest or currency risks arising from its financial instruments and that their fair values approximated their carrying values unless otherwise noted.

12.0 Outstanding Share Data

Outstanding Ordinary Shares	Number
Balance 31 December 2004	49,992,173
Ordinary shares issued on the exercise of warrants	2,040,982
Balance 30 September 2005 and 7 November 2005	52,033,155

Warrants	Number	Exercise Price	Expiry Date
Warrants*	2,502,045	52.5p	12 November 2007
Warrants	2,836,182	50.0p	31 March 2005
Balance 31 December 2004	5,338,227		
Exercise of Warrants	(2,012,967)	50.0p	31 March 2005
Expiry of Warrants	(823,215)	50.0p	31 March 2005
Exercise of Warrants	(28,015)	52.5p	
Balance 30 September 2005 and 7 November 2005	2,474,030		

**exercise price is 52.5p for the first two years of the exercise period and 70p for the third year of the exercise period*

Options	Number	Weighted Average Exercise Price
Mortbury share purchase plan *	1,250,000	$Can 0.25
Mortbury share plan *	450,000	35.0p
Company share purchase plan	1,290,000	60.1p
Compensation option**	499,872	83.6p
Balance 31 December 2004	3,489,872	42.5p
Options granted	2,020,000	76.0p
Balance 30 September 2005 and 7 November 2005	5,509,872	52.6p

**Under the Mortbury share purchase plan, directors, employees and consultants of Mortbury were granted options to acquire ordinary shares in Mortbury. As a result of the acquisition of Mortbury, the Company agreed to satisfy these options by issuing shares in the Company on the same basis as shares were issued to Mortbury shareholders. No further options will be granted under the Mortbury share scheme. There are an aggregate of 5,200,514 ordinary shares reserved for issuance under the Company share purchase plan and 1,700,000 ordinary shares reserved for issuance under the Mortbury share purchase plan.*

***Compensation Option issued to Numis Securities Limited ("Numis") in connection with the Company's initial public offering on 12 November 2004. The Compensation Option entitles Numis to subscribe for 499,872 ordinary shares at 83.6 p each until 12 November 2006 and 91.2 p each for one year thereafter.*