



**ANNUAL INFORMATION FORM**

**AS AT 31 MARCH 2007**

**of**

**AFRICAN COPPER PLC**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

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## DEFINED TERMS

- “**AIM**” means the Alternative Investment Market of the London Stock Exchange.
- “**Anglo**” means Anglo American Prospecting Services (Proprietary) Limited.
- “**Board**” means the Board of Directors of the Company.
- “**BCL**” means Bamangwato Concessions Limited.
- “**BSE**” means the Botswana Stock Exchange.
- “**CCIC**” means Caracle Creek International Consulting.
- “**CIM**” means the Canadian Institute of Mining, Metallurgy and Petroleum.
- “**Companies Act**” means the United Kingdom *Companies Act, 1985*, as amended.
- “**Company**” means African Copper PLC.
- “**Company Option Plan**” means the share option plan of the Company.
- “**Debt Facility**” means the proposed US\$25 million (working capital) revolving credit facility, to be arranged by SBPLC for the benefit of Messina and guaranteed by the Company.
- “**Dukwe Project**” means the copper deposit in Botswana in which the Company holds an indirect 100% interest through Messina. See “*Project Details*”.
- “**Falconbridge**” means Falconbridge Limited.
- “**Group**” means the Company and its subsidiaries. See “*Corporate Structure — Intercorporate Relationships*”.
- “**Howe**” means A.C.A. Howe International Limited.
- “**Matsitama**” means Matsitama Minerals (Proprietary) Limited, a corporation incorporated under the laws of Botswana, a wholly-owned subsidiary of Mortbury.
- “**Matsitama Licences**” means the five prospecting licences held by Matsitama which cover an area adjacent to, and to the south of, the Dukwe Project.
- “**Matsitama Project**” means the copper exploration project in Botswana in which the Company holds an indirect 100% interest through Matsitama. See “*Project Details*”.
- “**Merger**” means the 26 May 2004 merger of Mortbury, AFC Minerals Limited and ACL. See “*Corporate Structure — Intercorporate Relationships*”.
- “**Messina**” means Messina Copper (Botswana) (Proprietary) Limited, a corporation incorporated under the laws of Botswana, a wholly-owned subsidiary of Mortbury.
- “**Mining Licence**” means the 25-year licence in respect of the Dukwe Project granted to Messina on 18 December 2006.
- “**Mortbury**” means Mortbury Limited, a British Virgin Islands corporation, a predecessor and wholly-owned subsidiary of the Company.
- “**NI 43-101**” means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects*, adopted by the Canadian Securities Administrators.
- “**Ordinary Share**” means an ordinary share in the capital of the Company.
- “**p**” means pence.

“**Preference Shares**” means the preference shares in the capital of the Company of £1 each.

“**Process Plant**” means the proposed 1 million tonne per year flotation concentrator and related facilities designed by Read, Swatman and Voigt (Pty) Limited and SENET CC.

“**Projects**” means collectively, the Dukwe Project and the Matsitama Project.

“**RSG**” means RSG Global Pty Ltd.

“**SBPLC**” means the Standard Bank Plc.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval maintained by CDS Inc. on behalf of the Canadian Securities Administrators.

“**Technical Report**” means the technical report on the Dukwe Project dated 1 December 2006 and entitled “Dukwe Copper Project - Database Review, Geological Modelling and Grade Estimation of the Dukwe Copper Project” prepared by RSG. See “*Project Details — Technical Report*”.

“**TSX**” means the Toronto Stock Exchange.

*For an explanation of certain technical terms used in this annual information form, please see “Glossary of Technical Terms” attached as Appendix “G” beginning on page G-1 of this annual information form.*

## CURRENCY AND EXCHANGE RATES

All dollar amounts in this annual information form are in Canadian Dollars, except where otherwise specifically stated. All references in this annual information form to “**C\$**” or “**Canadian Dollars**” are references to the Canadian Dollar, references to “**£**” are references to the British Pound Sterling, references to “**US\$**” or “**US Dollars**” are references to the United States Dollar and references to “**BWP**” or “**Pula**” are references to the Botswana Pula.

The following table sets forth (i) the rates of exchange for one British Pound Sterling and one US Dollar, each expressed in Canadian Dollars in effect at the end of each of the periods noted and (ii) the average rates of exchange for one British Pound Sterling and one US Dollar, each expressed in Canadian Dollars for such periods, based on the Bank of Canada noon rates of exchange for the rates at the end of each of the periods, and the Bank of Canada average rates for such periods.

<u>Year ended December 31</u>	<u>British Pound Sterling</u>		<u>US Dollar</u>	
	<u>End of Period</u>	<u>Average</u>	<u>End of Period</u>	<u>Average</u>
	<u>(C\$)</u>	<u>(C\$)</u>	<u>(C\$)</u>	<u>(C\$)</u>
2006.....	2.2824	2.0882	1.1653	1.1342
2005.....	2.0036	2.2071	1.1659	1.2116
2004.....	2.3062	2.3842	1.2036	1.3015

On 30 March 2007, the Bank of Canada noon rate of exchange was C\$2.2697 for one British Pound Sterling and C\$1.1529 for one US Dollar.

The following table sets forth (i) the rates of exchange for one British Pound Sterling, expressed in US Dollars in effect at the end of each of the periods noted and (ii) the average rates of exchange for one British Pound Sterling expressed in US Dollars for such periods, based on the Federal Reserve Bank of New York noon buying rates of exchange at the end of each of the periods, and the average of the noon buying rates posted by the Federal Reserve Bank of New York for such periods.

**Year ended December 31**

	<b><u>British Pound Sterling</u></b>	
	<b><u>End of Period</u></b>	<b><u>Average</u></b>
	<b><u>(US Dollar)</u></b>	<b><u>(US Dollar)</u></b>
2006	1.9586	1.8507
2005	1.7188	1.8204
2004	1.9160	1.8330

On 30 March 2007, the noon buying rate of exchange posted by the Federal Reserve Bank of New York was US\$1.9685 for one British Pound Sterling.

The following table sets forth (a) the rates of exchange for one Botswana Pula, expressed in Canadian Dollars in effect at the end of each of the periods noted and (b) the average rates of exchange for such periods, based on Bloomberg L.P.'s rates of exchange for the rates at the end of each of the periods, and Bloomberg L.P.'s average rates for such periods.

	<b><u>Botswana Pula</u></b>	
<b><u>Year ended December 31</u></b>	<b><u>End of Period</u></b>	<b><u>Average</u></b>
	<b><u>(C\$)</u></b>	<b><u>(C\$)</u></b>
2006 .....	0.1936	0.1946
2005 .....	0.2110	0.2365
2004 .....	0.2822	0.2773

On 30 March 2007, the noon rate of exchange as reported by the Bloomberg L.P. for conversion of Pula into Canadian Dollars was BWP1 = C\$0.1854.

### **FORWARD LOOKING STATEMENTS**

This annual information form contains "forward looking statements". Forward looking statements include, but are not limited to, statements with respect to the future price of copper, exploration and mine development plans, the estimation of mineral resources, timing of the development of the Projects, exploration results, budgets, capital and operating cost estimates and forecasts, results of mining operations, mining extraction and recovery rates, the conversion of mineral resources to mineral reserves, estimations of mine life, sales of copper, negotiation of copper concentrate offtake and sales contracts, success of exploration activities, permitting time lines, requirements for additional capital, strategies of the Company, the impact of exchange rates, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending and future regulatory applications and other statements which are not historical facts. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" and include the negative variation of such phrases. Although the Company believes that its expectations reflected in these forward looking statements are reasonable, such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Projects, or any of them, to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks related to failure to convert estimated mineral resources to reserves; conclusions of economic evaluations; changes in project parameters as plans continue to be

refined; future prices of copper; unexpected increases in capital or operating costs; possible variations in mineral resources, grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental consents, permits, licences and registrations or financing or in the completion of development or construction activities, political risks arising from operating in Africa, uncertainties relating to the availability and costs and availability of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and uninsured risks, as well as those factors discussed under “*Risk Factors*”. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date hereof and the Company takes no responsibility to update them or to revise them to reflect new events or circumstances except as required by law.

### CONVERSION FACTORS

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Metres (“ <b>m</b> ”) .....	Feet.....	3.281
Kilometres (“ <b>km</b> ”) .....	Miles.....	0.6214
Grams .....	Ounces (Troy).....	0.03215
Grams/Tonne (“ <b>g/t</b> ”) .....	Ounces (Troy)/Short Ton .....	0.02917
Tonnes (metric) .....	Pounds.....	2,204
Tonnes (metric) .....	Short Tons.....	1.1023

## CORPORATE STRUCTURE

### Name, Address and Incorporation

African Copper PLC was incorporated and registered in England and Wales on 11 February 2004 under the Companies Act as a public limited company under the name “Afrinewco PLC”. On 1 March 2004, the Company changed its name to “African Copper PLC”. The Company’s registered and head office is located at 100 Pall Mall, St. James’s, London, United Kingdom, SW1Y 5HP. The Ordinary Shares trade on AIM and the TSX under the symbol “ACU” and on the BSE under the symbol “African Copper.”

On incorporation, the authorized capital of the Company consisted of 100,000,000 Ordinary Shares of 5p each. By a resolution passed on 4 May 2004: (i) each of the 100,000,000 issued and unissued Ordinary Shares of 5p each was subdivided into 5 Ordinary Shares of 1p each; and (ii) immediately following the subdivision of the Ordinary Shares, 5,000,000 of the authorized but unissued Ordinary Shares of 1p each were consolidated into 50,000 Ordinary Shares of £1 each, and each such Ordinary Share was re-designated as a preference share of £1 each. As at 31 March 2007, the Company has an authorized share capital of £5,000,000 divided into 495,000,000 Ordinary Shares of 1p each and 50,000 Preference Shares of £1 each, of which 131,207,185 Ordinary Shares and no Preference Shares are issued and outstanding.

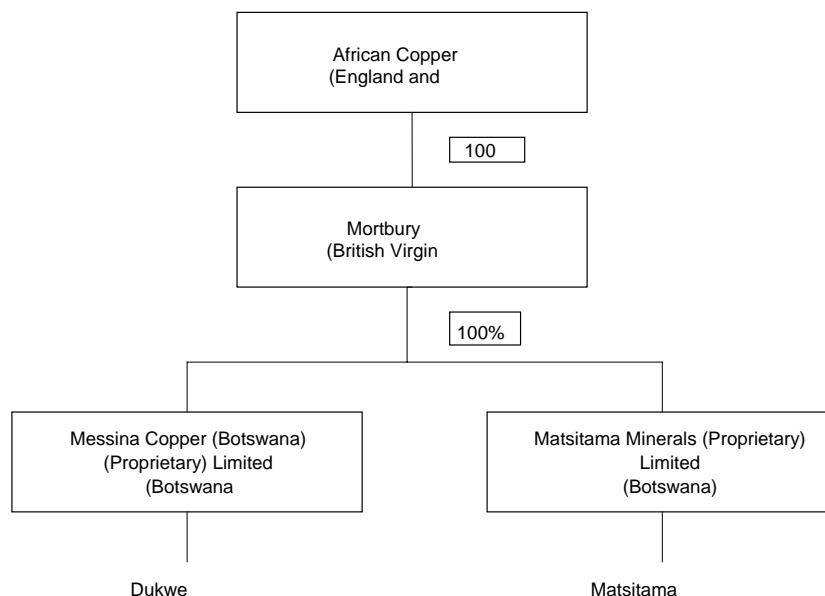
### Intercorporate Relationships

Following the Merger, the Company became the holding company for Mortbury and its subsidiaries. The Merger was completed on 26 May 2004, whereupon the assets, liabilities, rights and obligations of each of Mortbury, AFC Minerals Limited and ACL were assumed by the surviving entity, Mortbury, which subsequently became a wholly-owned subsidiary of the Company. Mortbury was established in 1995 for the purposes of acquiring Messina which held a prospecting licence relating to the Dukwe Project.

Messina holds the Dukwe Project, which covers an unsurveyed area of approximately 319 km<sup>2</sup>, comprised of the Mining Licence, a retention licence which surrounds the Mining Licence which is under application for renewal, and a larger prospecting licence. See “*Project Details - Dukwe Project*”.

Matsitama holds the Matsitama Project, which is comprised of the Matsitama Licences. See “*Project Details - Matsitama Project - Licences*”.

The following diagram sets out all of the Company’s subsidiaries as at 31 March 2007, their respective jurisdiction of incorporation, the Company’s direct and indirect voting interest in each and the respective Projects held by each subsidiary.



## GENERAL DEVELOPMENT OF THE BUSINESS

The Company was incorporated and registered on 11 February 2004. It became the holding company for Mortbury and its subsidiaries following the Merger, in May 2004, which holds the assets related to the Projects.

In November 2004 the Company completed its initial public offering of 19,736,843 Ordinary Shares raising net proceeds of approximately £13.4 million immediately following which the Ordinary Shares were admitted to trading on AIM. The Ordinary Shares were listed for trading on the BSE on 15 February 2005 and on the TSX on 19 July 2005.

During fiscal 2006 the Company raised aggregate net proceeds of approximately £53,641,555 pursuant to its public offering of 75,000,000 Ordinary Shares, the exercise of 2,474,030 warrants to purchase Ordinary Shares and the exercise of 1,000,000 share options to purchase Ordinary Shares.

The net proceeds raised from such transactions have been used by the Company to explore and develop the Projects.

The Company intends to develop the Dukwe deposit with the objective of commencing commercial production in the first quarter of 2008. The Process Plant and open-pit mine are currently under construction. In addition, the Company maintains active exploration programmes along strike from the Dukwe mineralization and in the area covered by the Matsitama Licences.

### Dukwe Project

During fiscal years 2005 and 2006, a major resource definition drilling programme was completed on the Dukwe deposit. During such period, additional metallurgical testwork studies, including bench scale flotation batch tests and locked cycle tests, were commenced. Such studies showed that the near surface supergene and transition material could be treated through a flotation concentrator. Since a flotation concentrator would also be needed for the underground sulphides, in 2005 the Board

elected to accelerate the detailed engineering of a Process Plant and concentrator, in parallel with the sulphide drilling programme, which was completed during fiscal 2006.

In early 2006, the Company collected over 4 tonnes of material to complete locked cycle tests and pilot plant studies for the final concentrator design. Recoveries through the mill and concentrator were found to be better than 90% for the primary sulphide material and 83% to 87% for the supergene material. Ore types are mixed and complex in the upper portions of the open pit in that they contain varying amounts of supergene and oxidized material. The Company intends to mine and stockpile this material prior to commercial production and to judiciously blend at the crusher to maximize overall recoveries through the concentrator.

A twin hole drill programme was completed in July 2006 in order to test the historic grades encountered in the oxide and supergene zones of the deposit. The results of this twin hole programme showed that at least some of the historic drilling likely underestimated the grade of the near-surface mineralization at Dukwe deposit. It was determined that the core recovered from the twin hole programme compared favourably with the historic drilling in terms of geology and width of mineralization. As a result, most of the historic database was considered to be valid and was integrated with the 38,000 metre sulphide drill programme and was utilized as part of a comprehensive resource estimate that was commissioned for the entire Dukwe resource to a depth of 550 m below surface.

The Company believes that the material located beneath the proposed open pit should be accessible by underground mining and may therefore be utilized to prolong mining operations at the Dukwe Project and to improve project economics by the addition of reserves, assuming the grade, tonnage and continuity is confirmed by underground exploration. Results of the Company's in-fill drill programme indicate that underground access is required to move this material into a reserve category. The Company intends to develop this underground access in conjunction with open pit mining activities. The Company is currently examining the costs of the underground programme. Engineering and costing for the underground portion of the deposit is partially complete and the Company expects to be in position to determine the timing of the underground construction by the end of 2007.

In the third quarter of fiscal 2006, further flotation optimization tests confirmed that a marketable concentrate could be produced from the oxidized portions of the deposit. The distribution of copper from the resource estimates, coupled with the optimization of the flotation circuit, allowed the Company to start examining and optimizing an open pit design for initial mining. Optimization studies commenced during the fourth quarter of fiscal 2006.

In the fall of 2006, the Company invited tenders for contract mining. Three bids conformed to the tender, and one company was selected for further discussions.

The Company finalized the flow sheet and Process Plant design for the Dukwe Project during the third quarter of fiscal 2006 and the Board subsequently approved the commencement of construction of the Process Plant. The Company commenced construction of the Process Plant in October 2006. Work in the last quarter of fiscal 2006 included surface ground preparation, the completion of construction of an all-weather access road linking the site to the paved Francistown-Nata highway and the excavation and terracing of the proposed processing plant site. On 20 November 2006, the Company signed an EPCM contract, for project supervision, infrastructure and civil work respecting the Dukwe Project, with Read, Swatman and Voight (Pty) Ltd of Johannesburg. In order to utilize specific expertise for the construction of the Process Plant, an EPCM contract for construction of the Process Plant was signed with SENET CC, of Johannesburg.

The EPCM contracts are not fixed-price contracts but include penalties or bonuses for completion of the Process Plant based on scheduled completion time, cost and design criteria. Management's estimated cost for completion of the Process Plant and associated infrastructure (including fees and contingency) is approximately US\$58.9 million (based upon the average noon rate posted by the Federal Reserve Bank of New York on 30 March 2007 of 7.29 South African Rand for every one US dollar).

The pre-production capitalized mining cost will be finalized when the pit optimization studies are completed.

Additional operating costs will include treatment and refining charges in addition to the costs to transport the copper concentrate to a smelter. The Company expects that these costs will be estimated when an offtake agreement is signed. Offtake agreements are generally benchmarked to a global standard and as such the costs are subject to annual changes depending on global supply/demand balances for copper concentrate and refined copper.

In December 2006, the Government of Botswana granted Messina the Mining Licence for the Dukwe Project. This approval followed previous approvals by the Government of the EIA and the EMP, the granting of water abstraction rights and the issuance of a conditional archaeological discharge for the site. The issuance of the Mining Licence has allowed the Company to commence the mine construction programme at the Dukwe Project.

Surface rights over the Mining Licence area were granted in February 2007. The Dukwe Project is fully permitted although compliance with the conditional permit issued by the National Museum is required before the destruction of certain archeological sites within the open pit boundaries can be completed. This archeological work is underway and is expected to be completed prior to the commencement of mining activities in the third quarter of fiscal 2007.

Equipment acquisition accelerated in late 2006. The Company has purchased primary, secondary and tertiary crushers that are currently undergoing refit in Johannesburg. An order for the ball mill was placed in June 2006 with an expected 14 month delivery and commissioning. The Company has accelerated the purchase of plant and equipment in an effort to minimize cost overruns.

Botswana Power Corporation continues to supervise the construction of a 19 kilometre power line to link the site to the national grid. Tenders were adjudicated and awarded in the fourth quarter of fiscal 2006, and construction of this line has commenced at the nearest substation. Power is expected to be available by the end of the third quarter of fiscal 2007. In the meantime, construction power will be provided by a generator, which will be used as a standby power supply during production.

In October 2006 the Company announced the results of comprehensive mineral resource estimates were completed by independent consultants RSG and CCIC. For further information on the RSG resource estimates, please refer to the Technical Report, a copy of which can be obtained from SEDAR at [www.sedar.com](http://www.sedar.com). See also "*Project Details - Dukwe Project.*"

During the fourth quarter of fiscal 2006 the Company completed compilation of historical data and commenced TITAN geophysical surveys over the 30 kilometre strike extent of the structure that hosts copper mineralization at the Dukwe deposit. Sulphide mineralization at Dukwe is known to continue to the north and south of the deposit at depth. Delineation of these resources has been integrated into the development plan for the entire deposit and the results of this survey will form the base for follow-up exploration and delineation drilling during 2007. A number of gold and copper targets have been

generated to the south of the Dukwe deposit. Further geochemical surveys were completed in first quarter of 2007 and will be followed by exploration drill programmes in second quarter of 2007.

The Company completed a substantial infill drilling programme within the projected open pit boundaries at the Dukwe Project in December 2006. Pit optimization studies are currently underway, and the Company expects to release an updated resource estimate in the second quarter of fiscal 2007. This optimization study will be used to complete a consolidated open-pit mine plan which will encompass the initial 4 to 7 years of operations at the Dukwe Project.

### **Matsitama Project**

Work during 2005 concentrated on the compilation and interpretation of a large geochemical, geophysical and drill database that had been assembled over the previous 40 years of exploration on the Matsitama Belt of Botswana.

In 2006, the Company established an exploration base camp and contracted RSG to undertake a 10,000 metre delineation drill programme at the Thakadu deposits. The drilling was confined to depths that could be accessed by open-pit methods although the deposits are known to continue to depth. This drilling programme was completed in 2006, and final assays were received by RSG in the first quarter of fiscal 2007. The geological mapping of drill core from Thakadu has led to new geological interpretations of the area. Several unexplored geochemical anomalies have now become higher priority exploration targets.

## **DESCRIPTION OF THE BUSINESS**

The Company is the holding company of a mineral exploration and development group of companies that are exploring and developing copper deposits in the Republic of Botswana. Currently, the Company has indirect 100% interests in the Projects, located in Botswana.

The Company's strategy is to grow as a base metal (copper) mining company and to provide above average returns to shareholders. The Company's most advanced project is the Dukwe Project. Past work has included extensive drilling and sampling and subsequent engineering and metallurgical test work. The Matsitama Project lies adjacent to and south east of the Dukwe Project. The Matsitama Project offers 10 drill-ready and highly prospective targets, including the Thakadu and Makala deposits. The Company does not consider the Matsitama Project to be material to the Company.

### **Dukwe Project**

The key drivers that will impact the success of the Dukwe Project include the completion of the development plan on time and on budget, the expansion of the resource base, ready access to capital (if required), the building of a strong management team, managing the impact of exchange rates and the Company's ability to take advantage of the strong industry fundamentals foreseen by management for the next few years.

The Company is finalizing contracts with a recognized mining contractor in connection with mining at the Dukwe Project. The Company expects to execute a contract mining agreement to allow for a fleet to mobilize in the second half of fiscal 2007. Upon the signing of this agreement, orders will be placed for mining trucks, shovels and ancillary equipment. Delivery is expected within 6 months of placing orders, and the Company expects to commence mining and stockpiling activities at the Dukwe Project before the end of fiscal 2007.

The Company has a large land position in a favourable geological setting, which is relatively underexplored at depth and laterally.

The Company's goal in fiscal 2006 was to complete the engineering studies for a combined underground/open pit mine with a dedicated flotation concentrator for the Dukwe Project and to be in a position to commence construction of commercial facilities before the end of fiscal 2006. These goals were met, such that the Company's goal for the Dukwe Project for fiscal 2007 is to execute the construction schedule on time and on budget and maximize the production potential of the Dukwe Project. The Company's focus in 2007 will be the development of a plan for the production and expansion of the sulphide mineralization at the Dukwe Project. Comprehensive metallurgical programmes with respect to the underlying sulphide material will continue in 2007 and the Company expects to be able to release a development schedule for these underground resources later in 2007.

### **Matsitama Project**

The Matsitama Licences cover a large area of highly prospective mineral holdings. These licences are contiguous with the Dukwe deposit discussed above.

The Thakadu deposits at the Matsitama Project represent an advanced exploration project that might develop into a mining project in its own right or, alternatively, as a complementary project running either in parallel or in series with the Dukwe Project. A preliminary economic assessment of the capital costs required to bring the Thakadu deposits to production indicate that another deposit of similar size and grade is required in the immediate area in order to justify the construction of a stand-alone plant. Future planned exploration activities are expected to focus on the unexplored geophysical and geochemical anomalies within 5 km of the Thakadu deposits.

The Matsitama Project has a wealth of systematic multidisciplinary exploration data that indicates substantial areas of highly prospective terrain especially for sediment-hosted copper and zinc deposits. Compilation work done by the Company in 2006 has brought several prospects outside of the Dukwe and Thakadu-Makala deposits to the forefront as locations deserving substantial exploration efforts. These areas include the Thakadu-Makala-Dihudi-Mutsuku trend; and Nakalakwana.

Recent compilation work by the Company in the Nakalakwana area has shown a relationship between copper and gold in historic drilling work. A preliminary 1,700 metre drill programme has commenced in the first quarter of 2007 to test geological interpretations of the area. In addition, an extensive TITAN geophysical survey will be completed over the substantial potassium radiometric anomaly that occurs in this area. This survey is on-going and has generated a number of high-priority anomalies that will be drill tested in 2007.

### **Business Objectives and Strategy**

The Company's goal is to develop the Dukwe deposit as its first mine in the Matsitama Belt of Botswana. In order to achieve its stated goal, the Company focused its fiscal 2006 operational plan on completing the detailed engineering for a flotation concentrator for the Dukwe deposit while concurrently working on a feasibility study for the proposed Dukwe sulphide underground mining operation. The development strategy envisages an open pit operation being constructed first, with the underground mine commencing production in the third year of operations. In order to benefit from the current high copper prices, the Company is examining an acceleration of development plans to exploit the higher grade underground sulphide resource. The Company plans to aggressively explore existing and future high priority exploration targets throughout the Projects. If this strategy is successful, the Board believes that future cash

flow from operations coupled with available working capital should be sufficient to permit the Company to finance its business internally and to obtain debt financing when, and if, necessary and appropriate. See “*Project Financing*”.

## **Employees**

As at 31 December 2006, the Group employed 29 individuals.

During 2006, as the Company moved towards production at the Dukwe Project, it made a number of key management appointments which the Company expects will have a beneficial impact on aiding its development.

On 9 January 2007, as part of a planned succession, David Jones, the Chief Executive Officer and a co-founder of the Company, resigned from the office of Chief Executive Officer and was appointed the Non-Executive Deputy Chairman of the Company, and Joseph Hamilton, the Company’s then Chief Operating Officer, was appointed the Chief Executive Officer of the Company. Chris Fredericks succeeded Mr. Hamilton as the Chief Operating Officer of the Company. Mr. Fredericks brings a solid operating background to the management of the Company with over 27 years experience in base metal mining and exploration from varied exposure to large-scale open pit and underground mining operations on the Zambian Copperbelt and in Botswana. Mr. Fredericks was the General Manager of LionOre Mining International Ltd.’s Tati Nickel mine in Botswana until late 2005 and for the past year has been involved in business development for LionOre Mining International in Southern Africa while remaining a director of the Tati Nickel Mining Company.

## **Competitive Conditions**

The mineral exploration and mining business is intensely competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties as well as for the recruitment and retention of qualified employees. There is no assurance that the Company will compete successfully in marketing its future production, if any, from the Projects, acquiring exploration and development rights on mineral properties or retaining the personnel it requires. See “*Risk Factors - The Company may not be able to successfully compete for attractive mineral properties, personnel, licences, and other resources against its competitors*”.

## **Environmental Protection**

The Company's operations are subject to the environmental rules and regulations arising under the mineral legislation in Botswana. The Company submitted the EIA Report to the Department of Mines of Botswana in September 2006. In addition, the Company submitted an EMP based on the EIA Report which has been adopted as operating procedures by the Company. In November 2006, the EIA Report and the EMP were approved by the Department of Mines of Botswana.

The current estimated cost to rehabilitate the mine site is approximately 24,325,550 Pula, as estimated by Quoin Consulting Africa and SENET CC. By the end of the first financial year in which copper is produced and sold, a trust fund will be created to provide for rehabilitation of the mine site once the mine closes. The Company will annually make contributions to this fund over the estimated life of the mine so that these capital contributions, together with investment income earned thereon, will cover the cost to rehabilitate the mine site once mining operations cease. The Company will conduct

rehabilitation activities throughout the mine life. At the end of each financial year, the Company will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions accordingly. This annual reassessment will be undertaken in collaboration with authorized representatives of the Department of Mines of Botswana.

### **Foreign Operations**

The Company is incorporated in England and Wales and conducts all of its operations through foreign subsidiaries, and substantially all of its assets are located and held in Botswana through such entities. See “*Risk Factors -- Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions*”.

### **Specialized Skill, Knowledge and Changes to Contracts**

By virtue of the EPCM contracts with Read, Swatman and Voight (Pty) Ltd and SENET CC respecting the construction of the Dukwe Project, the Company will only need to enter into the mining contracts with a recognized mining contractor in connection with mining at the Dukwe Project and secure the services of a senior metallurgist in order to implement the Company's future planned development of the Dukwe Project. In addition, the Company intends to enter into an offtake agreement for copper concentrate with a third-party metals broker. See also "*Risk Factors - The capital and operating cost estimates for the Dukwe Project are estimates only and may not reflect the actual capital and operating costs incurred by the Company*".

## **PROJECT DETAILS**

For an explanation of certain technical terms used in this annual information form, please see “*Glossary of Technical Terms*” attached as Appendix “G” beginning on page G-1 of this annual information form.

The information that follows under the heading “*Overview of the Projects - Dukwe Project Overview*” and “*Additional Information*” has been prepared under the supervision of Mr. Joseph Hamilton, P.Geol., the Company's Chief Executive Officer and a “qualified person” as that term is defined in NI 43-101.

The information that follows under the heading “*Dukwe Project*”, other than the information under the heading “*Additional Information*”, is derived from the Technical Report. Detailed disclosure with respect to the Dukwe Project is contained in the Technical Report, which is available for review under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and is incorporated herein by reference. At the time of the preparation of the Technical Report, each of the individuals who contributed to the Technical Report was, or was supervised by, a “qualified person”, as that term is defined in NI 43-101. Messrs. Ken Lomborg, Ben Palich and Julian Verbeek were the qualified persons who authored the Technical Report.

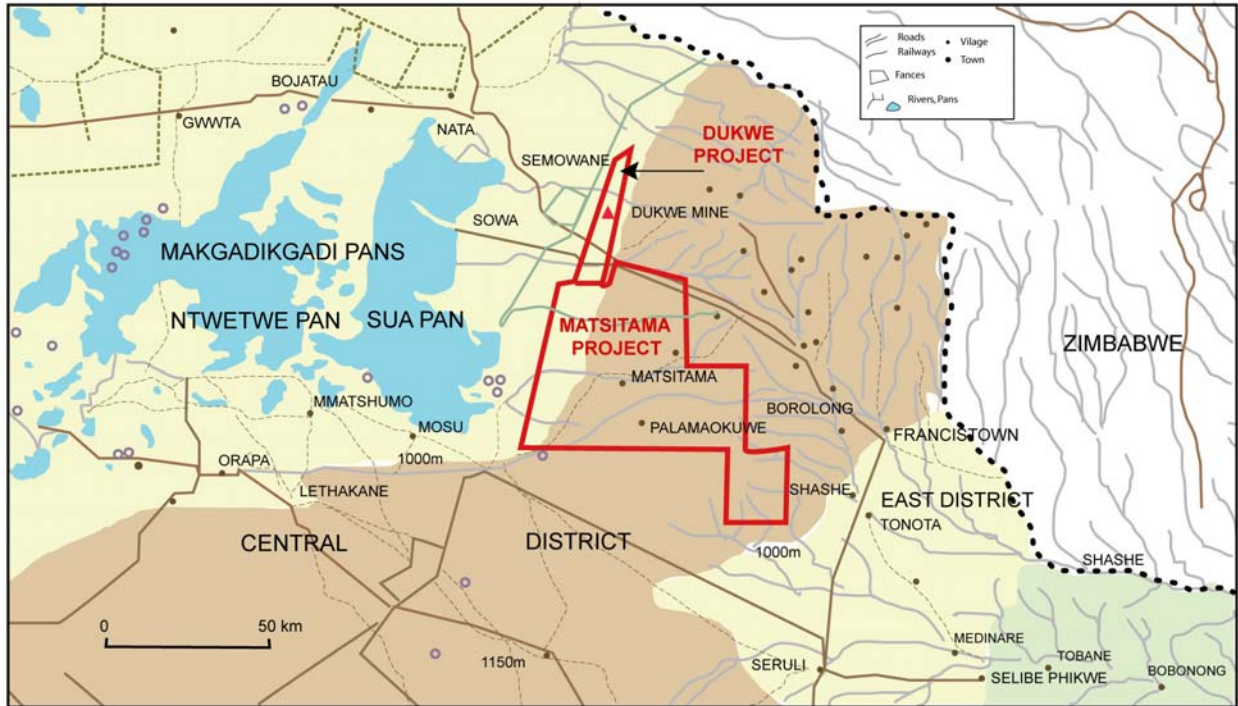
### **Overview of the Projects**

The Company holds mining, prospecting and retention licences covering a contiguous area of approximately 4,319 km<sup>2</sup> in north eastern Botswana, comprised of:

- the northern Dukwe Project (covering approximately 319 km<sup>2</sup>) which contains a near production target (the Dukwe deposit) and a number of exploration areas; and

- the southern Matsitama Project which contains a large number of prioritized exploration targets.

### Location Map



### Dukwe Project Overview

The Dukwe deposit, which is contained within the Dukwe Project, has been traced by drilling and surface sampling over a total strike length of 4,370 m, of which the central 2,000 m section is currently being considered for open-pit and selective underground mining. The deposit has been tested by drilling to a maximum depth of 650 m below surface. In 2005 and 2006 a major exploration and engineering programme was initiated that included the following:

- ♦ a resource definition drill programme comprised of metallurgical holes, twinned and scissor verification holes, and outline and infill holes (approximately 45,000 m);
- ♦ development of an integrated resource model and calculation of a resource estimate;
- ♦ metallurgical testwork, including bench scale, locked cycle and pilot plant flotation tests on the sulphide, supergene and oxidized portions of the deposit;
- ♦ Process Plant design and costing on a 1 million tonne per year (“tpa”) crushing, ball mill and flotation plant with dry stacked tailings;
- ♦ mining investigations for selective underground mining including plant and equipment, underground access options, mining methodology and geotechnical testing, design and costing;
- ♦ completion and submission of final environmental, archaeological and water resources studies and awarding of final permits;

- ◆ commencement of construction activities at Dukwe and ordering of long-lead time equipment; and
- ◆ copper concentrate sales and marketing investigations.

The capital cost for the Process Plant has been estimated at approximately US\$58.9 million (based upon the average noon rate posted by the Federal Reserve Bank of New York on 30 March 2007 of 7.29 South African Rand for every one US dollar), including engineering, procurement and construction management and contingencies. Plant construction commenced in October 2006 with surface earthwork activities and is accelerating into 2007. Initial production of concentrate is scheduled for the first quarter of fiscal 2008.

### ***Matsitama Project Overview***

The southerly Matsitama Project is a prospective exploration area containing numerous showings of copper, lead-zinc and nickel and covering the entire Matsitama Belt of Botswana. A number of strataform and stratabound sedimentary hosted copper deposits are known to occur within the belt. A large number of high amplitude geochemical anomalies also exist, but these latter targets have seen virtually no exploration.

The Company has completed an extensive compilation of the regional geochemistry and airborne geophysical databases. Ten high priority, and 35 secondary targets have been outlined on the Matsitama Project, along with an additional 125 targets.

Two of these high priority targets, the Thakadu-Makala deposits, were drilled in 2006 with a 10,000 metre delineation programme. In addition, scoping study level work was completed to estimate possible capital costs that could be associated with a stand-alone processing plant at these deposits.

The Company is awaiting release of final assays from RSG respecting this drilling campaign, after which RSG will calculate a resource estimate for the two deposits.

## **Dukwe Project**

### **Introduction**

RSG Global Consulting Pty Ltd was engaged by Messina Copper (Botswana) (Pty) Ltd (“MCB”), a wholly owned subsidiary of African Copper plc, to manage the exploration and delineation drilling of the Dukwe Copper Project in Botswana and to estimate mineral resources for the oxide, supergene and sulphide zones for the Mapanipani North, Mapanipani and Bushman sections as defined by the younger cross-cutting faults. This report details the geology of the deposit and the mineral resource estimate.

The Dukwe Copper Project is centered on coordinates of 20°31'38" South and 26°35'46" East at an elevation of 1,005m amsl. The project is located some 120km northwest of Francistown in Botswana. Access to the project area is by sealed road from Francistown (105km) and some 12.5km along a well maintained gravel road from the settlement of Dukwi. The property held under the prospecting permit is crossed by a major paved highway, a modern railway line and a 132kV electrical power line all located within 10 – 15km of the Dukwe Copper Project. Skilled labour and most services are available in Francistown, and the proximity to the mature mining industry of South Africa ensures that most required services and supplies are available.

MCB hold a Retention Licence over 36km<sup>2</sup> and a Prospecting Licence over 283km<sup>2</sup> for the Dukwe Copper Project. These licences were purchased by Mortbury from Messina Investments Limited (“**Minvest**”) under an agreement between Mortbury Limited (“**Mortbury**”) and Minvest (16 January 1996). The licences are now 100% owned by Mortbury free and clear of encumbrances such as underlying payments or royalties to previous owners. The mineral rights are 100% attributable to African Copper through its wholly owned subsidiary Mortbury, a British Virgin Island corporation, and MCB, a company registered in Botswana.

RSG Global personnel have been on site on a continuous basis from May 2005 to June 2006. Mr. Lomberg visited the site in February 2005, July 2005, September 2005, November 2005 February 2006 and May 2006 in a supervisory role.

## **History**

The Dukwe Copper Project (previous the Bushman deposit) was exploited historically in the 11th to 14th Centuries and later as a small scale mine (1908 to 1913) during the early European exploration of Southern Africa. Subsequently the Bechuanaland Geological Survey (BGS), Roan Selection Trust (RST), Bamangwato Concessions Limited (BCL) and Falconbridge Exploration (Botswana) Limited (FEB) explored the deposit intermittently from 1954 to 1981. In 1992 FEB relinquished the property to the Botswana government.

In 1993 Messina Investments Limited (Minvest) acquired the property and placed it in a wholly owned subsidiary, MCB. MCB carried out a complete geological reappraisal and completed a pre-feasibility study in January 1995. This study was based on underground mining with a 20 year mine life and processing in excess of one million tonnes per year at a head grade averaging 2.95% Cu.

In June 1995, MPH Consulting Ltd. (MPH) was retained by Mortbury to carry out a due diligence review of the project. MPH noted several technical shortcomings in the data and proposed an initial phase of delineation/evaluation drilling to generate more data for a new resource estimate. In January 1996, Mortbury acquired the property through an agreement with Minvest. Between July and December 1996, MPH managed an exploration programme on the property on behalf of Mortbury.

In 1999, Mortbury estimated the leachable copper Mineral Resource at a lower cutoff grade based on an open pit, heap-leach, SX-EW operation. In early 2000, A.C.A. Howe International prepared a base case order-of-magnitude estimate of mining costs and designed some preliminary pit outlines. In July 2000, Mortbury compiled key information on the project and began soliciting proposals from consulting companies to complete a bankable feasibility study in October 2000.

## **Project Geology**

The Dukwe Copper Project is hosted within NNE striking, steeply east dipping carbonaceous and argillaceous metasediments of the Achaean Matsitama Metasedimentary Group which are enclosed within foliated granitoids of the Mosetse Complex. The metasediments are confined within the narrow regional lineament, the Bushman Shear Zone. Hypogene sulphide mineralization occurs within sub-vertical

epithermal quartz-calcite vein breccias containing predominantly chalcopyrite + pyrite ± galena and sphalerite mineralization. The age of the mineralization is not known. Hypogene mineralization is capped by secondary oxide and supergene copper enrichment up to depths of approximately 50m and 150m below surface respectively. This in turn is overlain by Phanerozoic Karoo Supergroup siltstones, conglomerates and local tillite over the north and west areas of the deposit with depths varying from 1 to 90m. Regolith cover over the southern extent of the deposit generally consists of shallow (1 – 3m) clay rich black soils.

The metasediments hosting the deposit occur parallel to and within the northern portion of the Bushman lineament, a 200km long NNE trending regional structure which is between 200 to 400m thick, mostly due to large scale pinch and swell with amplitudes of up to 600m. The contact between the footwall sediments and the western granitoid has not been intersected in any of the historical or recent drilling and is mostly based on FEB and government mapping and geophysics.

Four periods of deformation have been interpreted within the project area. The strongest and most significant with regards to veining and mineralization is the deformation that initiated the regional scale Bushman lineament (D2). A final post mineralization deformation event produced a number of NE trending parallel faults transecting the mineralized breccia at a low angle into three main zones of roughly equal length. From north to south they are; Mapanipani North, Mapanipani and Bushman sections.

The footwall argillaceous metasedimentary rocks exhibit alteration mineralogy and textures of retrograde regional greenschist metamorphism from either a higher grade lower amphibolite facies or arguably a more localized thermal metamorphic hornfels. In the Mapanipani and Bushman sections localized but well developed talc/serpentine alteration from metasomatism occurs within dolomitic lithologies.

The principal Matsitama Metasedimentary Group lithologies enclosing the deposit are carbonaceous calcareous rocks and various argillaceous and carbonaceous (graphitic) phyllites. Veining and subsequent sulphide mineralization is almost entirely hosted within ductile carbonaceous phyllite as a series of vein breccias generally on the western side of the calcareous sequence and along its contact with the chloritic argillaceous sedimentary rocks to the west.

## **Structure**

Due to the complete paucity of outcrop exposure at the Dukwe Copper Project all structural data and subsequent interpretation is gleaned from oriented drill core. At the completion of the programme a total of 1,228 planar and 177 linear measurements were collected. From the resultant orientation data and subsequent observations four deformation events have been recognized denoted D1 to D4 and are summarized below.

- D1
  - Produced a weak compaction fabric, S1 in the pelitic rocks and dissolution, veining and banding in the carbonate lithologies with minor mm to cm scale folds of S1 with vertical to steep plunges to the SSW.

- D2
  - A major deformation event initiating the Bushman shear initiating development of tight, upright cm to 100m scale folds with a moderate NE plunge.
  - Development of a strong NNE striking axial planar foliation S2 within the metasediments and striking NNW in the hangingwall granitoids.
  - Reverse and possibly dextral reverse displacement along the shear and reverse movement on S2 in the hangingwall granitoids.
  - Failure on the hanging wall fault characterized by cataclastic and tectonic (fault) breccia development on the metasediment/granite contacts which may have accommodated km-scale displacement.
- D3
  - Fluid pressure induced failure, major hydrothermal event with associated copper ± lead and zinc mineralization and possible minor sinistral displacement on the Bushman shear. Dominated by pore fluid pressure overriding confining pressure.
- D4
  - The prominent NNE to NE striking faults which transect the Dukwe deposit and sub-divide it into three separate zones and have apparent sinistral displacements.
  - Chloritic slickenlines in late breccias on the metasediment/granite contact indicate sinistral movement.

### **Mineralization**

All economic copper mineralization within the hypogene zone at the Dukwe Copper Project occurs as chalcopyrite hosted wholly within a complex assemblage of hydrothermal quartz rich veins and vein breccias within and/or intimately associated with carbonaceous graphitic sediment. No significant copper mineralization occurs disseminated within the host rocks. This characteristic assemblage is continuous along strike and is subject to the pinch-and-swell deformation associated with the regional Bushman Shear Zone. The near surface parts of this zone have been enriched in a supergene blanket, while the parts closest to surface have been oxidized with the development of copper carbonate, silicate and oxide minerals as well as native copper.

This mostly stratabound mineralized breccia and host carbonaceous graphitic phyllite has a variable overall true width ranging from <10m to 80m. The assemblage gradually thickens and thins along strike and with depth with pinch-swell wavelengths measured in the order of 100m and is crosscut by younger faults.

Copper ± lead+zinc mineralization is hosted within complex bodies of veins and vein breccia consisting of two major components: a white to light smoky grey potassium feldspar-calcite-quartz breccia (BXQC or white breccia) wholly composed of three stages of hydrothermal veining and later recrystallization; and a dark grey to black potassium feldspar-quartz-calcite-graphite breccia (BXCBC or black breccia) but probably better described as a stockwork of quartz+calcite veins cross cutting and wholly hosted within graphitic phyllite. This unit can become progressively more brecciated with earlier fragments and matrix forming reworked breccia fragments cemented by younger quartz and calcite. The end result is a silica-carbonate breccia consisting of quartz, calcite and chert fragments forming an interlocking network of fragments of various and irregular sizes. Veins within the graphitic unit can be as much as 60% of the overall BXCBC breccia/stockwork.

### **Exploration and Drilling**

In 1953 the Bechuanaland (later Botswana) Geological Survey conducted geological mapping, geophysical surveying and several drillholes on the Dukwe Copper Project in the area surrounding the existing workings dating back to early 20th century.

This was followed by exploration by BCL between 1959 and 1963 and from 1972 to 1974. BCL carried out limited diamond drilling and substantial percussion drilling leading to the definition of an oxide resource. They reopened the underground workings, developed a short winze, and completed a property wide geochemical and prospecting programme along the 25km length of the Bushman lineament.

FEB undertook further exploration programme on the Dukwe property, between 1977 and 1982, to evaluate the deeper sulphide resources for development of a possible underground mine and concentrator. Their work also included reopening the first two levels of the original underground workings for mapping and channel sampling, extensive diamond drilling, geophysical surveys and percussion holes for exploration and water resources. In addition they evolved various structural models for the deposits within the Bushman Shear Zone.

During 2001 and 2002 Mortbury undertook limited reverse circulation (RC) and diamond drilling concentrated on the oxide and supergene environments to a depth of 150m below surface. The programme also included grid rehabilitation, limited underground rehabilitation, mapping and sampling.

A large proportion of the resource definition drilling at the Dukwe Copper Deposit has been completed on notional 60m spaced section traverses, with holes spaced 25m to 30m apart on section at an angle of -60°. Early Rotary Air Blast (RAB) holes were drilled at a closer spacing of approximately 10m to 15m.

The vast majority of holes are inclined at -60° and orientated towards grid west (282° TN) -drilling through the hangingwall granites. Oxide and supergene zone drilling has generally been completed using a percussion rig with a variety of formats including RAB, open hole and RC. Deeper holes have been pre-collared with percussion and completed with diamond core. The average depth of pre-collaring is approximately 105m. Excluding the water bore and RAB drilling, approximately 30% of the drilling complete is diamond core. Although some remnants of the FEB core is still accessible in the Geological Survey

archive in Lobatse. RSG Global considered the core to be in too poor a state to be used. The data therefore relies on the documentary record and the twinning undertaken to confirm this data.

Up to the commencement of drilling on the Dukwe Copper Project in 2005, a total of 151 percussion holes had been drilled totalling 9,645m with a further 82 diamond holes (frequently with percussion precollars) yielding 20,430m giving an aggregate of 30,074m. Exploration by MCB focussed on surface drilling with minor ground magnetic and resistivity surveys conducted for groundwater exploration. MCB commenced drilling in May 2005 and continues to the present. Work commenced with a series of geotechnical holes to refine open pit designs followed by a series of down dip holes along strike to generate metallurgical bulk samples. Thereafter a series of twin holes were drilled to validate the historic results of the various exploration campaigns followed by infill resource definition drilling on a variable 60m by 60m to 120m by 120m grid.

The bulk of the holes were drilled at  $-60^\circ$  to the west ( $282^\circ$  TN) with some holes drilled at  $-60^\circ$  to the east ( $102^\circ$  TN) in Mapanipani North to elucidate structures in areas where localised inversions in the dip occur and mineralization was observed to be dipping steeply to the west. Due to the thick cover of barren Karoo sediments in the north and barren hornfels or granite either side of the mineralised breccias extensive use was made of precollaring by percussion and tricone drilling to provide fast and cost effective penetration through zones of no economic interest. Diamond holes without precollars were drilled at intervals along strike to ensure that no mineralization had been overlooked within these hanging and footwall lithologies.

In total 4.2km of diamond drilling was undertaken to twin the historical drilling. Of the 33.9km of resource drilling done 9.8km was tricone and percussion drill precollared, representing 29% of the meterage.

The hypogene zone drilling was completed in March 2006 and the twinning of various generations of oxide/supergene holes and minor shallow in fill drilling was initiated. All delineation and twin drilling was completed in June 2006.

All diamond drilling was undertaken by drilling contractors to an industry standard. Core recoveries were estimated to average  $>95\%$  within the zones of mineralisation. The core was oriented at the commencement of every run to allow structural measurements to be made. A downhole survey was conducted every 30m down the hole. The run lengths and recoveries have been routinely recorded, all core has been consistently marked up, cut with a diamond saw, and half core sampled to industry standards.

Initial survey control was established in the area by traverse from national grid beacons by a registered local surveyor using a Leica SR530 GPS System accurate to approximately 10mm. This was then independently checked by a second contract surveyor establishing plant site civil engineering survey control and found to be acceptable. Beacons were established roughly every 300m along the Falconbridge 200E, 500E and 820E baselines and the baselines bulldozed clear to provide a framework for drillhole layout and access. All survey work conducted on the UTM Clark 1880 spheroid system with a Cape datum.

Drillhole collar positions were laid out either by a contract surveyor using a differential GPS, by hand held GPS or by compass and tape off the baselines depending on availability of the contract surveyor and density of vegetation. In all cases the “as drilled” collar positions were accurately surveyed on completion by a registered surveyor using a Leica SR530 GPS System.

A surface DTM point data set was compiled from borehole collar locations, toe and crest surveys of old pits and dumps and grid traverses of the surrounding areas being done for civil engineering planning on plant sites etc using data from two independent contract surveyors both using differential GPS systems. Any anomalous points were followed up and check surveyed. This generated some 7200 points over an area of 11.8km<sup>2</sup> and gives a surface DTM with an estimated resolution of better than 0.5m.

All survey, geotechnical, logging and sampling data once collected was entered into Acquire, a relational database, installed on site. Relative density and assay data was imported directly from Excel and text files into Micromine on site. Exports from Acquire were imported approximately once a week into Micromine allowing models to be updated and additional validation routines to be run. Any corrections were then made in the Acquire data base as well as Micromine. Only two people were responsible for making changes in Acquire and Micromine and access to the data bases beyond data entry was restricted by password. Computers in the site office were networked via a wireless network and routinely backed up across the network. In addition, back ups were routinely made onto external hard drives and backed up onto the African Copper server in Francistown and the RSG Global server in Johannesburg.

Hardcopy data, original downhole survey logs lithological, geotechnical, sampling and structural logs etc were filed on site and retained. Lithological logs were routinely photocopied and copies kept in the African Copper office in Francistown.

### **Sampling and Assaying**

Industry standard core sampling methods were employed. Each geologist was responsible for their drillhole ensuring that all sampling procedures from start to finish were consistently being adhered to. Once the geologist completed logging a hole he marks out sample intervals over mineralized zones. If the core was oriented the orientation line was used as the median cut line with a procedure in place where the core cutter would cut just off this line so that the oriented core remained in the tray. If the core was unoriented the core was marked up with a median cut line and this extended through locked core as far as possible to ensure that the same half of the core was sampled consistently. To ensure accuracy during cutting and bagging a redundancy system was introduced for marking sample intervals.

ALS Chemex supplied preparatory sample tickets and these dictated the numbering system used. Runs of sample numbers were loaded into Acquire and QAQC standards, blanks and resplit positions assigned for the entire run. The sample intervals were recorded by the geologist and entered into the Acquire database which then generated sample numbers for the intervals while maintaining the correct spacing of QAQC samples.

Core was then cut and the appropriate half bagged and laid out on the sample prep pad to allow the insertion of standards, blanks and empty bags for resplits into the batches. Once QAQC samples had been inserted the samples were placed in batches of approximately 10 into polyweave sacks which were sealed with cable ties and marked up with the contained sample numbers and shipping details.

Relative density measurements were taken for each assay interval with whole core and on a representative selection of holes (roughly every 4 drill lines) every metre down the hole to give hangingwall and footwall values. Measurements were taken on <15cm long clean, solid, core billets using an electronic scale accurate to 0.1g. The mass of the dry core billet was measured, then the mass of the core billet suspended in water in the cage below the scale.

### **Sample Preparation and Analysis**

All sample preparation and analysis was undertaken at ALS Chemex, Johannesburg, South Africa.

As the drilling programme progressed, the analytical requirements changed. As a result, the techniques applied were modified. Initially the analytical strategy was to understand the geochemistry of the deposit which was provided by the 47 element four acid digested with a very low detection limit (ME-ME61). All over limit analyses were undertaken with appropriate techniques such as atomic absorption.

The need for a number of these elements was reviewed resulting in a decision to change to 27 element acid digest with a very low detection limit (ME-ICP61). The same over limit procedures were utilised.

When the extent of the mineralization had been established, the analytical technique was modified as the very low exploration detection limit was no longer required. The MEICP61a technique was proposed. Prior to the use of the technique, a number of samples were analysed using both methods and the conclusion drawn was that the revised technique was comparable with the MS-ICP61 technique.

### **Data Verification**

The application of a quality assurance and quality control procedure is used to ensure that the assay results of an exploration programme can be confidently relied upon. The procedure requires the introduction of sufficient blanks, standards and duplicates with the samples to ensure that the procedures of the selected laboratory are not introducing a bias to the results.

The quality assurance data was analysed on an on-going basis and numerous queries generated with the laboratory. Re-assaying of batches of samples where significant deviation from standards or due to failed visual inspection, were undertaken. The cleaning of crushing equipment with blanks was introduced when contamination was identified as an issue in the laboratory.

The comprehensive quality control and quality assurance programme undertaken included the use of two commercial standards or reference materials supplied by Geostats,

Perth, Western Australia (GBM304-16 and GBM305-13), blanks (silica sand) and duplicates at a frequency of 1:20. The blanks and standards were supplied with the batches of samples. Some 10g of standard and blanks being submitted. The laboratory was requested to rifle split coarse reject for a field duplicate. The standards were not crushed or milled as they were sufficiently fine grained. In addition samples were submitted for umpire analysis to Genalysis, Perth, Western Australia.

The Dukwe Copper Project assay data for Cu is considered accepted in terms of both assay precision and accuracy. The standards data generally report within the targeted  $\pm 10\%$  accuracy range. The assay precision is considered acceptable, with the laboratory ensuring that problems identified were resolved, cleaning between all crushing and milling stages, and training and modified procedures were introduced where appropriate.

In order to develop a mineral resource model for the Dukwe Copper Project it was necessary to integrate historic holes with assayed intersections within 200m of the strike limits of the current drill programme. As a basis for acceptance of the historical data, seventeen twin drillholes were completed and each of the seventeen twin pairs was compared for lithology/geology, style of mineralization, and tenor of mineralization.

It was concluded that in all cases the mother hole/deflection pairs show similar variation to the twin/historic pairs and non systematic variation. Based on the comparison of lithology, style of mineralization and tenor of mineralization, the twin drilling demonstrates the validity of including the historical data into the mineral resource estimate.

### **Adjacent Properties**

RSG Global is not aware of deposits of a similar style of mineralization that are in close proximity to the Dukwe Copper Project. African Copper has another copper/silver tenement, the Thakadu and Makala deposits, some 80km SW of the Dukwe Copper Project. The Thakadu and Makala deposits are sediment-hosted strataform disseminated sulphide zones in a poly-deformed and metamorphosed sequence of volcanic, volcanoclastic and clastic sedimentary units. The primary sulphide minerals are reported as chalcopryrite (85- 90%) and bornite (10-15%) with minor pyrite adjacent to the copper bearing material. In the upper 50m, the deposits are characterized by secondary zones of oxidation where the primary sulphides are replaced by chalcocite, malachite and cupritetenorite together with traces of native copper and marcasite.

### **Mineral Resource Estimates**

Two mineral resource estimates have been completed for the oxide, supergene and hypogene zones of the Dukwe Copper Project. As the planned mining method is an open pit, the initial approach was to complete an estimate using ordinary kriging which formed the basis for an estimate using uniform conditioning on the Broad Breccia Package. The second approach was to undertake an estimate using ordinary kriging on the Selective Breccia/Grade Package.

The mineral resource estimate for the Broad Breccia Package was completed using 5m composites and a block size of 10mEx30mNx30mRL. A soft boundary approach was applied based on the mineral assemblage viz. the presence of predominantly oxide vs

predominantly sulphide copper minerals. The data from the supergene zone being used for the estimation within the oxide zone. Similarly the estimation of the hypergene zone was informed by data from the supergene zone. The supergene estimate was informed with data from both the oxide and hypergene zones.

The Selective Breccia/Grade Package resource estimation for the Dukwe Copper Project was completed using 1m composites and a block size of 2.5mEx15mNx15mRL. The estimation was undertaken for each envelope separately, utilising the data within that envelope but with variography based on the data from all 57 envelopes. A top cut of 14% Cu was applied to the Mapanipani and Mapanipani North sections grade envelopes and a top cut of 20% Cu was applied to Bushman section grade envelopes. In all case the top seven composites were capped to 14% Cu and 20% respectively. A three dimensional block model was constructed with a 2.5mE x 15mN x 15mRL parent cell dimension.

The mineral resource estimates are presented in the Table 1.11\_1 and Table 1.11\_2 below.

**Table 1.11\_1**  
**Dukwe Copper Project: Mineral Resource Estimate for the Broad Breccia using Uniform Conditioning (SMU 5mEx10mNx10mRL) (5m composites)**  
**Dukwe Copper Project - Oxide**

<b>Cutoff Cu%</b>	<b>Tonnage tonnes</b>	<b>Grade Cu %</b>	<b>Content M lbs</b>
<b>Indicated Mineral Resource</b>			
0.0	98,309,041	0.77	1,659.444
0.1	89,840,000	0.83	1,650.433
0.2	78,690,000	0.93	1,616.818
0.3	68,050,000	1.17	1,750.196
0.4	58,640,000	1.15	1,493.046
0.5	50,570,000	1.27	1,415.822
0.6	43,680,000	1.39	1,334.567
0.7	37,830,000	1.50	1,252.203
0.8	32,840,000	1.62	1,170.699
0.9	28,590,000	1.73	1,091.358
1.0	24,930,000	1.85	1,015.025
<b>Inferred Mineral Resource</b>			
0.0	80,126,000	0.47	819.954
0.1	62,991,000	0.58	804.223
0.2	49,893,000	0.70	765.369
0.3	39,985,000	0.98	865.689
0.4	32,293,000	0.92	658.066
0.5	26,226,000	1.04	599.855
0.6	21,402,000	1.15	542.569
0.7	17,521,000	1.26	487.705
0.8	14,392,000	1.38	436.444
0.9	11,854,000	1.49	389.000
1.0	9,798,000	1.60	345.809

**Table 1.11\_2**  
**Dukwe Copper : Mineral Resource Estimate for the Selective Breccia/Grade Package**  
**using Ordinary Kriging (2.5mEx15mNx15mRL)**

Cutoff Cu%	Mapanipani North Section			Mapanipani Section			Bushman Section			Dukwe		
	Tonnage tonnes	Grade Cu %	Content M lbs	Tonnage tonnes	Grade Cu %	Content M lbs	Tonnage tonnes	Grade Cu %	Content M lbs	Tonnage tonnes	Grade Cu %	Content M lbs
<b>Indicated Mineral Resource</b>												
0.0	90,000	2.43	5.02	1,610,000	1.11	39.41	70,000	2.49	3.58	1,770,000	1.23	48.01
0.1	90,000	2.43	5.02	1,360,000	1.31	39.41	70,000	2.49	3.58	1,520,000	1.43	48.01
0.2	90,000	2.43	5.02	1,360,000	1.31	39.41	70,000	2.49	3.58	1,520,000	1.43	48.01
0.3	90,000	2.43	5.02	1,360,000	1.31	39.41	70,000	2.49	3.58	1,520,000	1.43	48.01
0.4	90,000	2.43	5.02	1,360,000	1.31	39.41	70,000	2.49	3.58	1,520,000	1.43	48.00
0.5	90,000	2.49	4.99	1,360,000	1.31	39.39	70,000	2.49	3.58	1,520,000	1.44	47.96
0.6	90,000	2.49	4.99	1,340,000	1.32	39.17	70,000	2.49	3.58	1,500,000	1.45	47.74
0.7	90,000	2.50	4.99	1,290,000	1.35	38.49	70,000	2.49	3.58	1,450,000	1.47	47.05
0.8	80,000	2.62	4.88	1,230,000	1.38	37.38	70,000	2.49	3.58	1,380,000	1.51	45.84
0.9	80,000	2.66	4.85	880,000	1.60	30.93	70,000	2.49	3.58	1,020,000	1.74	39.35
1.0	80,000	2.67	4.84	840,000	1.63	30.28	70,000	2.49	3.58	990,000	1.77	38.70
<b>Inferred Mineral Resource</b>												
0.0	26,240,000	1.18	683.10	12,650,000	1.38	383.60	9,290,000	1.65	338.50	48,190,000	1.32	1,405.20
0.1	24,140,000	1.28	683.00	12,250,000	1.42	383.59	9,030,000	1.70	338.47	45,420,000	1.40	1,405.06
0.2	23,580,000	1.31	680.90	12,240,000	1.42	383.57	9,030,000	1.70	338.44	44,850,000	1.42	1,402.91
0.3	22,300,000	1.37	673.44	12,130,000	1.43	382.93	8,980,000	1.71	338.15	43,400,000	1.46	1,394.52
0.4	20,940,000	1.44	662.94	11,520,000	1.49	378.05	8,590,000	1.77	335.11	41,050,000	1.52	1,376.10
0.5	19,890,000	1.49	652.33	11,190,000	1.52	374.78	8,370,000	1.80	332.94	39,450,000	1.56	1,360.04
0.6	18,710,000	1.55	638.08	10,350,000	1.60	364.28	8,110,000	1.84	329.72	37,160,000	1.63	1,332.08
0.7	17,490,000	1.61	620.65	9,540,000	1.68	352.65	7,530,000	1.94	321.46	34,560,000	1.70	1,294.76
0.8	16,200,000	1.68	599.56	8,820,000	1.75	340.69	7,160,000	2.00	315.36	32,180,000	1.77	1,255.60
0.9	14,920,000	1.75	575.41	7,950,000	1.85	324.47	6,700,000	2.08	306.66	29,570,000	1.85	1,206.54
1.0	13,410,000	1.84	543.74	6,990,000	1.98	304.41	6,150,000	2.18	295.23	26,540,000	1.95	1,143.38

## Additional Information

The “Retention Licence over 36km<sup>2</sup>” referred to in the summary of the Technical Report expires on 31 March 2007. Part of the area has been replaced by the Mining Licence. The Company has applied, through Messina, to extend the Mining Licence area to encompass the entire balance of the 36km<sup>2</sup> area covered by the expired retention licence. This application is awaiting approval from the government of Botswana.

A check calculation of the RSG resource estimate was completed by CCIC in parallel with the RSG estimate. In the opinion of the Company, the CCIC estimate of indicated and inferred resources confirmed the RSG estimate and showed the same order of magnitude contained copper for the Dukwe deposit. Since these two estimates were completed, the Company has drilled a further 10,000 metres into the Dukwe deposit. CCIC is preparing a new resource estimate incorporating the new dataset and will submit an updated NI 43-101 compliant report in conjunction with this estimate. The Company expects to release this information in the second quarter of 2007.

## Matsitama Project

### Description and Location

The Matsitama Project is located in north eastern Botswana to the west and north west of the City of Francistown. The Matsitama Project is located in flat, semi-desert, scrub-bush country. There is a very gentle slope from east to west, with drainage into the Sua Pan salt flats of the Makgadikgadi basin. The climate is warm, dry continental with less than 250 mm of rain annually. The temperature varies from winter nighttime lows of 7° C to summer highs of 40° C. The paved Francistown-Orapa highway runs east-west through the south central part of the licences, while the Francistown-Maun highway, the adjacent parallel railway and 132 kV power line run along the northern boundary of the Matsitama Project.

### Licences

The Matsitama Project is comprised of the Matsitama Licences. The Matsitama Licences are subject to annual work expenditures, as detailed below.

#### Matsitama Project — Mineral Licences

<u>Licence</u>	<u>Recorded Holder</u>	<u>Area</u> (km <sup>2</sup> )	<u>Anniversary Date</u>	<u>Work Expenditures</u> (BWP)
PL 14/2004.....	Matsitama	937	31 March 2007 <sup>(1)</sup>	Year 1: 227,690 Year 2: 566,890 Year 3: 566,890
PL 15/2004.....	Matsitama	1,000	31 March 2007 <sup>(1)</sup>	Year 1: 227,690 Year 2: 566,890 Year 3: 566,890
PL 16/2004.....	Matsitama	1,000	31 March 2007 <sup>(1)</sup>	Year 1: 227,690 Year 2: 566,890 Year 3: 566,890
PL 17/2004.....	Matsitama	1,000	31 March 2007 <sup>(1)</sup>	Year 1: 227,690 Year 2: 566,890 Year 3: 566,890
PL 01/2005.....	Matsitama	63	31 December 2007 <sup>(2)</sup>	Year 1: 75,000 Year 2: 250,000 Year 3: 250,000
<b>Total .....</b>		<b><u>4,000</u></b>		

Notes:

- (1) Prospecting licences can be renewed for two subsequent periods of up to two years for each such period, provided that the applicant is not in default and that the proposed programme of prospecting operations is adequate. However, upon renewal of a prospecting licence, the prospecting area covered by such licence must be reduced in size to not more than half the area at the end of the prior period of the licence, pursuant to applicable Botswana mining legislation. On 29 March 2007, the Company designated areas, which represent approximately 50% of the area of such licences, to be relinquished from the prospecting area.
- (2) The remaining Matsitama Licence, PL-1/2005, covers ground over the Thakadu-Makala deposits.

## ***History***

Modern exploration was started by BCL in 1960. The original work was in the Dukwe deposit area and the associated linear zone or shear. As the exploration moved southward good potential for copper mineralization in the Matsitama area became apparent. Soil geochemistry and related work revealed anomalous copper values and numerous ancient workings, some of which exposed copper oxides in quartzite and limestones.

Two phases of exploration programme were conducted by BCL in the Matsitama Belt and environs, namely: Phase 1 (1960 to 1966) carried out by BCL; and Phase 2 (1972 to 1976) carried out by BCL in joint venture with Anglo American Corporation. Phase 1 exploration work included an airborne geophysical survey, a regional soil geochemical survey and geological mapping/prospecting, followed by limited ground geophysics, trenching, pitting, percussion and diamond drilling. The Phase 2 work began by re-analyzing the soil samples for copper and selected samples for lead, zinc and nickel using atomic absorption spectrometry, a much more reliable and precise analytical method. Additional ground geophysics, geological mapping and drilling were completed during this stage.

The BCL work, in particular, the mapping/prospecting and soil geochemistry, drew attention to mineral occurrences within three general areas: Thakadu-Makala-Dihudi-Mutsuku (copper-zinc); Tholo-Lepashe-Tau (copper); and Nakalakwana area (copper).

Falconbridge held mineral rights in the Matsitama Belt of Botswana outside of the Dukwe area between 1977 and 1988, focusing its exploration efforts on an area that included the Thakadu-Makala and Dihudi deposits.

Two major extended work programmes have been conducted on the Thakadu-Makala deposits; the first by BCL between 1962 and 1976 and the second by Falconbridge from 1977 to 1982. The Company has only recently acquired the mineral rights to these deposits.

The drilling campaigns at the Thakadu-Makala deposits were conducted exclusively by BCL during the period 1962 to 1976. Falconbridge acquired the Thakadu-Makala deposits in June 1977 and subsequently the BCL drill core, records and analytical results were re-examined and verified as being accurate and sufficient for grade/tonnage estimates and potential mine planning exercises.

BCL sunk shallow prospect shafts to approximately 70 m below surface on each of the deposits and carried out geological investigations, channel sampling for grade distribution, sampling for process test work, and underground diamond drilling. Between 1977 and 1979 the Thakadu prospect shaft was rehabilitated, dewatered, remapped and resampled by Falconbridge. Also a bulk sample of 180 tonnes of sulphide material was taken for pilot plant test work.

Extensive metallurgical test work has been conducted on both the oxide and primary or sulphide portions of the deposits. Both BCL and Falconbridge have undertaken a variety of tests that have shown that copper and silver can be readily recovered as saleable products, using proven conventional technology.

It is known that both deposits are open at depth and to a limited degree along strike. The deepest drill holes, to a vertical depth of about 550 m, were still well mineralized, so the down dip potential is significant.

## ***Geology and Mineral Deposits***

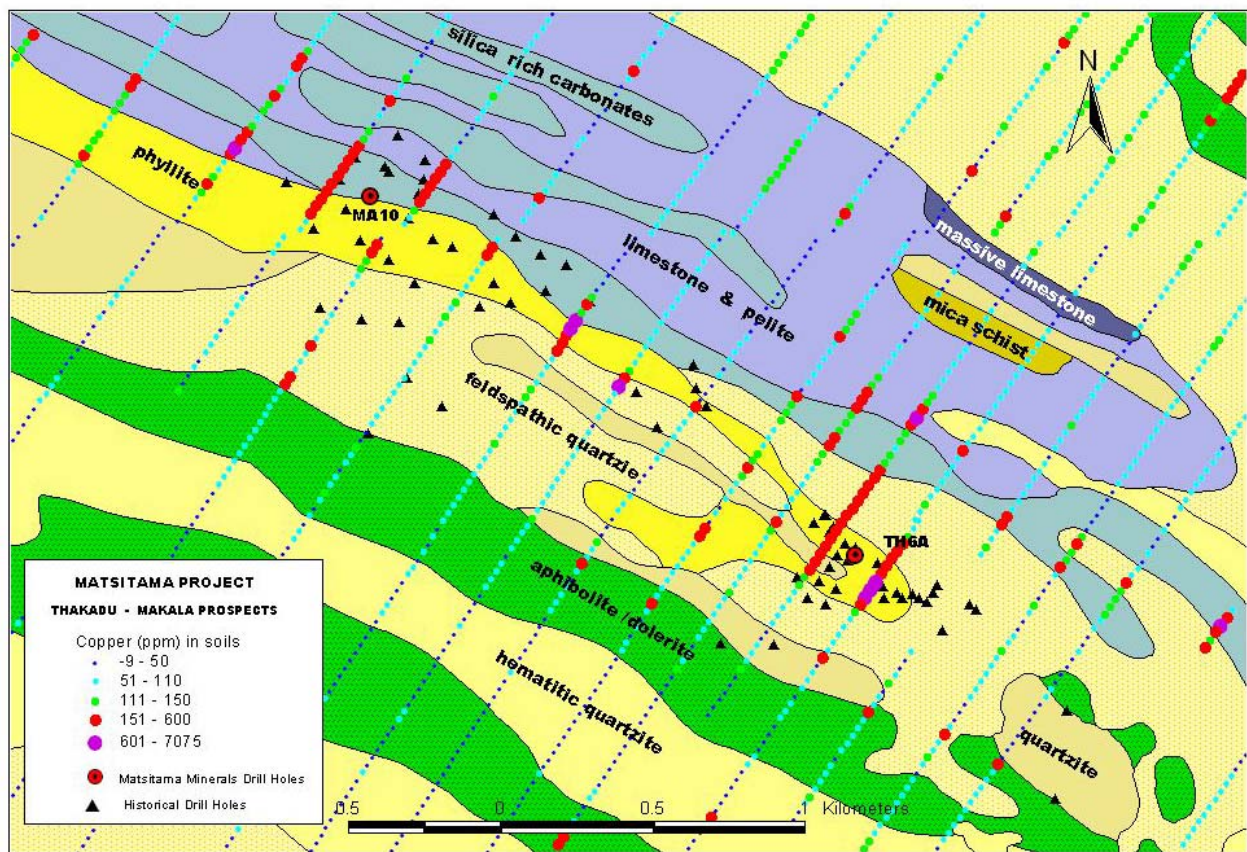
On a continental scale the Matsitama Supergroup lies within a paleoproterozoic terrain or complex, which forms part of the southern African Shield. The Matsitama Supergroup is a series of archaean to proterozoic shallow water to deep water sediments that were likely deposited into a basin on the edge of the Zimbabwe Craton. These sediments are interlayered with predominantly mafic volcanics. The entire sequence has been metamorphosed and deformed, in an orogenic event, which structurally placed the sedimentary and volcanic sequence over the older granite-gneiss terrain along a series of thrust and nappe surfaces. The belt is now metamorphosed to amphibolite grade and any primary fabrics or contacts have been obliterated. Subsequent to this deformation, major linear structural features were developed along the western side of the Matsitama Belt. The most extensive and prominent structure of these is the Bushman lineament.

The Matsitama Supergroup hosts numerous copper and zinc-lead-barite deposits and mineral occurrences, as well as the Thakadu-Makala deposits.

The Thakadu-Makala deposits are sediment-hosted strataform disseminated sulphide zones in a poly-deformed and metamorphosed sequence of volcanic, volcanoclastic and clastic-sedimentary units. The primary sulphide minerals are chalcopyrite (85-90%) and bornite (10-15%) with minor pyrite adjacent to the copper bearing material. The upper approximately 50 m of the deposits are characterized by secondary zones of oxidation, in which the primary sulphides are replaced by chalcocite, malachite and cuprite-tenorite together with traces of native copper and marcasite.

The primary ore-forming minerals at the Thakadu deposit are chalcopyrite (85-90%) and bornite (10-15%), both as fine to medium grained disseminations throughout the host rocks. Minor pyrite occurs adjacent to the copper-bearing zone, but only rarely inside it. A mineralogical zonation is apparent with a chalcopyrite-bornite assemblage in the centre, ranging outward to chalcopyrite, and then pyrite on the outside margins. Chalcocite and covellite are present in trace quantities. The oxide zone at the Thakadu deposit consists of chalcocite, malachite, cuprite-tenorite, chrysocolla and traces of native copper and marcasite. The Makala deposit exhibits the same general characteristics as the Thakadu deposit in terms of host rock lithologies, primary sulphide mineralogy and sulphide mineral zonation.

## Thakadu-Makala Copper Deposits, Surface Geological Map



### Exploration

#### Regional Exploration

Two major extended work programmes have been conducted on the Thakadu-Makala deposits; the first by BCL between 1962 and 1976 and the second by Falconbridge from 1977 to 1982. The Company has only recently acquired the mineral rights to these deposits and is in the process of acquiring detailed technical data on the deposits from various sources.

Mortbury began exploration in the Matsitama Belt of Botswana in 1995. In 1995-96 Mortbury completed an airborne geophysical survey. Historical data compilations were also undertaken to identify possible exploration targets in the geology and past geochemical programmes. The studies identified 147 separate, large and locally, high-grade geochemical anomalies. Exploration records showed that of these 147 anomalies, only 16 had ever been drilled by either percussion or diamond core drilling and that, in every case, geochemically anomalous copper assays or copper mineralization was intersected.

In 1998, Mortbury signed a joint venture agreement with Anglo regarding the exploration and development of the Matsitama Project. Following expenditures of over US\$3.5 million, Anglo returned the property in the middle of 2000.

Anglo initially completed a major digital compilation of the historical records, including using geographic information system target-modeling. It then flew two airborne surveys over the entire licence area, a proprietary 128-band, four spectrometer hyperspectral survey and a combined magnetic, electromagnetic and radiometric spectrem survey. The work on the historical targets largely confirmed or extended the previously known anomalies, while only

a few of the holes on geophysical targets intersected any mineralization. Anglo completed 8,900 m of reverse circulation drilling in 94 holes and 2,345 m of diamond drilling in 15 holes.

The work by Mortbury as confirmed by Anglo has resulted in a substantially revised stratigraphic and structural framework for the belt and confirmed the existence and scope of at least three large mineralized targets measured in tens of kilometres of strike extent, as well as the numerous smaller anomalies. From preliminary compilation of the data at hand, three high potential areas (Tholo-Lepashe-Tau, Thakadu-Makala-Dihudi-Mutsuki and Nakalakwana) are attractive targets for further exploration.

### *Drilling*

The drilling campaigns at the Thakadu-Makala deposits were conducted by BCL during 1962 to 1976. A total of 156 boreholes with a combined length of about 39,000 m were completed from surface, including both diamond and percussion drill holes. Another 882 m of underground diamond drilling was completed on the two deposits. The maximum depth to which the mineralization has been tested is approximately 550 vertical metres.

Falconbridge acquired the deposits in June 1977 and subsequently the BCL drill core, records, and analytical results were re-examined. After a series of verification exercises, including 524 check assay determinations for both copper and silver, Falconbridge concluded that the drilling information was accurate and sufficient for grade/tonnage estimates and potential mine planning exercises. Core stored at the former campsite at the Thakadu deposit is no longer useful for definitive work, having been vandalized and dumped.

In 2006 the Company contracted RSG to supervise a 10,000 metre drill programme at the Thakadu and Makala deposits. Drilling was completed in late December 2006. Final assays have been received by RSG, which is awaiting referee analysis prior to releasing the data to the Company. It is expected that RSG will complete a resource estimate in the second quarter of fiscal 2007.

## **PROJECT FINANCING**

On 7 December 2006, the Company appointed SBPLC as the Company's exclusive agent to arrange for the Debt Facility and related hedging facility. If obtained, the Debt Facility will be a working capital facility, but will not fund any part of the cost of the Process Plant. The Company expects that the Debt Facility will have a term of three years, with an option to extend the term for an additional year and bear interest at the US\$ London Interbank Offered Rate plus 2% per annum. The Company further expects that the Debt Facility will contain terms and conditions customary for working capital revolving facilities of this nature. The Debt Facility will be arranged for the benefit of Messina and the Company will guarantee Messina's obligations thereunder for the full term of the Debt Facility if and when finalized. The Company will also pay SBSA an arranging, underwriting and facility fee and a commitment fee in connection with the proposed arrangement. As of the date of this annual information form, SBPLC had engaged SRK Consulting, of Johannesburg, to complete an independent technical review of the Dukwe Project.

## **DIVIDENDS**

During the Company's three most recently completed financial years, the Company has not declared any cash dividends.

The Company does not have a formal dividend policy and may pay dividends at the discretion of the Board, but not exceeding an amount recommended by the Board. The Board, in recommending a dividend, must have regard to the Company's best interests generally and the Company may only pay a dividend out of its accumulated realized profits, so far as not previously distributed or capitalized, less its accumulated realized losses, so far as not previously written off in a reduction or reorganization of capital. In addition, the Company may only pay a dividend

so long as the Company's net assets do not fall below the aggregate of its called up share capital and un-distributable reserves.

As the Company incurred a loss of £2 million in its Income Statement for the year ended 31 December 2006, it is not permitted under applicable law from paying dividends at the present time. Furthermore, the Company does not intend to pay any dividends in the foreseeable future as the Company anticipates that all available funds will be used to finance the future growth of the Company and development of the Projects.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Authorized Capital**

The Company has an authorized share capital of £5,000,000 divided into 495,000,000 Ordinary Shares of 1p each and 50,000 Preference Shares of £1 each, of which 131,207,185 Ordinary Shares and no Preference Shares are issued and outstanding as at 31 March 2007.

### **Ordinary Shares**

All of the Company's issued Ordinary Shares are fully paid up. The Ordinary Shares are freely transferable, save where their transfer is restricted pursuant to the Company's articles of association or by securities laws. In the event of a liquidation, dissolution, winding up or other distribution of the Company's assets the holders of Ordinary Shares are entitled to receive pro-rata the remaining assets of the Company. Distributions may be paid to shareholders, as and when validly authorised by the Board and declared out of profits available for the purpose. The holders of Ordinary Shares are entitled to receive notice of, to attend and to vote at all general meetings of the Company. Each Ordinary Share entitles the holder to one vote at such meetings. If at any time the share capital of the Company is divided into different classes of shares, the rights attaching to the Ordinary Shares may only be modified, varied or abrogated with the consent in writing of the holders of three-fourths of the issued Ordinary Shares or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such Ordinary Shares.

### **Preference Shares**

The Preference Shares are non-voting. Holders of Preference Shares are entitled to notice of and to attend general meetings of the Company, but may not vote on any matters of business at such meetings unless on the notice date redemption monies or preferential dividends are in arrears by at least three months. In such case, each Preference Share will entitle to the holder thereof to one vote at any such meetings.

Holders of Preference Shares may not receive dividends prior to 1 January 2020. After 1 January 2020, holders of Preference Shares may receive a fixed cumulative preferential dividend at the rate of 0.0001% per annum (net) on the paid up capital of the Preference Shares. The Preference Shares rank in priority to all other shares of the Company in respect of dividends.

On the winding up or other return of capital of the Company, holders of Preference Shares are entitled to repayment in full of the paid up capital on such Preference Shares and payment of arrears or accruals of any preferential dividends in priority to all other holders of other shares in the capital of the Company.

### **Convertible Securities of the Company**

As at 31 March 2007 up to 12,189,872 Ordinary Shares are issuable under an aggregate of 11,690,000 outstanding share options and an aggregate of 499,872 outstanding compensation options of the Company. As at 31 March 2007, the total percentage of the issued and outstanding Ordinary Share capital under option is 9.29%.

## Share Options

As at 31 March 2007 up to 11,690,000 Ordinary Shares are issuable under outstanding share options granted under the Company Option Plan. The material provisions respecting such securities are set out below.

<i>Share Options Held at 31 March 2007</i>	<i>Share Options Held at 31 December 2006</i>	<i>Date of Grant</i>	<i>Exercise Price per Ordinary Share</i>	<i>Expiry Date</i>
500,000	500,000	23 September 2004	£0.35	23 September 2014
700,000	700,000	12 November 2004	£0.76	12 November 2014
1,500,000	1,500,000	5 January 2005	£0.76	5 January 2015
100,000	100,000	25 April 2005	£0.76	25 April 2015
-	300,000	1 September 2005	£0.76	1 February 2015
120,000	120,000	1 September 2005	£0.76	14 March 2015
210,000	240,000	12 November 2005	£0.76	12 November 2015
7,010,000	7,310,000	1 August 2006	£0.775	1 August 2016
400,000	400,000	11 September 2006	£0.775	11 September 2016
200,000	200,000	30 November 2006	£0.775	30 November 2016
750,000	750,000	29 December 2006	£0.775	29 December 2016
200,000	-	29 March 2007	£0.775	29 March 2017
<b>11,690,000</b>	<b>12,120,000</b>			

The following is a summary of the key features of the Company Option Plan:

*Options:* Options to acquire Ordinary Shares may be granted at the discretion of the Board. Such options may be satisfied by the issue of new shares from treasury or by the transfer of existing shares. Rights granted under the Company Option Plan are not pensionable.

*Eligibility:* Options may be granted to employees and directors of the Group, selected at the discretion of the Board.

*Performance conditions:* On the recommendation of the remuneration committee, the Board may grant options subject to performance conditions which must be specified on grant. In setting any performance condition the committee will have regard to best practice at the relevant time.

*Limits:* No option may be granted at any time if, as a result, the total number of Ordinary Shares issued or committed to be issued pursuant to options granted under the Company Option Plan and pursuant to grants made under all other employee share incentive plans of the Company during the period of ten years prior to such grant (but excluding any awards made prior to or on the admission of the Ordinary Shares to trading on AIM) would exceed 10% of the issued Ordinary Share capital of the Company on that date of grant. Options may be granted subject to individual limits determined by the remuneration committee having regard to best practice and the need to recruit and retain high calibre executives and employees.

*Exercise price:* The exercise price of an option shall be determined by the Board and shall not be less than the market price of an Ordinary Share at the date of grant.

*Exercise and lapse of options:* In normal circumstances, an option will not be capable of exercise prior to the first anniversary or after the tenth anniversary of its date of grant. An option will lapse on the expiry of ten years from its date of grant. If a participant ceases employment by reason of death, injury, disability, ill-health, retirement, redundancy, the transfer of the business in which the participant is employed outside of

the Group and ceases to be under the control of the Company, an option shall become exercisable from the date of cessation for a period of six months, or such longer period as the Board may determine. In all other circumstances in which a participant ceases employment with the Group, the option will lapse subject to the Board's discretion to permit exercise. In the event of a take-over or in the event of the liquidation of the Company, options may be exercised early. In the event of a take-over of the Company options may be released in exchange for equivalent options over the share capital of the acquiring company. An internal reorganization will not trigger early exercise provided participants are given the opportunity to exchange their options for equivalent options, if appropriate.

*Administration and amendment:* The Company Option Plan may be amended by the Board provided that no deletion, amendment or addition shall operate to affect adversely in any material way rights already acquired by a participant without the approval of the majority of the affected participants having first been obtained.

## Compensation Options

As at 31 December 2006 and as at the date of this annual information form, there are outstanding 499,872 compensation options of the Company to purchase Ordinary Shares. The material provisions of the 499,872 compensation options are set out below.

<b>Date of Issuance</b>	<b>Exercise Price per Share</b>	<b>Expiry Date</b>
12 November 2004	£0.836 from 12 November 2004 until 12 November 2006; and £0.912 from 12 November 2006 until 12 November 2007	12 November 2007

## MARKET FOR SECURITIES

### Price Range and Trading Volume

The following table sets forth information relating to the trading of the Ordinary Shares on AIM on a monthly basis for each month of the Company's fiscal year ended 31 December 2006.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Volume</b>
	(p)	(p)	(p)	
December, 2006 .....	62.0	58.5	60.0	2,560,591
November, 2006.....	65.0	59.5	62.0	8,089,911
October, 2006.....	68.5	61.5	65.5	1,658,457
September, 2006 .....	72.0	61.0	65.5	2,005,399
August, 2006 .....	73.5	64.5	71.0	1,618,923
July, 2006 .....	67.0	60.5	64.5	4,328,988
June, 2006 .....	71.5	59.5	65.5	3,295,510
May, 2006 .....	88.5	69.5	71.5	4,816,927
April, 2006 .....	90.5	82.5	85.5	7,442,669
March, 2006 .....	92.5	71.0	89.0	8,824,826
February, 2006 .....	92.0	82.0	92.0	7,262,059
January, 2006 .....	94.5	46.5	90.5	11,033,233

The following table sets forth information relating to the trading of the Ordinary Shares on the TSX on a monthly basis for each month of the Company's fiscal year ended 31 December 2006.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Volume</b>
	C\$	C\$	C\$	
December, 2006.....	1.48	1.25	1.38	2,149,212
November, 2006.....	1.48	1.25	1.40	431,538
October, 2006.....	1.60	1.27	1.35	2,101,250
September, 2006.....	1.54	1.18	1.36	1,137,732
August, 2006.....	1.79	1.37	1.40	236,869
July, 2006.....	1.50	1.21	1.50	675,370
June, 2006.....	1.55	1.10	1.45	2,766,821
May, 2006.....	1.79	1.37	1.55	783,211
April, 2006.....	1.88	1.62	1.72	553,867
March, 2006.....	1.98	1.35	1.78	429,156
February, 2006.....	1.92	1.66	1.89	353,711
January, 2006.....	2.27	0.85	1.93	1,594,142

### ESCROWED SECURITIES

As at 31 December 2006 and as at the date hereof, to the knowledge of the directors and officers of the Company, the following persons hold securities of the Company that are subject to escrow or otherwise subject to restrictions on transfer:

<b>Name</b>	<b>Date of Agreement</b>	<b>Nature of Agreement</b>	<b>Number of Securities<sup>(1)</sup></b>	<b>Terms and Conditions of Release</b>
Anthony Williams	8 November 2004	Lock-up agreement	2,250,012 Ordinary Shares and 100,000 options	See Note (2)
David Jones	8 November 2004	Lock-up agreement	1,515,000 Ordinary Shares and 100,000 options	See Note (2)
Bradley Kipp	8 November 2004	Lock-up agreement	200,000 Ordinary Shares and 450,000 options <sup>(3)</sup>	See Note (2)
Michael Evans	8 November 2004	Lock-up agreement	100,000 options	See Note (2)
Roy Corrans	8 November 2004	Lock-up agreement	150,000 options	See Note (2)

Notes:

- (1) The total percentage of the issued Ordinary Shares represented by such securities in the aggregate equals approximately 3.7%.
- (2) Under the terms of each of the lock-up agreements between Numis Securities Limited and the directors described above, provided Numis Securities Limited remains a broker to the Company, all shares and options subject to the lock-up agreements must only be sold through Numis Securities Limited at market terms.
- (3) As at 31 March 2007, Mr. Kipp held 300,000 Ordinary Shares and 100,000 options subject to the terms of his lock-up agreement.

## DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name and municipality of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and period of service as a director (if applicable) and the number of Ordinary Shares beneficially owned, directly or indirectly, by such individual. Each director will hold office until the next annual meeting of shareholders of the Company and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

<u>Name, Municipality of Residence and Current Position(s) with the Company</u>	<u>Principal Occupation (Past Five Years)</u>	<u>Director Since</u>	<u>Beneficial Ownership of Ordinary Shares<sup>(3)</sup></u>
<b>Joseph Andrew Hamilton</b> P.Geo, CFA Orono, Ontario, Canada Chief Executive Officer and Director	Chief Executive Officer of the Company since January 2007. Chief Operating Officer of the Company from January 2005 until January 2007. A precious metals research analyst for Dundee Securities from June 1997 to March 2003 and for RBC Capital Markets, Global Mining Division from March 2003 to December 2004.	12 January 2005	—
<b>Bradley Robert Kipp</b> CA, CFA, HBA Mississauga, Ontario, Canada Chief Financial Officer and Director	Chief Financial Officer of the Company since September 2004. Vice-President Finance of Summit Resource Management Limited, an international mining finance firm, from 1997 to present.	24 September 2004	300,000
<b>Roy Derek Corrans<sup>(1)(2)</sup></b> Robin Hills, Randburg, Gauteng, South Africa (Non-Executive) Chairman and Director	Consultant since January 2002. Senior V-P Exploration for Anglo American Prospecting Services (Proprietary) Limited in base metals, uranium, industrial minerals and precious metals exploration and mining, from January 1999 to December 2001.	12 October 2004	—
<b>David Jones</b> P.Geoph. Claremont, Ontario, Canada (Non-Executive) Deputy Chairman and Director	President of Summit Resource Capital Limited, an international mining finance firm, from December 1996 to present, Chief Executive Officer of the Company from September 2004 until January 2007.	24 September 2004	1,515,000
<b>Anthony Joseph Williams<sup>(1)(2)</sup></b> B.Sc. (Hons) Mining Geology, FIMM ARICS Woking, Surrey, England Director	Founder and Chairman of the Dragon Group of companies since 1995.	20 May 2004	2,250,012
<b>Michael James Evans<sup>(1)(2)</sup></b> Professional Natural Scientist Port Elizabeth, Eastern Cape, South Africa Director	Self-employed since June 2000.	12 October 2004	—

<u>Name, Municipality of Residence and Current Position(s) with the Company</u>	<u>Principal Occupation (Past Five Years)</u>	<u>Director Since</u>	<u>Beneficial Ownership of Ordinary Shares<sup>(3)</sup></u>
<b>Chris Fredericks</b> B.Sc. Geology Chief Operating Officer	Chief Operating Officer since 9 January 2007. Business Development Executive, LionOre Africa from December 2005 to December 2006, director of LionOre Africa's Tati Nickel Mining Company (Pty) Ltd. and General Manager of the Tati Nickel Mine from November 2003 to November 2005 and Operations Manager of Tati Nickel Mining Company (Pty) Ltd. from October 1995 to November 2003.	—	—

Notes:

- (1) Members of the audit committee. The audit committee comprises all of the non-executive (independent) directors and is chaired by Mr. Corrans. The audit committee meets at least quarterly to review the Company's interim and annual consolidated financial statements before submission to the Board for approval. The audit committee also reviews regular reports from management and the external auditors on accounting and internal control matters. Where appropriate, the audit committee monitors the progress of action taken in relation to such matters. The audit committee recommends the appointment of, and reviews the fees of, the external auditors.
- (2) Members of the remuneration committee. The remuneration committee comprises all the non-executive (independent) directors and is chaired by Mr. Corrans. The remuneration committee meets as required during the year to review the performance of the executive directors and set the scale and structure of their remuneration, paying due regard to the interests of the shareholders as a whole and the performance of the Company and its subsidiaries.
- (3) Information respecting beneficial ownership of Ordinary Shares was provided to the Company by each individual director and/or officer.

As at 31 March 2007, the directors and executive officers of the Company as a group beneficially own, directly and indirectly, or exercise control or direction over, 4,065,012 Ordinary Shares, representing 3.1% of the issued and outstanding Ordinary Shares.

A narrative description of the biographies of each of the executive officers and directors of the Company is set forth below:

*Joseph Andrew Hamilton*, P.Geo, Chartered Financial Analyst, (aged 46) Orono, Ontario, Canada, Chief Executive Officer since 9 January 2007 and director since 12 January 2005. Joseph Hamilton graduated from the University of Toronto in 1985 with a Bachelor of Science (Honours) degree in Geology. He then went on to earn a Masters of Science (Applied) from Queen's University in 1991. He has over 21 years' experience in the international mining industry. Joseph Hamilton was employed as a precious metals research analyst with Dundee Securities Corporation from June 1997 to March 2003. He then held a similar position with RBC Capital Markets, Global Mining Division from March 2003 to December 2004. He became the Chief Operating Officer of the Company in January 2005. He is currently a member of the Association of Professional Geoscientists of Ontario, the Association of Professional Engineers and Geoscientists of Saskatchewan, Canada and the CFA Institute.

*Chris Fredericks*, B.Sc Geology, (aged 52), Johannesburg, South Africa, Chief Operating Officer since 9 January 2007. Chris Fredericks graduated from the Rhodes University in with a B.Sc Geology degree. He has over 27 years experience in base metal mining and exploration from varied exposure to large-scale open pit and underground mining operations on the Zambian Copperbelt and in Botswana. Mr. Fredericks was formerly employed by LionOre Africa as a Business Development Executive and was a director of LionOre's Tati Nickel Mining Company (Pty) Ltd. Prior to this, he was the General Manager of the Tati Nickel Mine in Botswana.

*Bradley Robert Kipp*, Chartered Accountant, Chartered Financial Analyst, HBA, (aged 42) Mississauga, Ontario, Canada, Chief Financial Officer and director since 24 September 2004. Bradley Kipp has more than 15 years of financial, capital markets and operating experience specializing in the mining sector. He is Vice-President Finance of Summit Resource Management Limited, an international mining finance firm, that has made a number of investments in emerging and start-up mineral projects worldwide. In addition, he is or has been Chief Financial Officer, an officer and/or director of several public resource and non-resource companies (including Titanium Corporation, Atikwa Minerals Corporation, MineGem Inc.). Mr. Kipp was formerly employed by Deloitte and Touche Corporate Finance Canada Limited in the capacity of Vice-President and Director, where he was a member of its corporate finance group providing global merger and acquisition services. Mr. Kipp received a BA from the University of Western Ontario, his Honours Business Administration (Finance) from the Ivey School of Business in 1988, his Chartered Accountant designation in 1991 and his Chartered Financial Analyst designation in 1997. He is a member of the CFA Institute and the Institute of Chartered Accountants of Ontario.

*Roy Derek Corrans*, (aged 65) Robin Hills, Randburg, Gauteng Province, Republic of South Africa, Non-executive Chairman of the Board since 12 October 2004. Roy Corrans has had 35 years experience with Anglo in base metals, uranium, industrial minerals and precious metals exploration and mining. Mr. Corrans was Senior V-P Exploration of Anglo from January 1999 to December 2001. He has since worked as a consultant. His commodity experience includes gold-silver, platinum, copper, zinc-lead, nickel-cobalt, tungsten and chrome. He has had extensive international work experience in Africa, North America, Australasia, Europe and the Far East and was responsible for the discovery of the Epoch nickel deposit (in Zimbabwe) and the Skorpion oxide zinc deposit (in Namibia). Mr. Corrans is also a director of several small companies with mineral interests registered in Belgium, Luxembourg, Australia and South Africa. Professional Designations: Professional Natural Scientist, Fellow Geological Society of South Africa, Fellow Society of Economic Geologists.

*David Jones*, P. Geoph., (aged 55) Claremont, Ontario, Canada, Deputy Chairman since 9 January 2007, Chief Executive Officer between 24 September 2004 and 8 January 2007, and director since 24 September 2004. David Jones has substantial experience in the financial and technical management of projects within the minerals industry including operating mines, advanced development projects and exploration programmes as well as other venture finance projects related primarily to the mining industry. Since December 1996, he has been President of Summit Resource Capital Limited (formerly, Dragon Capital Canada Limited), a company that develops and arranges initial financing for minerals industry projects and Vice-President Corporate Development of Atikwa Minerals Corporation. Before this, Mr. Jones spent over 20 years with MPH Consulting Limited (“MPH”), an international exploration and mining consulting firm. Mr. Jones joined MPH as senior geophysical consultant in 1977 where he coordinated and directed the expanding geophysical activities of MPH, including the supervision and implementation of all aspects of exploration geophysics. Later as Vice-President, President and Chief Operating Officer he was responsible for expanding MPH’s operations internationally from Canada, being directly responsible for the development and management of the large multi-disciplinary integrated projects which MPH managed on behalf of a wide range of clients around the world. He was responsible for the development of projects and company offices in southern Africa and the former Soviet Union. He has authored or co-authored numerous technical papers.

*Anthony Joseph Williams* B.Sc. (Hons) Mining Geology, FIMM ARICS, (aged 54) Woking, Surrey, England, Non-executive director since 20 May 2004. Anthony Williams graduated from London University in 1972 with a Bachelor of Science (Honours) degree in mining geology. He has approximately 30 years’ experience in the international mining industry having been involved in projects in the Americas, Australia, Africa, Europe and the Former Soviet Union. Mr. Williams is Chairman and controlling shareholder of the Dragon Group of companies, a privately owned international mining finance and project management organization, which he founded in 1995. In addition to the Dragon Group, Mr. Williams holds a number of directorships in public and private companies engaged principally in mining finance or mineral exploration.

*Michael James Evans*, Professional Natural Scientist, (aged 59) Port Elizabeth, Eastern Cape Province, Republic of South Africa, Non-executive director since 12 October 2004. Michael Evans has over 34 years of experience as a geologist with 26 years having been spent with Phelps Dodge Corporation (until June 2000) where he advanced from the position of exploration geologist to Vice President in charge of mineral target generation and

exploration operations in Africa. Mr. Evans has been self-employed since June 2000. He has worked in over 15 African countries where he has directed mineral target generation and on-site evaluation of properties, managed the establishment of exploration operations and the development of major exploration programmes, which has led to feasibility studies conducted in two countries. Specific projects include the successful management of securing the exploration of the Amabatovy Nickel Cobalt Laterite deposits in Madagascar through to the feasibility study stage and securing and exploring the Lumwana deposits in North West Zambia through to the pre-feasibility study stage. These deposits contain the largest undeveloped concentrations of stratabound copper mineralization outside of the Zambian Copperbelt.

### **Corporate Cease Trade Orders or Bankruptcies**

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is as at the date hereof, or within the ten years prior to the date hereof has been, a director or officer of any other company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the other company access to any exemptions under Ontario securities law for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied such company access to any exemption under Ontario securities law, for a period of more than 30 consecutive days; or
- (c) was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

except for the following:

Mr. Anthony J. Williams, a non-executive director of the Company, is (and was at the relevant time) the Chairman of European Diamonds PLC, a United Kingdom-based resource company listed on AIM. European Diamonds PLC became a reporting issuer in British Columbia as a result of a take-over of MineGem Inc. in October 2003. As a result of an incorrect profile on SEDAR that provided a financial year end of December 31, European Diamonds PLC was noted in default by the British Columbia Securities Commission for not having made certain financial statement filings in respect of a December 31 year end and on 2 June 2004 the British Columbia Securities Commission issued a cease trade order with respect to all trading in the securities of European Diamonds PLC. Subsequently, European Diamonds PLC corrected its SEDAR profile to reflect a June 30 year end. On 4 August 2004, the British Columbia Securities Commission issued a revocation of the cease trade order noting that European Diamonds PLC was not in default of its filings. On 15 November 2004, upon the application of European Diamonds PLC, the British Columbia Securities Commission deemed European Diamonds PLC to have ceased to be a reporting issuer in British Columbia.

### **Penalties or Sanctions**

No director or officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold any such person's assets.

### **Conflicts of Interest**

Under UK law, the directors of the Company have a fiduciary duty to act honestly and in good faith with a view to the best interests of the Company. Subject to any limitations imposed by statute or the articles of association of the Company, no agreement or transaction would be void or voidable only because it was made between the Company and one or more of its directors or by reason that such director was present at the meeting of directors that approved such agreement or transaction or that the vote or consent of the director is counted for the approval of such agreement or transaction. Save as set out in the articles of association of the Company, a director is not entitled to vote in respect of any contract, arrangement, transaction or any other proposal in which he has an interest which is to his knowledge a material interest, otherwise than by virtue of interests in shares or debentures or other securities of the Company. If all of the directors have a conflict of interest, the agreement or transaction must be authorized, approved or ratified by a resolution of shareholders in order to achieve statutory validity. An agreement or transaction between a director and the Company will be valid unless it can be shown that, at the time the agreement or transaction was authorized, it was unfairly prejudicial to one or more shareholders or the creditors of the Company. Any shareholder who voted in favour of the resolution authorising, approving or ratifying the agreement or transaction may not subsequently impugn or object to the agreement or transaction. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

To the best of The Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its directors, officers or other members of management of the Company as a result of their outside business interests at the date hereof. However, certain of the directors, and officers and other members of management serve as directors, officers, and members of management of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company.

The directors and officers of the Company have been advised of their obligations to act at all times in good faith with a view to the best interests of the Company and to disclose any conflicts to the Company if and when they arise.

## **RISK FACTORS**

The exploration for and exploitation of natural resources are speculative activities that involve a high degree of risk. The following risk factors should be considered in assessing the Company's activities. Should any one or more of these risks occur, it could have a material adverse effect on the business, prospects, assets, financial position or operating results of the Company. The risks noted below do not necessarily comprise all those faced by the Company. Additional risks not currently known to the Company or that the Company currently deems would not likely influence an investor's decision to purchase securities of the Company may also impact the Company's business, prospects, assets, financial position or operating results.

## **The Company currently depends significantly on a single project, the Dukwe Project**

The Company's activities are focused primarily on the Dukwe Project. Any adverse changes or developments affecting this project would have a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

## **Copper price volatility may affect the production, profitability, cash flow and financial position of the Company**

The Company's revenues, if any, are expected to be derived from the extraction and sale of copper concentrate. The price of copper has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. In recent years the price of copper has been affected by changes in the worldwide balance of copper supply and demand, largely resulting from economic growth and political conditions in China and other major developing economies. While this demand has resulted in higher prices for copper in recent years, if Chinese economic growth slows, it could result in lower prices for copper. The effect of these factors on the price of copper, and therefore the current or future economic viability of any of the Projects, cannot accurately be predicted. Any material decrease in the prevailing price of copper for any significant period of time would have an adverse and material impact on the economic evaluations contained in this annual information form and on the Company's results of operations and financial conditions, as well as the economic viability of the Projects.

## **The development of the Projects into commercial operation and their economic viability cannot be guaranteed**

In general, development projects have no operating history upon which to base estimates of future cash operating costs. For development projects such as the Dukwe Project, estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital costs and cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the orebody, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. In addition, the results of the Dukwe Project pit optimizations could adversely impact estimates of capital and operating costs of the project and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The capital costs to achieve production from Dukwe are an estimate and can be affected by cost escalation and currency fluctuations. The Company has attempted to place firm orders for much of the equipment necessary to achieve production and thereby confirm prices and control cost escalations.

Operating costs are dependent on the costs of various reagents, supplies, spares and labour. While open pit mining costs can sometimes be better estimated than underground mining costs, they are also very dependent on fuel, tyre and maintenance costs, foreign currency exchange rates and availability of skilled labour.

There can be no assurance that the Company will be able to complete the development of the Dukwe Project at all or on time or on budget due to, among other things, changes in the economics, mining plan and/or size of the Dukwe Project, including a decision not to proceed with the proposed underground mining programme, the scope of the pre-stripping and the size of the open pit, delays in receiving required consents, permits and registrations, inability or delay in entering into contract mining and/or copper offtake agreements on favourable terms, delays in the delivery and installation of plant and equipment and cost overruns. There can be no assurance that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of these events occur, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**The capital and operating cost estimates for the Dukwe Project are estimates only and may not reflect the actual capital and operating costs incurred by the Company**

Capital cost estimates for the construction of the Process Plant at the Dukwe deposit have been estimated at approximately US\$58.9 million (based upon the average noon rate posted by the Federal Reserve Bank of New York on 30 March 2007 of 7.29 South African Rand for every one US dollar). The pre-production capitalized mining cost will be finalized when pit optimization studies are completed. Until the contract mining agreements and offtake agreement have been executed, definitive estimates respecting operating costs cannot be made. There can be no assurance that the actual capital and/or operating costs incurred by the Company will not be greater than the amounts currently estimated and included in this annual information form. In particular, the capital and operating cost estimates include supplies and inputs, the cost of which the Company has little control over. These include, but are not limited to, transportation and handling charges, the cost of fuel, the cost of electricity, labour costs, reagent costs, smelter charges, the price of construction materials including steel, and the cost of mining equipment and spares. A material increase in one or more of these supplies and inputs may materially increase the actual capital and/or operating costs incurred by the Company. Any material increase may cause the project to become economically unviable or delay the development of the project, either of which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company is currently in negotiations with a mining contractor for an open-pit mining agreement, and with a metals broker for an offtake agreement for copper-in-concentrate. The costs payable by the Company under these agreements could be significant and will have a direct impact on the economic evaluation of the Dukwe Project. As a result, it is possible that the actual capital costs, cash operating costs and economic returns of the proposed mine at the Dukwe deposit may differ from those currently estimated and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**The Company may require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to the Company**

The development of the Dukwe Project and the construction of mining facilities and commencement of mining operations may require additional financing (including a working capital facility). Failure to obtain such financing, and/or sufficient financing for the exploration and development of the Matsitama Project, or any future projects, may result in a delay or indefinite postponement of exploration, development or production on the Company's properties or even a loss of a property interest. The only source of additional funds currently available to the Company is through the issue of equity capital, the sale of properties or royalty interests, the entering into of joint ventures or incurring debt. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

**The Company may not obtain the Debt Facility, or may not obtain the Debt Facility on the terms described in this annual information form**

There is no assurance that the Company and Messina will obtain the Debt Facility or, that if the Debt Facility is obtained, that the terms and conditions thereof will be the same as those described in "*Project Financing*".

In addition, if the Debt Facility is established by the Company, or any similar debt or project financing is entered into by the Company, the Company expects that lenders will require that the Company commit to: restrictive covenants regarding its business and financial operations; hedge some or all of the production from the Dukwe deposit; meet certain financial tests during the term of the Debt Facility; provide security over all or substantially all of the assets of the Company, including its rights to the Dukwe Project and the proceeds of sales of copper and/or copper concentrate mined from the Dukwe deposit; and restrict cash distributions by the Company until such time as the principal amount of the Debt Facility and related facilities, if any, is repaid in full; each of which will have a restrictive impact on the ability of the Company to manage its business, operations and cash flows, and will materially limit the Company's ability to pay dividends to holders of Ordinary Shares. The failure of the Company to comply with any such restrictions may result in a lender enforcing its security over the assets of the Company, which

would have a material adverse impact on the Company. Such restrictions, including any hedging programme, may also limit the Company's ability to benefit from increases in the price of copper, which would have a material impact on the Company's cash flows and results of operations.

**The Company's mineral resource estimates are only estimates and may not reflect the actual deposits or the economic viability of copper or other metal extraction**

The figures for mineral resources presented in this annual information form are estimates and no assurance can be given that the anticipated tonnage and grades will be achieved or that the indicated level of recovery will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Establishment of a copper reserve and development of a copper mine does not assure a profit on the investment or recovery of costs. In addition, geological complexity, mining hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from a mine. These conditions include delays in obtaining governmental approvals or consents, insufficient transportation capacity or other geological and mechanical conditions. While diligent mine supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels.

The quantity of a given mineral tends to vary in all types of deposits. Due to the nature of drilling and building reserves, small variances both positive and negative must be anticipated. Inferred resources are estimated and must account for large sections of ore bodies that are believed to contain what the average overall results demonstrate.

**Future production and production estimates may not be achieved and are subject to the normal risks of mining operations**

The Company's future mining operations are subject to all of the hazards and risks normally incidental to exploration, development and the production of copper. In particular, it is known that there is graphite in the Dukwe deposit and an atypical "nugget effect" inherent in the deposit which is not fully understood for grade control purposes in mining operations. It is possible that the "nugget effect" may nullify the extrapolation inherent in the current mineral resource estimate at the Dukwe deposit and may also mean that more drilling than is usual will be required to convert mineral resources to mineral reserves. The graphite may also have an adverse effect on the costs of mining which is not yet fully understood. Either of these geologic conditions may have a significant effect on the mine plan and costs of mining the Dukwe deposit, and therefore affect the economic viability of the Dukwe Project. The Company's future mining activities may be subject to prolonged disruptions due to weather conditions, hazards such as unusual or unexpected geologic formations, flooding or other conditions that may be encountered in the drilling and removal of material.

There may be a higher than normal risk of operational problems resulting from the inexperience of plant management, operating and maintenance staff should suitably trained personnel resources not be readily available in Botswana or not otherwise easily employed from within the Southern Africa region. This situation could also be impacted by delays in obtaining necessary work and other labour permits to allow expatriate expertise to be utilized to the extent necessary.

**The Company's copper concentrate will require smelting, and such smelting capacity may not be available or may adversely affect project economics**

A portion of any production from the Dukwe Project is expected to be in the form of copper concentrate which would be treated at third-party smelters. The availability of smelter capacity is not guaranteed and costs of such treatment may adversely affect the economic viability of such production.

## **The sustaining and expansion of future production is dependent on the Company's ability to sustain and expand mineral resources and develop mineral reserves and develop new mines**

The long-term commercial success of the Company depends on its ability to develop and commercially produce base metals from the Projects. The Company's future mineral reserves will depend on its ability to explore and develop the Projects and other properties it may have from time to time. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. There is no assurance that commercial quantities of copper will be produced, discovered or acquired by the Company at the Projects or any other mineral project.

The Company is pursuing a strategy to initially exploit the Dukwe Project on the basis of approximately 4.5 years of open-pit mine life, which could be expanded to 7 years based on prevailing copper prices. The ultimate success of the Dukwe Project will be dependent upon the Company being able to define substantially more resources and reserves to sustain the mine life beyond 4.5 years, which cannot be assured.

Market fluctuations in the price of copper may render mineral reserves uneconomical. Moreover, short-term operating factors relating to mineral reserves, such as the need for orderly development of an ore body or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

## **The Company's current and proposed exploration and mining activities are situated entirely in a single country**

The Company is conducting its exploration and development activities in the Republic of Botswana. The Company believes that the Government of Botswana supports the development of natural resources by foreign operators. There is no assurance that future political and economic conditions in Botswana will not result in the Government of Botswana adopting different policies respecting foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Company's ability to undertake exploration and development activities in respect of future properties as well as its ability to continue to explore and develop those properties in respect of which it has obtained mineral exploration rights to date.

## **Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions**

The Company conducts its operations through foreign subsidiaries, and substantially all of its assets are held in such entities. Accordingly any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have a material and adverse impact on the Company's business, financial condition, and operations.

In addition, operating in foreign jurisdictions exposes the Company to the effects of political, economic or other risks, including changes in foreign laws (whether arbitrary or not), expropriation or nationalization of property, risks of loss due to civil strife, acts of war, insurrection or terrorism (including the effects of such acts which occur in neighbouring states), cancellation or renegotiation of contracts or the inability to enforce legal rights in the foreign jurisdiction.

## **Government regulations may have an adverse effect on the Company**

The Company, its subsidiaries, its business and its operations are subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require

significant cash and financial expenditure, which may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects and, in particular, the development of the Dukwe Project.

The Company's operations and its ability to hold various mineral rights require licences, permits and authorizations and, in some cases, renewals of existing licences, permits and authorizations from various governmental and quasi-governmental authorities. The Company believes that it currently holds or has applied for all necessary licences, permits and authorizations to carry on the activities that it is currently conducting and to hold the mineral rights it currently holds under applicable laws and regulations in effect at the present time, and also believes that it is complying in all material respects with the terms of such licences, permits and authorizations. However, the Company's ability to obtain, sustain or renew such licences, permits and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies and there can be no assurance that the Company will be able to obtain, sustain or renew any such licences, permits or authorizations (including the renewal of the Matsitama Licences) on acceptable terms or at all. Further, additional licences and permits that are necessary to permit the Company to commercially exploit the Dukwe Project may not be obtained.

**The Company cannot assure that its title and mineral licences will not be challenged, revoked or adversely altered**

The Company has investigated the mineral rights and licences held by its subsidiaries in respect of the Projects and, to the best of its knowledge, those rights are in good standing at the date of this annual information form, but no assurance can be given that such rights will not be challenged, revoked, or significantly altered, to the detriment of the Company. There can also be no assurance that the Company's (and its subsidiaries') rights will not be challenged or impugned by third parties, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects should such challenges be successful.

**Currency fluctuations may adversely affect the costs that the Company incurs in its operations**

Copper is sold throughout the world, principally in US Dollars. The Company's costs are incurred primarily in British Pounds Sterling, South African Rand, Botswana Pula and Canadian Dollars. Changes in the currency exchange rates of the US Dollar against the British Pound Sterling, the South African Rand, the Botswana Pula or the Canadian Dollar may affect the actual capital and operating costs of the Projects and will affect the results presented in the Company's financial statements and cause its financial position to fluctuate. As well, such fluctuations may affect the cash flow that the Company hopes to realise from its operations. Accordingly, the Company will be exposed to exchange rate fluctuations which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Further, there is no guarantee that the Government of Botswana will not impose restrictions on the convertibility of and obligations to remit and convert to local currency in future. Such fluctuations in foreign currency or restrictions on the convertibility of and obligations to remit and convert to the currency of Botswana could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**Enforcement of Judgments**

As a result of a substantial portion of the Company's assets being located in Botswana, there may be difficulties in enforcing against the Company judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities legislation for misrepresentations contained in the Company's public disclosure documents. In particular, it may be practically impossible to enforce foreign court judgments against the Company in Botswana.

## **The Company's properties are subject to environmental regulation and the risks associated therewith**

The Projects and the Company's operations generally, are subject to environmental regulation in all of the jurisdictions in which the Company operates. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations, health and safety, and mine closure and reclamation. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. In recent years, a number of mining projects in various parts of the world have been stopped due to intense lobbying and protests initiated by either local or international environmental groups. Any failure by the Company to comply with applicable environmental regulations or the stoppage of mining projects due to lobbying or protest could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

## **Future reclamation costs are only estimates and do not represent actual costs**

The actual costs of reclamation of the Projects is not presently known and are not included in the economic analysis of the proposed mine at the Dukwe deposit. The costs of reclamation have been estimated but may change by the time the rehabilitation of the mine site commences. The costs of reclamation may be supported by the post of bond or other financial assurance to secure all or part of the actual costs of reclamation. The actual costs of reclamation may be significantly greater than the current estimate and as such, may have a material adverse effect on the Company's financial condition and results of operations.

## **The prevalence of HIV/AIDS in Botswana may adversely impact the Company's proposed mining operations**

The per capita incidence of the HIV/AIDS virus in Botswana has been estimated as being one of the highest in the world, according to public sources. As such, HIV/AIDS remains the major healthcare challenge faced by Botswana and the Company's operations in the country. If the number of new HIV/AIDS infections in Botswana continues to increase and if the Government of Botswana imposes more stringent obligations on employers related to HIV/AIDS prevention and treatment, the Company's operations in Botswana and its profitability and financial condition could be adversely affected.

## **The Company relies on key personnel and its management team and outside contractors (including those in Botswana), and the loss of one or more of these persons may adversely affect the Company**

The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Company has entered into employment agreements with certain of its key executives. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management and the loss of one or more could have a materially adverse effect on the Company.

The Company will rely heavily on sub-contractors to build, run and maintain the Projects. The failure of a sub-contractor to perform properly its services to the Company could delay or frustrate mining operations, and have a materially adverse effect on the Company.

## **Insurance and Uninsured risks**

Although the Company maintains liability insurance against certain risks in an amount that it considers consistent with industry practice for a corporation in the development stage, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage, in which event the Company could incur significant costs that could have a material adverse effect upon the Company's business, financial condition and/or

results of operation. As well, there are risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance which may be taken out or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial condition and/or results of operation.

The Company will require significant additional insurance to cover construction and operating risks, as applicable. There can be no assurance that such insurance will be available or that the terms and costs of such insurance will not adversely affect the anticipated profitability of the Dukwe Project and, therefore, the Company's business, financial condition and/or results of operation.

**The Company has no operating history and a history of losses and there can be no assurance that the Company will ever be profitable**

The Company has no mineral properties from which any ore has ever been extracted and sold and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future.

**The success of current and future exploration activities cannot be assured**

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While discovery of a mineral structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditure may be required to establish mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that pre-feasibility studies or full feasibility studies on the Projects or the current or proposed exploration programmes for the Projects will ever result in the discovery of an economically viable mineral deposit or in a profitable commercial mining operation.

Whether a copper deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of copper and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Projects not being, or ceasing to be, viable, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**The Company may not be able to effectively manage its growth**

The Company's ability to support the anticipated growth of its business will be substantially dependent upon, among other things, its successfully increasing and applying additional resources to support its activities. There is no assurance that the Company will be able to manage any future expansion successfully, and any inability to do so would have a material adverse effect on the Company.

**The Company's share price may be volatile and its shares illiquid**

The Ordinary Shares are listed on the BSE, the TSX and on AIM. The share prices of publicly traded companies can be volatile as the price of shares is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the Company.

The market for shares in small public companies is less liquid than for large public companies. Therefore an investment in Ordinary Shares may be difficult to realize and the share price may be subject to greater fluctuations than might otherwise be the case. AIM has been in existence since June 1995 but its future success and liquidity in the market for Ordinary Shares cannot be guaranteed. Investors should be aware that the value of Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their securities may be influenced by a number of factors, some of which may pertain to the Company and others of which are extraneous. On any disposal of their Ordinary Shares, investors may realize less than the original amount invested.

**The Company may not be able to successfully compete for attractive mineral properties, personnel, licences, and other resources against its competitors**

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Company's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties. There is no assurance that the Company will compete successfully in acquiring exploration and development rights on such properties and such inability could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**The Company's directors and officers may have conflicts of interest**

Certain of the directors and officers of the Company are directors or officers of, or have significant holdings in, other mineral resource companies. Such other companies may compete with the Company for the acquisition of mineral property rights. See "*Directors and Executive Officers — Conflicts of Interest*".

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are currently no material legal proceedings, nor was the Company a party to any material legal proceeding during the Company's most recently completed fiscal year, involving the Company or its properties which if decided against the Company would be reasonably expected to have a material adverse effect on the Company, and the Company knows of no such proceedings currently contemplated and none have been threatened.

There were no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year, nor any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and the Company did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or principal shareholder of the Company and no associate or affiliate of the foregoing have had a material interest, direct or indirect, in any transaction in which the Company has participated within the three year period prior to the date of this annual information form, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Company.

**EXPERTS**

PKF (UK) LLP is the Company's auditors. As at 31 March 2007, none of the partners and associates of PKF (UK) LLP own beneficially, directly or indirectly, any of the Ordinary Shares.

Messrs. Lomborg, Palich and Verbeek, the authors of the Technical Report, do not own any securities of the Company.

## **TRANSFER AGENTS AND REGISTRARS**

The registrars and transfer agents for the Ordinary Shares are Computershare Trust Company of Canada at its principal office in Toronto, Ontario, Computershare Investor Services PLC at its principal office in Bristol, United Kingdom and PricewaterhouseCoopers (Pty) Ltd. at its principal office in Botswana.

## **MATERIAL CONTRACTS**

The Company did not enter into any agreement (other than agreements entered into in the ordinary course of business) material to the Company during the fiscal year ended 31 December 2006.

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

The text of the charter of the audit committee of the Board is attached hereto as Appendix "A".

### **Composition of the Audit Committee**

The members of the audit committee, Roy Corrans, Michael Evans and Anthony Williams, are independent of the Company and financially literate.

Mr. Corrans is a professional Natural Scientist and also serves on the board of several private natural resource companies. Mr. Corrans has more than 35 years of international mining and business experience, at senior levels, where he acquired the business expertise to evaluate financial statements, the principles applied to natural resource companies' financial statements and the internal controls required to accurately report a company's financial position. Mr. Corrans has been responsible for the management and reporting of up to 14 exploration offices in 14 different countries, each conducting large mineral exploration projects. Most of his experience was gained with Anglo American Corporation where he was Senior Vice-President, Exploration until his retirement in 2001.

Mr. Evans is a professional Natural Scientist. Mr. Evans has more than 34 years of international mining and business experience, at senior levels, in the fields of geology and mining exploration, including the establishment and management of exploration operations and the development of major exploration programmes.

For over 25 years he was employed by Phelps Dodge Corporation where he managed several international operations and acquired the business expertise to evaluate financial statements, the principles applied to natural resource companies' financial statements and the internal controls required to report a company's financial position.

Mr. Williams holds a degree in mining geology and has approximately 30 years' experience in the international mining industry. Mr. Williams was also a partner in a global investment banking firm where he focused on providing investment banking, brokerage and corporate finance services to the mining sector. Mr. Williams serves on a number of boards of public and private companies engaged principally in mining finance or mineral exploration. Mr. Williams is Chairman of a privately owned international mining finance and project management company and has extensive knowledge and experience in accounting and financial reporting for natural resource issuers and accounting issues specific to such issuers.

## Audit Committee Oversight

During the fiscal year ended 31 December 2006, all recommendations of the audit committee to nominate or compensate an external auditor were adopted by the Board.

## Pre-Approval Policies and Procedures

Included as part of the audit committee's charter is the responsibility of the audit committee to pre-approve all non-audit services to be provided to the Company by its external auditors.

## External Auditor Service Fees

The following table summarizes the fees paid to PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP, United Kingdom, the external auditors of the Company in each of the Company's fiscal years ended 31 December 2006 and 2005.

<u>Category</u>	<u>2006</u>	<u>2005</u>
Audit Fees .....	£60,012 <sup>(1)</sup>	£41,451
Audit Related Fees .....	£7,500 <sup>(2)</sup>	£8,384 <sup>(2)</sup>
Tax Fees .....	£30,230 <sup>(3)</sup>	£10,300 <sup>(3)</sup>
All Other Fees .....	£61,700 <sup>(4)</sup>	--
<b>Total.....</b>	<b><u>£159,442</u></b>	<b><u>£60,135</u></b>

Notes:

- (1) Includes £12,500 in professional fees in connection with the audit of Mortbury for its 2003 year end as required in connection with the June 2006 public offering of the Company.
- (2) Includes professional fees in connection with the Company's preparation of its interim financial statement.
- (3) Includes professional fees in connection with taxation services, corporation tax compliance and other tax advice.
- (4) Includes professional fees in connection with the Company's public offering in June 2006.

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year ended 31 December 2006.

Appendix "A"  
to the Annual Information Form of  
African Copper PLC  
As At 31 March 2006

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF AFRICAN COPPER PLC**

**1. PURPOSE**

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of African Copper PLC (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- a) conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- c) ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- d) review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- e) select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- f) provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

## 2. COMPOSITION AND MEETINGS

- a) The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Toronto Stock Exchange, the Alternative Investment Market of the London Stock Exchange, the Botswana Stock Exchange and all applicable securities regulatory authorities.
- b) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
- c) Each member of the Committee must be “independent” (as defined under *Multilateral Instrument 52-110 – Audit Committees* (“**MI 52-110**”)).
- d) Each member of the Committee must, to the satisfaction of the Board, be “financially literate” (as defined under MI 52-110).
- e) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
- f) Unless otherwise agreed, notice of each meeting of the Committee, confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Committee and any other person invited to attend, no fewer than five business days prior to the date of the meeting.
- g) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- h) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- i) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- j) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- k) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

- l) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, or other persons, from time to time, to attend at meetings of the Committee.
- m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- n) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Chair shall not have a casting vote on all matters in the event of an equality of votes. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

### **3. RESPONSIBILITIES**

#### **A. Financial Accounting and Reporting Process and Internal Controls**

- a) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles (“GAAP”) and are prepared in accordance with the requirements of *Multilateral Instrument 52-107 - Financial Disclosure*, and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- b) The Committee shall review management’s internal control report and the evaluation of such report by the Independent Auditors, together with management’s response.
- c) The Committee shall review management’s discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including annual and interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.
- d) The Committee shall ensure that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than disclosure addressed in paragraph 3 above, and must periodically assess the adequacy of those procedures.
- e) The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

- f) The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- g) The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
- h) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- i) The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- j) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Independent Auditors.
- k) The Committee shall provide oversight to related party transactions entered into by the Corporation.

**B. Independent Auditors**

- a) The Committee shall recommend to the Board the Independent Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.
- b) The Committee shall recommend to the Board the compensation of the Independent Auditors and shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
- c) The Committee shall be directly responsible for the oversight of the Independent Auditors, including the resolution of disagreements between management of the Corporation and the Independent Auditors regarding financial reporting and the Independent Auditors shall report directly to the Committee.
- d) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors to the Corporation and its subsidiary entities.
- e) The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors.
- f) The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
- g) The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.
- h) The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

**C. Reporting Responsibilities**

- a) The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

**D. Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

**4. AUTHORITY**

The Committee is authorized to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its responsibilities;
- b) set and pay the compensation for any advisors employed by the Committee; and
- c) communicate directly with the internal auditors of the Corporation as well as with the Independent Auditors.

Appendix "G"  
to the Annual Information Form of  
African Copper PLC  
As At 31 March 2006

**GLOSSARY OF TECHNICAL TERMS**

The following is a glossary of certain technical terms used in this annual information form:

<b>Ag</b>	chemical symbol for silver
<b>alteration</b>	any change in the mineralogic composition of a rock brought about by physical or chemical means, especially by the action of hydrothermal solutions
<b>amphibolite facies</b>	set of metamorphic mineral assemblages (facies) in which basic rocks are represented by hornblende and plagioclase
<b>argillaceous</b>	pertaining to, largely composed of, or containing clay-size particles or clay minerals, such as an argillaceous ore in which the gangue is mainly clay; especially said of a sediment (such as marl) or a sedimentary rock (such as shale) containing an appreciable amount of clay
<b>assay</b>	an analysis to determine the presence, absence or concentration of one or more chemical components
<b>assemblage</b>	a group of related rock types that together define a specific depositional environment
<b>azurite</b>	the mineral $\text{Cu}_3(\text{CO}_3)_2(\text{OH})_2$
<b>Au</b>	chemical symbol for gold
<b>ball mill</b>	a rotating horizontal cylinder with a diameter almost equal to the length supported by a frame or shaft, in which nonmetallic materials are ground using various types of grinding media such as quartz pebbles, porcelain balls, etc.
<b>bankable feasibility study</b>	an extensive technical and financial study to assess the commercial viability of a project, of sufficient detail and integrity that it can be used to arrange project financing
<b>base metal</b>	generally non-ferrous, non-precious metal, including copper, lead and zinc
<b>belt</b>	a group of related rocks that define a specific regional domain that is generally continuous over many kilometres
<b>bore hole</b>	a hole with a drill, auger, or other tools for exploring strata in search of minerals, for blasting purposes and for proving the position of old workings and faults
<b>bornite</b>	the mineral $\text{Cu}_5\text{FeS}_4$
<b>breccia</b>	in the broad sense, refers to a rock containing angular clasts
<b>Bushman lineament</b>	the surface expression of the Bushman Shear

<b>carbonaceous</b>	coaly, containing carbon or coal, esp. shale or other rock containing small particles of carbon distributed throughout the whole mass
<b>carbonates</b>	compounds containing the acid radical $\text{CO}_3$
<b>calcite</b>	the mineral $\text{CaCO}_3$
<b>calcareous</b>	containing calcium
<b>cataclastic</b>	pertaining to the structure produced in a rock by the action of severe mechanical stress during dynamic metamorphism; characteristic features include the bending, breaking, and granulation of the minerals. It is also said of the rocks exhibiting such structures
<b>chalcocite</b>	the mineral $\text{Cu}_2\text{S}$
<b>chalcocite rims</b>	a weathered alteration rim on copper sulphide minerals
<b>chalcopyrite</b>	the mineral $\text{CuFeS}_2$
<b>channel sampling</b>	a slight refinement of grab sampling in which the material to be sampled is channeled in one direction with a shovel, hammer or saw and the material for the sample is taken at regular intervals along the channel. The procedure is repeated with several other channels in different directions until a sample of the proper size has been secured
<b>chrysocolla</b>	the mineral $\text{Cu}_2\text{H}_2\text{Si}_2\text{O}_5(\text{OH})_4$
<b>clastic</b>	fragments of minerals, rocks, or organic structures that have been moved individually from their places of origin
<b>collared</b>	a started hole drilled sufficiently deep to confine the drill bit and prevent slippage of the bit from normal position
<b>concentrate</b>	the clean product recovered in froth flotation
<b>concentrator</b>	collectively an industrial plant designed to mechanically separate minerals and produce a mineral concentrate
<b>copper-oxides</b>	class of mineral compounds that contain copper and elemental oxygen
<b>core</b>	a rock sample produced by drilling with hollow tubes
<b>core drilling</b>	the act of collecting subsurface rock samples by utilizing hollow tube drilling
<b>covellite</b>	the mineral $\text{CuS}$
<b>crushing</b>	size reduction into relatively coarse particles by stamps, crushers, or rolls
<b>Cu</b>	chemical symbol for copper
<b>cuprite</b>	the mineral $\text{Cu}_2\text{O}$
<b>deformation</b>	a general term for the process of folding, faulting, shearing, compression, or extension of the rocks as a result of various earth forces

<b>deposit</b>	a mineralized body that has been physically delineated by sufficient drilling, trenching and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not quantify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved
<b>diamond drilling</b>	a drilling method whereby rock is drilled with a diamond impregnated, hollow drilling bit which produces a continuous, in-situ record of the rock mass intersected in the form of solid cylinders of rock, which are referred to as core
<b>dissemination</b>	a scattered distribution of generally fine-grained minerals within a rock
<b>dolomitic</b>	dolomite-bearing, or containing dolomite
<b>ductile</b>	capable of being permanently drawn out without breaking; such as, a ductile metal
<b>EIA</b>	environmental impact assessment
<b>EIA Report</b>	the final draft EIA report prepared by Water Surveys (Botswana) (Pty) Ltd.
<b>electrowinning</b>	an electrochemical process in which a metal dissolved within an electrolyte is plated onto an electrode. Used to recover metals such as cobalt, copper, gold and nickel from solution in the leaching of ores, concentrates, precipitates and matte
<b>EMP</b>	environmental mitigation and management plan
<b>enriched</b>	containing higher than normal amounts
<b>EPCM</b>	an engineering, procurement and construction management contract
<b>epithermal</b>	said of a hydrothermal mineral deposit formed within about 1 km of the earth's surface and in the temperature range of 50 to 200 degrees Celsius, occurring mainly as veins
<b>exposure</b>	an area of a rock formation or geologic structure that is visible (hammerable), either naturally or artificially, i.e., is unobscured by soil, vegetation, water, or the works of humans; also, the condition of being exposed to view at the Earth's surface
<b>Fe</b>	chemical symbol for iron
<b>feasibility study</b>	a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production
<b>flotation</b>	a process of concentration in which levitation in water of particles heavier than water is obtained with the use of chemical reagents; typically used in processing of coal or sulphide minerals with the aid of a reagent and the desired product becomes attached to air bubbles in a liquid medium and floats as a froth
<b>footwall</b>	the underlying side of an orebody or stope
<b>galena</b>	an isometric mineral

<b>g/t</b>	grammes per metric tonne
<b>geochemical</b>	prospecting techniques which measure the content of specified metals in soils and rocks for the purpose of defining anomalies for further testing
<b>geochemistry</b>	the study of the relative and absolute abundances of the elements and their nuclides (isotopes) in the earth
<b>geophysical</b>	prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing
<b>geophysics</b>	branch of physics dealing with the earth, including its atmosphere and hydrosphere and includes the use of seismic, gravitational, electrical, thermal, radiometric, and magnetic phenomena to elucidate processes of dynamical geology and physical geography
<b>geotechnical hole</b>	a drillhole placed specifically for the gathering of information related to the physical properties of rocks
<b>gneiss</b>	a medium to coarse-grained, banded rock formed during high-grade regional metamorphism
<b>grade</b>	relative quantity or the percentage of mineral or metal content in an orebody
<b>granite</b>	a common igneous coarse grained rock composed of various amounts of quartz and feldspar with minor accessory minerals
<b>greenschist</b>	schistose metamorphic rock whose green color is due to the presence of chlorite, epidote, or actinolite
<b>hanging wall</b>	the overlying side of an orebody, fault, or mine working, especially the wall rock above an inclined vein or fault
<b>heap leach or heap leach process</b>	the separation, selective removal or dissolution of constituents from a rock or orebody by the action of percolating water or dilute acid
<b>hornfels</b>	fine-grained rock composed of a mosaic of equidimensional grains without preferred orientation and typically formed by contact metamorphism
<b>hosted</b>	contained within
<b>hydrothermal</b>	of or pertaining to hot water, to the action of hot water, or to the products of this action, such as a mineral deposit precipitated from a hot aqueous solution, with or without demonstrable association with igneous processes; also, said of the solution itself. Hydrothermal is generally used for any hot water but has been restricted by some to water of magmatic origin
<b>hyperspectral survey</b>	an airborne survey method that measures reflected light in the visible spectrum
<b>hypogene</b>	below surficial weathering
<b>IRR</b>	internal rate of return

<b>Karoo</b>	a succession of sedimentary and volcanic rocks that are widespread throughout Southern Africa
<b>km</b>	kilometre
<b>km<sup>2</sup></b>	square kilometre
<b>kriging</b>	a weighted, moving-average interpolation method in which the set of weights assigned to samples minimizes the estimation variance, which is computed as a function of the variogram model and locations of the samples relative to each other, and to the point or block being estimated. In the estimation of ore reserves by geostatistical methods, the use of a weighted, moving-average approach both to account for the estimated values of spatially distributed variables, and also to assess the probable error associated with the estimates
<b>kV</b>	a unit of electrical power equal to 1000 volt-amperes
<b>lb</b>	pound
<b>limestone</b>	a sedimentary rock composed of calcium carbonate
<b>lineament</b>	a significant line of landscape that reveals the hidden architecture of rock basement
<b>lithology</b>	character of a rock described in terms of its structure, color, mineral composition, grain size, and arrangement of its component parts
<b>m</b>	metre
<b>malachite</b>	the mineral $\text{CuCO}_3(\text{OH})_2$
<b>marcasite</b>	an iron sulphide mineral ( $\text{FeS}_2$ ) found in low-temperature, near-surface deposits in sedimentary rocks
<b>Matsitama Belt</b>	an assemblage of metasedimentary rocks that lies on the western margin of the Zimbabwean Craton
<b>Matsitama Group or Supergroup</b>	the name given to the series of rocks that lie within the Matsitama Belt
<b>metamorphism</b>	mineralogical, chemical, and structural adjustment of solid rocks to physical and chemical conditions that have generally been imposed at depth below the surface zones of weathering and cementation, and that differ from the conditions under which the rocks in question originated
<b>metallurgical</b>	the physical properties of metals as affected by composition, mechanical working, and heat treatment
<b>metamorphic</b>	pertaining to the process of metamorphism or to its results
<b>metasediment</b>	a metamorphosed sedimentary rock
<b>metasomatism</b>	process of practically simultaneous capillary solution and deposition by which a new mineral of partly or wholly different chemical composition may grow in the

body of an old mineral or mineral aggregate

**mineralogy**

the study of minerals: formation, occurrence, use, properties, composition, and classification

**mineralization**

a process of formation and concentration of elements and their chemical compounds within a mass or body of rock

**mineral reserve**

a mineral reserve is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined

Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proven mineral reserves, which are defined as follows:

**probable:**

the economically mineable part of an indicated, and in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**proven:**

the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

**mineral resource**

a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories which are defined as follows:

**inferred:**

that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

**indicated:**

that part of a mineral resource for which quantity, grade or quality, densities, shape

and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

**measured:**

that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity

<b>mineralogical zonation</b>	the segregation of rock composition based on contained minerals
<b>Mosetse Complex</b>	an interrelated series of granites and metasediments which contains the Matsitama Belt on the western margin of the Zimbabwean Craton, Southern Africa
<b>native copper</b>	elemental copper
<b>open pit</b>	a large-scale hard-rock surface mine
<b>orogenic event</b>	a period of mountain building usually accompanied by overthrusting of rocks along continental margins
<b>ounce</b>	a troy ounce (=31.1035 grams)
<b>outline and infill holes</b>	exploratory drilling
<b>oxide</b>	a mineral that contains oxygen
<b>paleoproterozoic</b>	time period between 2.5 billion and 1.6 billion years ago
<b>pelitic</b>	pertaining to or characteristic of pelite; especially said of a sedimentary rock composed of clay, such as a pelitic tuff representing a consolidated volcanic ash consisting of clay-size particles
<b>percussion drilling</b>	act of using a percussion drill
<b>percussion drilling</b>	a form of drilling that produces rock chips using a hammer bit
<b>phanerozoic</b>	that part of geologic time represented by rocks in which the evidence of life is abundant, i.e. Cambrian and later time
<b>phyllite</b>	metamorphic rock, intermediate in grade between slate and mica schist
<b>pitting</b>	the act of digging a pit

<b>poly-deformed</b>	multiple phases of deformation
<b>pre-collar</b>	during core drilling, that upper portion of a hole for which no core is recovered
<b>primary sulphide</b>	a sulphide mineral that forms first
<b>proterozoic</b>	the second oldest geological period after Archaen and the typical age of copper deposits in Southern Africa
<b>pyrite</b>	an isometric mineral $\text{FeS}_2$
<b>quartz</b>	a common rock-forming mineral ( $\text{SiO}_2$ )
<b>quartzite</b>	a metamorphic rock consisting mainly of quartz, formed by recrystallization of sandstone by either regional or thermal metamorphism
<b>regolith</b>	the layer or mantle of loose incoherent rock material, of whatever origin, that nearly everywhere underlies the surface of the land and rests on bedrock. It comprises rock waste of all sorts; volcanic ash, glacial drift, alluvium, windblown deposits, organic accumulations, and soils
<b>reverse-circulation (“RC”) drilling</b>	a type of rotary drilling that uses a double-walled drill pipe. Compressed air, water or other drilling medium is forced down the space between the two pipes to the drill bit and the drilled chips are flushed back up to the surface through the centre tube of the drill pipe
<b>scissor hole</b>	a drillhole placed to drill in a direction opposite to a previously drilled hole
<b>secondary zone</b>	evidence of alteration
<b>sediment</b>	solid fragmental material that originates from weathering of rocks and is transported or deposited by air, water, or ice
<b>sedimentary</b>	formed by the deposition of solid fragmented material that originates from weathering of rocks and is transported from a source to a site of deposition
<b>serpentine</b>	group of common rock-forming minerals having the formula $(\text{Mg,Fe,Ni})_3\text{Si}_2\text{O}_5(\text{OH})_4$
<b>shear</b>	linear areas of weakness along which a failure occurred whereby the portion of mass on one side of the area slides past the portion on the opposite side and which often form conduits for mineralising fluids
<b>shear zone</b>	moderate to large scale, usually elongated zone of rocks that have been crushed during movement of juxtaposed rocks. Shear zones are common hosts for Archaean or Proterozoic copper deposits
<b>silica</b>	the chemically resistant dioxide of silicon, $\text{SiO}_2$
<b>silicate</b>	a compound whose crystal structure contains $\text{SiO}_4$ tetrahedra
<b>slickens</b>	extremely fine-grained material, such as finely pulverized tailings discharged from hydraulic mines or a thin layer of extremely fine silt deposited by a stream during a

	flood
<b>sphalerite</b>	an isometric mineral
<b>strataform</b>	conforms to tabular shape
<b>stratigraphic</b>	the arrangement of strata, especially as to geographic position and chronologic order of sequence
<b>strike</b>	the course or bearing of the outcrop of an inclined bed, vein, or fault plane on a level surface; the direction of a horizontal line perpendicular to the direction of the dip
<b>strike extent</b>	the longest horizontal dimension of an orebody or zone of mineralization
<b>sulphide</b>	a mineral containing sulphur in its non-oxidised form
<b>sulphide mineralization</b>	a concentration of metallic minerals that contain sulphur
<b>supergene</b>	a term used to describe near surface processes
<b>supergroup</b>	a group of rocks that are related by proximity but span a large time period
<b>SX/EW</b>	solvent extraction - electrowinning
<b>t</b>	metric tonnes
<b>tailings</b>	the gangue and other refuse material resulting from the washing, concentration, or treatment of ground ore
<b>talc</b>	A monoclinic and triclinic mineral, $2[Mg_6(OH)_4(Si_8O_{20})]$
<b>t/yr</b>	tonnes per year
<b>tectonic</b>	said of or pertaining to the forces involved in, or the resulting structures or features of, tectonics
<b>tenorite</b>	the mineral CuO
<b>tillite</b>	a consolidated or indurated sedimentary rock formed by lithification of glacial till, especially pre-Pleistocene till (such as the Late Carboniferous tillites in South Africa and India)
<b>thrust and nappe surfaces</b>	a physical arrangement of rock units that results from structurally emplacing older rock over younger rock usually during orogenic activity
<b>trenching</b>	in mineral exploration, a process used to investigate soil or geochemical anomalies by the excavation of narrow trenches across anomalous zones to observe geological structures and to allow sampling
<b>twinned holes</b>	drill holes that placed in close proximity to each other with the objective of verifying results
<b>vein</b>	a tabular deposit of minerals occupying a fracture, in which particles may grow away

from the walls towards the middle

**volcanic**

relating to volcanoes

**volcaniclastic**

a sedimentary rock that is formed as a result of volcanic activity

**winze**

a vertical opening driven downward connecting two levels in a mine. When one is standing at the top of a completed connection the opening is referred to as a winze, while when standing at the bottom, the opening is a raise, or rise