

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") of the operating results and financial position of African Copper Plc (the "Company") and its subsidiaries is for the three months ended 31 March 2006 compared with the three months ended 31 March 2005. The MD&A should be read in conjunction with the Company's interim consolidated financial information for the three months ended 31 March 2006 (the "Interim Financial Information"), the audited consolidated financial statements for the year ended 31 December 2005 (the "Audited Financial Statements") and the related notes thereto, and the report entitled "Technical Report on the Dukwe Copper Project and Matsitama Prospecting Licences Botswana, Africa" prepared by A.C.A. Howe International Limited ("Howe") dated 30 March, 2006 (the "Technical Report"). The Interim Financial Information has been prepared under the historical cost convention and in accordance with United Kingdom generally accepted accounting principles ("UK GAAP") (See Note 2: Principal Accounting Policies). These principles differ in certain material respects from accounting principles generally accepted in Canada ("CDN GAAP"). Significant differences between UK GAAP and CDN GAAP applicable to the Company are described in Note 11 to the Interim Financial Information. All amounts herein are expressed in Sterling unless otherwise indicated and the information is current to 12 May 2006. Additional information relating to the Company is available at www.africancopper.com or SEDAR at www.sedar.com.

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

Forward-Looking Statements

Except for historical information contained in this MD&A relating to African Copper, certain disclosure statements and information contained herein constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the future price of copper, timing of the development of the Company's projects in Botswana, success of exploration activities, permitting time lines, requirements for additional capital, and the timing and possible outcome of pending and future regulatory applications and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include risks related to conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of copper; possible variations in mineral resources or reserves, delays in obtaining governmental consents, permits and registrations or financing outcomes. 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 makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

1.0 Business Overview

The Company operates in the resource industry in southern Africa. The principal business of the Company is the exploration and development of copper deposits in the Republic of Botswana. The Company has two principal project assets, both located in Botswana: the Dukwe Project and the Matsitama Project. Reference is made to the Technical Report, a copy of which has been filed on SEDAR and the Company's website.

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

The Company's most advanced project is the Dukwe Project. Past work has included extensive drilling, sampling and subsequent engineering and metallurgical test work to delineate a substantial copper oxide resource (reference is made to the Technical Report).

The Company also owns the 4,000 km² Matsitama project, which lies adjacent to and south east of the Dukwe project that offers 10 drill-ready and highly prospective targets, including the Thakadu-Makala deposits. An additional eight high-priority targets are ready for drilling with extensive surface geochemical copper anomalies. Thirty-five second-priority targets and an extensive geochemical and geophysical database will be systematically assessed over the next three years.

2.0 Copper Market

The availability of equity funding to the Company depends, in part, upon investor interest in the copper sector. As a result of its properties, singularly or in combination, of high ductility, malleability, and thermal and electrical conductivity, and its resistance to corrosion, copper has become a major industrial metal, ranking third after iron and aluminium in terms of quantities consumed. Electrical uses of copper, including power transmission and generation, building wiring, telecommunication, and electrical and electronic products, account for about three quarters of total copper use. Building construction is the single largest market, followed by electronics and electronic products, transportation, industrial machinery, and consumer and general products. Copper by-products from manufacturing and obsolete copper products are readily recycled and contribute significantly to copper supply.

The majority of demand comes from the US, Europe and Asia. Growth in copper demand has been enhanced recently by the industrialization of emerging economies in Asia and, in particular, China. China's share of world copper demand has risen from approximately 3% in 1970 to approximately 23% in 2004. Asia now accounts for almost half of the world's copper consumption. Other factors contributing to recent growth include worldwide demand for consumer products, strong housing markets and the expansion and maintenance of electrical infrastructure.

This increase in demand has caused a drawdown in copper inventories which has led to a recent decline in stocks of copper held by the international exchange warehouses. The cash price for copper has risen dramatically as a result of this shortage. The price of copper has been volatile historically, trading within a range of US\$0.60/lb to US\$1.54/lb from 1990 to 2004 and recently trading in excess of US\$ 3.50 /lb at 12 May 2006.

Copper prices have also been cyclical historically, as periods of global oversupply depress prices, discourage new production and cause copper producers to curtail mine and refinery output. This results in a period of supply constraint that increases prices and encourages new production. Since 2003, growing demand for copper, combined with the inability of copper producers to increase supply, has substantially depleted copper inventories and increased prices. During 2005 there were a number of supply disruptions, caused by smelter shortfalls and mine strikes, which, when coupled with continuing strong demand, caused global inventories of refined copper stocks to be drawn down and copper prices to increase to historic highs.

It is not possible to forecast future copper price trends and their impact on the future results from the Company's projects.

3.0 Critical Accounting Estimates

The preparation of financial statements in conformity with UK GAAP requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Interim Financial Information are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Goodwill

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

Resource Properties, Deferred Exploration and Development Costs

All costs related to the exploration of mineral properties are capitalised until either the properties are brought into production, at which time they are depleted on a unit of production basis, or until the properties are sold, allowed to lapse or abandoned or determined not to be economically viable, at which time they are charged to the profit and loss account.

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

Management is of the view that the current policy is appropriate for the Company at this time and is consistent with many other public exploration and development companies in the UK and Canada. Shareholders are advised that carrying values are not necessarily indicative of present or future values. The Company assesses whether impairment exists in any of its exploration projects, and writes down that project to its estimated recoverable value when such impairment is found to exist. No writedowns were recorded in the Interim Financial Information. A writedown would be recorded as an expense in the Company’s profit and loss account.

Asset Retirement Obligations

The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. At 12 May 2006, the Company has not incurred or committed any asset retirement obligations related to the development of its Dukwe and Matsitama Projects.

Share Based Payments

In 2005, the Company elected to comply with Financial Reporting Standard 20 (“FRS 20”), “Share Based Payments” with effect from the Company’s date of incorporation 11 February 2004. Under FRS 20, the Company is required to charge the profit and loss account with the fair value of the options issued. This calculated charge amount is not based on historical cost, but is derived based on assumptions input into an option pricing model. The model requires that management make several assumptions as to future events, including: an estimate of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company’s share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value of which the holder of the option could receive in an arm’s length transaction, given there is no market for the options and they are not transferable. It is management’s view that the value derived is highly subjective and dependent entirely upon the input assumptions made. The fair value of the option is either expensed or capitalized as a deferred exploration cost depending on the nature of the grant.

4.0 Overall Performance

The Company recorded a net loss for the three month period ended 31 March 2006 of £153,840, or 0.30p per share, compared with £161,084, or 0.32p per share, in the comparable period in 2005. The following table provides a comparison of the two quarterly periods:

	Three Months Ended 31 March 2006 £	Three Months Ended 31 March 2005 £
Bank interest receivable	(92,466)	(127,493)
Share based compensation	4,098	32,779
Administrative Costs:		
Administration	21,137	12,524
Directors fees	14,775	11,650
Office costs	28,218	33,203
Insurance	9,450	9,450
	73,580	66,827
Listing on Botswana and Toronto Stock Exchanges	-	11,840
Consultants, salaries and benefits	69,379	67,969
Shareholder communication and public company administration	28,807	15,843
Travel, accommodation, analyst trip and conferences	47,764	70,698
Professional fees	22,678	22,621
	168,628	188,971
Net loss	153,840	161,084

The lower interest income earned during the current quarter can be attributed to lower average cash and short-term deposit balances.

Under the Company's policy for share based compensation the fair value of options are either expensed to the profit and loss account or capitalized as a deferred exploration cost depending on the nature of the grant. Share based compensation expensed for the first quarter of 2006 decreased to £4,098 compared to the first quarter of 2005 expense of £32,779. Share based compensation capitalized to deferred exploration for the first quarter of 2006 decreased to £31,410 compared to the first quarter of 2005 of £98,338. The lower amounts in the first quarter of 2006 reflects the fact that no options were issued during this period compared to the year earlier first quarter when 1,500,000 options were issued and largely vested throughout fiscal 2005.

The increase in corporate administrative costs to £21,137 during the period ended 31 March 2006 compared to £12,524 in the comparable period in 2005 reflects additional bookkeeping and corporate support costs to accommodate increased corporate activity. Shareholder communication and public company administration costs increased during the three months ended 31 March 2006 as a result of additional reporting and administration cost associated with the Company's Toronto Stock Exchange and Botswana Stock Exchange listings.

5.0 Investment in Deferred Exploration and Development

The Company capitalizes all costs to deferred exploration incurred in Botswana related to the Dukwe and Matsitama Projects and certain head office consulting fees directly related to property activities. Cumulative expenditures on deferred exploration increased during the three months ended 31 March 2006 to £8.7 million from £7.2 million at 31 December 2005. This £1.5 million increase primarily reflects the amount spent by the Company on the continuation of its fiscal 2005 Dukwe exploration programme including resource delineation drilling and detailed engineering expenditures.

Management has conducted a review of its deferred exploration accounts and has determined that the current carrying values are appropriate based on its assessment of realizable value. As at 31 March 2006 the Company's Dukwe Project is carried at £ 8.4 million and its Matsitama Project is carried at £ 0.3 million. A table outlining the additions to the Deferred Exploration Costs is presented in Section 5.1 and 5.2 below.

5.1 Dukwe Project

Strategy and Outlook

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 2005 operational plan on completing the detailed engineering for a heap leach operation at the Dukwe oxide deposit while concurrently working on a feasibility study for the proposed Dukwe sulphide underground mining operation. The initial development strategy envisaged the 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 board of directors of the Company (the "Board") decided that an acceleration of development plans to exploit the higher grade sulphide resource was warranted. The current plan is to accomplish this through the planned selective mining of four near surface discrete higher grade zones at the Dukwe deposit, which lie within 175 m of surface (the "Initial Mining Zones"). The indicated mineral resources, contained in the Initial Mining Zones, encompass 4.24 million tonnes, grading 2.43% Cu fully diluted and adjusted for mining extraction. Beneath this near surface material is a sulphide mineral resource that could possibly extend the project's estimated initial 4.5 year mine life but requires further exploration from underground to upgrade the resource estimate.

During the first quarter of 2006 the Technical Report was issued on the Dukwe and Matistiama Projects. In the Technical Report Howe concluded the following for the Dukwe Project:

1. pursue a trial mining and underground exploration programme (the "Underground Trial Mining Programme") on the Initial Mining Zones, specified in the Technical Report as Zones A,B,C and D, and test the Dukwe deposit resource model and mineability of the deeper sulphide resources; and
2. in order to take advantage of short to medium term high copper process, construct a production scale flotation concentrator plant in conjunction with the Underground Trial Mining Programme.

To execute on the Technical Report recommendations the Company announced on 9 May 2006 a conditional share placing on a non-pre-emptive basis (the "Placing") to raise approximately £53.4 million net of expenses. In Canada, in connection with the Placing the Company filed a short form prospectus which is available on SEDAR at www.sedar.com or the Company's website. The Placing is contingent upon shareholder approval at the Extraordinary General Meeting to be held on 5 June 2006.

The proceeds of the Placing will be used in part to fund the Underground Trial Mining Programme at Dukwe. It is intended that these activities will be undertaken concurrently and reflect the desire of the Company to commence the mining of the Initial Mining Zones and to convert the sulphide mineral resources into mineral reserves as quickly as possible. The budget for the Underground Trial Mining Programme as reported in the Technical Report is approximately US\$32.3 million. Part of the proceeds from the Placing will also be used to fund the construction of a flotation concentrator processing plant, budgeted in the Technical Report by Howe at approximately US\$49 million.

The Board plans to use the cash flow generated from the proposed mining of the Initial Mining Zones at the Dukwe deposit to continue funding the further exploration and development of the Matsitama Belt. Assuming that the planned exploration programme planned to commence in fiscal 2006 at the Thakadu-Makala deposits results in a positive pre-feasibility study, such deposits may be developed into the Company's second mine, either as a separate operation or as a complementary project running either in parallel or in series with the mine at the Dukwe deposit. At the same time, the Company plans to aggressively explore existing and future high priority exploration targets throughout its projects.

If the Placing is approved by shareholders at the EGM and the aforementioned 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.

Permitting

In order to proceed with the Company's plan to commence mining the Dukwe deposit, a mining licence, a surface rights permit for the plant and a water abstraction permit have to be obtained, and an environmental impact assessment has to be updated and approved.

The Final Draft Environmental Impact Assessment Report on the Company's proposed mining operation (the "EIA"), prepared by Water Surveys (Botswana) (Pty) Ltd., was submitted to the Department of Mines in November 2005 and the Ministry's comments have been received by the Company. In response to these comments, the EIA was updated to reflect the current underground mining plan and has been re-submitted to the Department of Mines. The Company is commencing the development of an environmental mitigation plan based on the EIA. This plan is required prior to the application for a mining licence, and will detail the environmental management that will be undertaken during operations.

Application to the Lands Board, Bamangwato Tribal Administration has been made for surface rights for the proposed plant site. The application has been processed, but the issuance of the surface rights permit has been deferred pending government acceptance of the EIA.

In conjunction with the EIA, a hydrogeological water resources study was completed. As a result of this study, an aquifer was identified to the north of the deposit that appears to be able to provide sufficient water for the Dukwe mining operations. By the end of May 2006, the Company expects to complete the drilling of boreholes into this aquifer to test the water levels and flow rates within the aquifer. Upon completion and flow testing of these boreholes, the Company will apply for an abstraction permit which will allow the Company to withdraw sufficient process water to support the operations at the Dukwe deposit.

The required archaeological impact study has been approved by the National Museum of Botswana, and a conditional permit has been issued.

Once the EIA is approved and the surface rights and water abstraction permits are granted, the Company intends to apply for the mining licence to cover the area containing and immediately surrounding the Dukwe deposit.

Dukwe Project – Expenditures

	As at 31 March 2006 £	As at 31 March 2005 £
Opening Balance	6,878,279	2,186,000
Exploration:		
Drilling	782,263	-
Assay	28,081	-
	810,344	-
Mine Development:		
Detailed engineering	412,050	-
Government permitting	37,683	-
Administration	111,580	69,466
Depreciation capitalized	10,000	-
Road upgrade	125,163	-
	696,476	69,466
Foreign Exchange	(46,957)	-
Share Based Compensation	31,410	98,338
Ending balance, 31 March	8,369,552	2,353,804

5.2 Matsitama Project

The Matsitama Prospecting Licences cover a very large area, some 4,000 km² of highly prospective mineral holdings. These licences are contiguous with the Dukwe deposit discussed above. 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 belt.

The Thakadu-Makala deposits 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. Howe concluded in the Technical Report that the Company is justified in undertaking a major advanced exploration programme at the Thakadu-Makala deposits and since this work might impact to some extent on the current development plan at the Dukwe deposit it should be completed without delay.

Howe also concluded that the Matsitama Project has a wealth of systematic multidisciplinary exploration data that indicate substantial areas of highly prospective terrain especially for sediment-hosted copper and zinc deposits. Recent compilation work by the Company has brought several prospects outside of the Dukwe and Thakadu-Makala deposits to the forefront as locations deserving substantial exploration efforts. These areas include:

- Thakadu-Makala-Dihudi-Mukutsu
- Tholo-Lepashe-Tau
- Naklakwana
- along strike extensions of the Dukwe deposit

The proceeds of the Placing will be used in part to fund the Thakadu-Makala exploration programme and the general Matsitama exploration programme recommended by Howe. The budget for the Thakadu-Makala programme and the general exploration programme as reported in the Technical Report is approximately US\$9 million and US\$8 million respectively.

Matsitama Project – Expenditures

	As at 31 March 2006 £	As at 31 March 2005 £
Beginning Balance	280,025	144,128
Drilling	49,080	-
Site management and logging core	4,584	-
Assay	480	-
Administration	22,810	-
Government Permitting	4,226	-
Ending balance	361,205	144,128

6.0 Summary of Quarterly Results

The Company was incorporated on 11 February 2004. The Company's reporting currency is Sterling. The Company's subsidiary measurement currencies include: Mortbury (Sterling), Messina Copper (Botswana) (Proprietary) Limited (Botswana Pula) and Matsitama Minerals (Proprietary) Limited (Botswana Pula).

The following table sets out selected financial data on the Company for the most recently completed eight quarters, which data has been prepared in accordance with applicable United Kingdom Accounting Standards:

	31 March 2006	31 Dec. 2005	30 Sept.2005 (*as restated)	30 June 2005 (*as restated)
Interest revenues	£(92,466)	£(111,072)	£(154,409)	£(136,649)
Administrative and other expenses	£246,306	£222,196	£278,129	£352,927
Net loss after tax	£153,840	£111,124	£123,720	£216,278
Basic loss per ordinary share	0.30p	0.21p	0.24p	0.42p
Diluted loss per ordinary share	0.30p	0.21p	0.24p	0.42p

	31 March 2005	31 Dec. 2004	30 Sept. 2004	30 June 2004
Interest revenues	£(127,493)	£(70,997)	£(3,592)	£(8,894)
Administrative and other expenses	£288,577	£597,047	£112,456	£26,119
Net loss after tax	£161,084	£526,050	£108,864	£17,225
Basic loss per ordinary share	0.32p	2.48p	0.41p	0.17p
Diluted loss per ordinary share	0.32p	2.48p	0.41p	0.17p

Increased costs in fiscal 2005 reflect the first year of normal operations for the Company due to the fact that prior to November 2004 it had limited financial resources to pursue its business plan. During 2004, the Company remained largely inactive prior to the acquisition of Mortbury Limited in May 2004 and then focused its efforts on completing its initial public offering in November 2004.

- * At 31 December 2005 the Company elected to adopt Financial Reporting Standards 20 ("FRS 20"), "Share Based Payments", with effect from 11 February 2004 (date of incorporation), which represented early adoption of this standard and a change in accounting policy. The effect of this change in accounting policy is to increase the loss after tax for the three months ended 30 September 2005 by £36,382 and increase the net assets of the Company by £83,802 and to increase the loss after tax for the three months ended 30 June 2005 by £39,335 and increase the net assets of the Company by £118,006.
- * At 31 December 2005 the Company re-allocated certain consulting fees and related travel costs for work directly related to the Company's exploration projects in Botswana from expense in the profit and loss account to deferred exploration which represented a change in accounting policy. The effect of this change in accounting policy is to decrease the loss after tax for the three months ended 30 September 2005 by £49,785 and increase the net assets of the Company by £49,785 and to decrease the loss after tax for the three months ended 30 June 2005 by £50,970 and increase the net assets of the Company by £50,970.

7.0 Capital Resources and Liquidity

The Company had a net working capital balance of £7.3 million at 31 March 2006 compared to £14 million at 31 March 2005. Creditors increased from approximately £0.2 million at 31 March 2005 to £1.5 million at 31 March 2006 due to increased levels of exploration activity in the current quarter and a £625,000 accrual at 31 March 2006 for prepayments and costs directly incurred in connection with the Placing. These accrued Placing costs will be offset against the share premium account in the period in which the ordinary shares are issued.

On 9 May 2006, the Company announced the Placing and filed a short-form prospectus in Canada with the applicable provincial securities commissions as required by Canadian law. The Placing includes 34,375,000 new Ordinary shares and 40,625,000 Subscription Receipts to raise approximately £53.4 million (C\$110.3 million) net of expenses. Each Subscription Receipt will convert into one new Ordinary Share upon shareholder approval and admission of the new Ordinary Shares to trading on AIM. An Extraordinary General Meeting (“EGM”) is being convened for 5 June 2006 to approve the Placing.

During the three months ended 31 March 2006, a total of £52,521 was generated from the exercise of 100,000 warrants to purchase ordinary shares of the Company at 52.5p. At 15 May 2006 outstanding warrants represented a total of 2,374,030 ordinary shares issueable for maximum aggregate proceeds of £1,246,366 if exercised prior to 12 November 2006 or £1,661,821 if exercised between 13 November 2006 and 12 November 2007.

At 15 May 2006 outstanding options represented a total of 5,659,872 ordinary shares issueable for maximum aggregate proceeds of £3,137,493 if exercised.

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

Contractual Obligations	Total £	2006 £	2007 £	2008 £	2009 £
Long Term Debt	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
Operating Obligations	93,000	62,000	20,000	11,000	-
Purchase Obligation	-	-	-	-	-
Other Long Term Obligation	-	-	-	-	-
Total Contractual Obligations	93,000	62,000	20,000	11,000	-

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

Licence Number	Duration	2006 £	2007 £
Matsitama			
14/2004	April 2004-March 2007	59,338	59,338
15/2004	April 2004-March 2007	59,338	59,338
16/2004	April 2004-March 2007	59,338	59,338
17/2004	April 2004-March 2007	59,338	59,338
01/2005	Jan. 2005-Dec. 2007	26,168	26,168
Dukwe			
2004/1R	Jan. 2005-Dec. 2006	37,683	-
33/2005	July 2005-September 2008	63,689	63,689

Note:

(1) Converted from Pula into British Pounds Sterling at an exchange rate of 9.5535 Pula for one British Pound Sterling.

8.0 Off-Balance Sheet Arrangements

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

9.0 Transactions with Related Parties

The Company was charged £17,625 (2005 - £17,625) for the three months ended 31 March 2006 by the Dragon Group, a group controlled by A. J. Williams, a director of the Company for the provision of fully serviced office accommodation in the UK and reimbursed expenses. Accounts payable at 31 March 2006 were £11,825 (2005 - £75).

The Company was charged £18,618 (2005 - £9,838) for the three months ended 31 March 2006 by the Summit Resource Management Limited, a company controlled by D. Jones, a director and Chief Executive Officer of the Company, for the provision of fully serviced office accommodation and bookkeeping fees in Canada and reimbursed expenses. Accounts payable at 31 March 2006 were nil (2005 - £923).

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

10.0 Risks

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

The risks noted below do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of likelihood or magnitude of consequences.

The development of the Dukwe and Matsitama Projects into commercial operation 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 cost, 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, there remains to be undertaken certain work on the Dukwe Project that 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.

There can be no assurance that the Company will be able to complete development of the Dukwe and Matsitama Projects (the "Projects") at all or on time or to budget due to, among other things, changes in the economics of the Projects, delays in receiving required consents, permits and registrations (including a mining licence), the delivery and installation of plant and equipment and cost overruns, or 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.

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 Company's 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 prospectus and on the Company's results of operations and financial conditions, as well as the economic viability of the Projects.

The Company currently depends significantly on a single project -- the Dukwe Project

The Company's activities are focused primarily on the Dukwe Project in Botswana. 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.

Future 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, any of which could result in damage to life or property, environmental damage and possibly legal liability for any or all damage. The Company's 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 being experienced, resulting from 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 issuing of necessary work and other labour permits to allow expatriate expertise to be utilized to the extent necessary.

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 preliminary feasibility studies or full feasibility studies on the Projects or the current or proposed exploration programmes 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 Company's 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 will 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 exploration and development of the Company's properties and the construction of mining facilities and commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing for the Projects and any future projects will 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 funds currently available to the Company is through the issue of equity capital, the sale of properties, 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.

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

The Company is a foreign company and 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 valuation.

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.

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.

Government regulations may have an adverse effect on the Company's mining operations

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. Further, additional licences and permits that are necessary to permit the Company to commercially exploit the Dukwe Project (including a mining licence) may not be obtained. While there is no reason to believe that a mining licence will not ultimately be granted, the grant of the mining licence and the timing thereof cannot be guaranteed.

Currency fluctuations may 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, Canadian Dollars, South African Rand and Botswana Pula. Changes in the currency exchange rates of the US Dollar against British Pounds Sterling, Canadian Dollars, South African Rand or Pula (i) may affect the capital and operating costs of the Projects and (ii) will affect the results presented in the Company's financial statements and cause its earnings 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.

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 Botswana government imposes more stringent obligations on employers related to HIV/AIDS prevention and treatment, the Company's operations in Botswana and profitability 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.

11.0 Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, debtors, creditors and accrued liabilities, some of which are denominated in Sterling, Botswana Pula, United States dollars, Canadian dollars, Australian dollars and South African Rand. These accounts are recorded at cost which approximates their fair value at each reporting period end value in Sterling. The Company experiences financial gains or losses on these accounts as a result of foreign exchange movements against Sterling. The Company minimizes its foreign exchange risk by maintaining low Pula account balances, to the extent possible. The Company does not have major commitments to acquire assets in Botswana at this time, but does expect that certain significant expenditures in developing and operating a mine at Dukwe will be denominated in Botswana Pula and South African Rand. As mine development costs are incurred and purchase commitments made, the Company may acquire Botswana Pula and South African Rand or use derivative positions to lock in these costs in Sterling funds, if it believes it prudent to do so.

The Company has placed its cash and cash equivalents in short-term liquid deposits or investments which provide a revised rate of interest upon maturity.

12.0 Outstanding Share Data

Outstanding Ordinary Shares	Number
Balance 31 December 2005	52,033,155
Ordinary shares issued on the exercise of warrants	100,000
Balance 12 May 2006	52,133,155

Warrants	Number	Exercise Price	Expiry Date
Balance 31 December 2005	2,474,030		12 November 2007
Exercise of Warrants	(100,000)	52.5p	
Balance 12 May 2006	2,374,030		

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

Options	Number	Weighted Average Exercise Price
Mortbury option plan *	1,250,000	\$Can 0.25
Mortbury option plan *	450,000	35.0p
Company option plan	1,290,000	60.1p
Compensation option**	499,872	83.6p
Balance 31 December 2004	3,489,872	42.5p
Options granted	2,260,000	76.0p
Options cancelled	(90,000)	76.0p
Balance 31 December 2005 and 12 May 2006	5,659,872	52.6p

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

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