



AFRICAN COPPER PLC

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Three and Six Months ended 30 June 2006

Expressed in Pounds Sterling

The accompanying Financial Information for the three and six months ended 30 June 2006 and 30 June 2005 have not been reviewed or audited by the Company's Auditors and has an effective date of 28 July 2006.

AFRICAN COPPER PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the three and six month periods ended 30 June 2006
(Unaudited and expressed in Pounds Sterling)

	Three Months Ended 30 June		Six Months Ended 30 June	
	2006 £	2005 £ <i>(as restated)*</i>	2006 £	2005 £ <i>(as restated)*</i>
Administrative expenses	(267,098)	(366,523)	(513,404)	(694,658)
Operating loss	(267,098)	(366,523)	(513,404)	(694,658)
Bank interest receivable	239,461	136,649	331,927	264,142
Exchange gain	282,160	-	282,160	-
Gain/(loss) before and after tax	254,523	(229,874)	100,683	(430,516)
Basic gain/(loss) per ordinary share (Note 2)	0.36p	(0.44)p	0.16p	(0.84)p
Diluted gain per ordinary share (Note2)	0.33p	-	0.15p	-

All amounts relate to continuing operations.

* see Note 6 Share Based Payments

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the three and six month periods ended 30 June 2006
(Unaudited)

	Three Months Ended 30 June		Six Months Ended 30 June	
	2006 £	2005 £ <i>(as restated)*</i>	2006 £	2005 £ <i>(as restated)*</i>
Gain/(loss) after tax for the financial period	254,523	(229,874)	100,683	(430,516)
Currency translation differences	(1,042,842)	(37,374)	(1,108,549)	(44,016)
Total recognised losses for the period	(788,319)	(267,248)	(1,007,866)	(474,532)

* see Note 6 Share Based Payments

AFRICAN COPPER PLC

Consolidated Balance Sheets

As at 30 June 2006

	<i>Notes</i>	As at 30 June 2006 (unaudited) £	As at 30 June 2005 (unaudited) £ <i>(as restated)*</i>	As at 31 December 2005 (audited) £
Fixed Assets				
Intangible Assets				
Goodwill	3	8,684,180	8,684,180	8,684,180
Deferred exploration costs	3	9,463,095	3,312,394	7,158,314
Total Intangible Assets		18,147,275	11,996,574	15,842,494
Tangible assets	4	203,628	154,740	120,120
		18,350,903	12,151,314	15,962,614
Current Assets				
Debtors		252,554	89,224	227,618
Prepayments		39,868	-	-
Cash at bank and short term deposits		59,822,259	13,508,548	10,675,709
		60,114,681	13,597,772	10,903,327
Creditors				
Amounts falling due within one year		(1,233,592)	(577,407)	(1,912,530)
Net Current Assets		58,881,089	13,020,365	8,990,797
Net Assets		77,231,992	25,171,679	24,953,411
Share capital	5	1,281,332	520,052	520,332
Share premium	7	68,637,005	16,143,079	16,157,506
Merger reserve	7	8,606,461	8,606,461	8,606,461
Other reserve	7	1,294,573	1,028,758	1,248,625
Profit and loss account	7	(2,587,379)	(1,126,671)	(1,579,513)
Equity Shareholders' Funds		77,231,992	25,171,679	24,953,411

* see Note 6 Share Based Payments

AFRICAN COPPER PLC
CONSOLIDATED CASH FLOW STATEMENT

For the three and six month periods ended 30 June 2006
(Unaudited)

	Three Months Ended 30 June		Six Months Ended 30 June	
	2006	2005	2006	2005
	£	£	£	£
Net cash inflow/(outflow) from operating activities	791,466	38,890	(510,865)	(236,313)
Return on investment and servicing of finance	521,621	136,649	614,087	264,142
Capital expenditure	(2,655,730)	(834,944)	(4,197,171)	(936,247)
Management of liquid resources	(46,215,757)	-	(48,959,643)	-
Financing – issue of equity shares during the period	53,187,978	763,517	53,240,499	1,006,483
Cash inflow during the period	5,629,578	104,112	186,907	98,065

Note 10 provides further information on cash flows.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
(Unaudited)

	Three Months Ended 30 June		Six Months Ended 30 June	
	2006	2005	2006	2005
	£	£	£	£
Increase/(decrease) in cash in the period	5,629,578	104,112	186,907	98,065
Cash inflow from decrease in liquid resources	46,215,757	-	48,959,643	-
Change in net funds arising from cash flows	51,845,335	104,112	49,146,550	98,065
Opening net funds	7,976,924	13,404,436	10,675,709	13,410,483
Closing net funds	59,822,259	13,508,548	59,822,259	13,508,548

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

1. Nature of Operations and Availability of Project Finance

African Copper Plc (“African Copper” or the “Company”) is the holding company of a mineral exploration and development group of companies (the “Group”). The Group is involved in the exploration and development of copper deposits in Botswana and is currently in the feasibility evaluation of an undeveloped copper deposit (the “Dukwe Project”) and a large-scale exploration project (the “Matsitama Project”). The Dukwe Project is located in the northeastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Dukwe Project.

On 30 March 2006 a report prepared by A.C.A. Howe International Limited entitled “Technical Report on the Dukwe Copper Project and Matsitama Prospecting Licences Botswana Africa” (the “Technical Report”) was released (a copy of which is available at www.africancopper.com or SEDAR at www.sedar.com). The Technical Report reviewed work completed to date on the Company’s projects and provided recommendations to develop a mine at the Dukwe Project and advance the Matsitama Project.

On 5 June 2006 the Company received shareholder approval at an Extraordinary General Meeting for the completion of a public offering to raise £53.04 million, net of expenses, through the issue of 34,375,000 ordinary shares at 77.5p per share and 40,625,000 ordinary shares at Can\$1.60. The Board plans to use the funds raised to execute on the recommendations contained in the Technical Report. The strategy contemplates cashflow generated from the proposed mining operations at the Dukwe deposit to continue funding the further exploration and development of the Matsitama Belt.

Assuming that the planned exploration programme at the Thakadu-Makala deposits at Matsitama 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 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.

The accompanying interim consolidated financial information is prepared by management in accordance with United Kingdom generally accepted accounting principles. Selected information and disclosures required in notes to annual consolidated financial statements has been condensed or omitted. This interim consolidated financial information should be read in conjunction with the Company’s audited annual consolidated financial statements and notes for the year ended 31 December 2005. The interim financial information has been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended 31 December 2005.

2. Basic and Diluted Gain/(Loss) Per Share

The calculation of basic gain/(loss) per ordinary share for the six months ended 30 June 2006 is based on the gain/(loss) on ordinary activities after taxation of £100,683 (2005: £(430,516)) and on 61,227,630 (2005:50,968,654) ordinary shares being the weighted average of ordinary shares in issue and ranking for dividend during the period. For the three months ended 30 June 2006, the calculation of basic gain/(loss) per ordinary share is based on the gain/(loss) on ordinary activities after taxation of £254,523 (2005: £(229,874)) and on 70,265,023 (2005:51,839,783). No diluted loss per share is presented as the effect of the exercise of warrants and share options would be to decrease the loss per share.

The calculation of diluted gain per ordinary share for the six months ended 30 June 2006 is based on the gain on ordinary activities after taxation of £100,683 and on 69,283,079 ordinary shares, warrants and share options being the weighted average of ordinary shares, warrants and share options in issue and ranking for dividend during the period. For the three months ended 30 June 2006, the calculation of diluted gain per ordinary share is based on the gain on ordinary activities after taxation of £254,523 and on 78,298,925).

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

Details of warrants and share options in issue which could potentially dilute earnings per share in the future are shown in Note 5.

3. Intangible Assets

	<i>Goodwill</i>	<i>Deferred Exploration Costs</i>	<i>Total</i>
	£	£	£
Balance, 31 December 2004	8,684,180	2,330,128	11,014,308
Additions	-	5,143,365	5,143,365
Exchange	-	(315,179)	(315,179)
Balance, 31 December 2005	8,684,180	7,158,314	15,842,494
Additions	-	3,076,480	3,076,480
Share option expense	-	41,850	41,850
Exchange	-	(813,549)	(813,549)
At 30 June 2006	8,684,180	9,463,095	18,147,275

4. Tangible Fixed Assets

	<i>Vehicles</i>	<i>Computer and Office Equipment</i>	<i>Furniture and Fittings</i>	<i>Total</i>
	£	£	£	£
Cost				
Balance, 31 December 2004	28,431	-	-	28,431
Additions	102,759	25,987	4,661	133,407
Balance, 31 December 2005	131,190	25,987	4,661	161,838
Additions	97,419	15,224	10,185	122,828
Exchange	(19,076)	(3,779)	(678)	(23,533)
At 30 June 2006	209,533	37,432	14,168	261,133
Depreciation				
Balance, 31 December 2004	-	-	-	-
Charge for the year	32,798	7,988	932	41,718
Balance, 31 December 2005	32,798	7,988	932	41,718
Charge for the period	19,184	2,308	359	21,852
Exchange	(4,769)	(1,162)	(134)	(6,065)
At 30 June 2006	47,213	9,134	1,157	57,505
Net book value				
At 31 December 2004	28,431	-	-	28,431
At 31 December 2005	98,392	17,999	3,729	120,120
At 30 June 2006	162,320	28,298	13,010	203,628

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Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

5. Share Capital

	<i>Number</i>	<i>Amount</i> <i>£'000</i>
Authorised		
Ordinary Shares of 1p each	495,000,000	4,950
Redeemable preference shares of £1 each	50,000	50
Issued		
Balance, 31 December 2004	49,992,173	499,922
Ordinary Shares issued on exercise of warrants	2,040,982	20,410
Balance, 31 December 2005	52,033,155	520,332
Ordinary Shares issued on exercise of warrants	100,000	1,000
Ordinary Shares issued on public placement	75,000,000	750,000
Ordinary Shares issued on exercise of share options	1,000,000	10,000
Balance 30 June 2006	128,133,155	1,281,332

On 9 February 2006 a total of £52,521 was raised from the exercise of 100,000 warrants to purchase ordinary shares of 1p of the Company at 52.5p.

On 6 June 2006 the Company completed a public placement to raise gross proceeds of £57.96 million, through the issuance of 34,375,000 ordinary shares of 1p at 77.5p per share and 40,625,000 ordinary shares of 1p at Can\$1.60 per share. The net proceeds of the offering were £53.04 million after deducting a 6% cash commission to the underwriters of £3.48 million plus various professional fees and stamp duty reserve tax costs related to the offering.

On 27 June 2006, a total of £145,041 was raised from the exercise of 900,000 share options to purchase ordinary shares of the Company at Can\$0.25 and 100,000 share options to purchase ordinary shares of the Company at 35p. These share options were options originally granted under the Mortbury Limited option plan (Note 5).

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Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

Share Options and Warrants

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

<i>Share Options¹ Held at 30 June 2006</i>	<i>Share Options¹ Held at 31 December 2005</i>	<i>Date of Grant</i>	<i>Option Price per Share</i>	<i>Exercise Period</i>
350,000	1,250,000	29 March 1999 ²	Can\$0.25	up to 29 March 2007
350,000	450,000	5 April 2004 ²	£0.35	up to 31 March 2007
500,000	500,000	23 September 2004	£0.35	up to 23 September 2014
700,000	700,000	12 November 2004	£0.76	up to 12 November 2014
499,872	499,872	12 November 2004	£0.836 from admission ³ until two years following admission date. £0.912 from that date until three years following admission date.	up to 3 years following admission.
1,500,000	1,500,000	5 January 2005	£0.76	up to 5 January 2015
100,000	100,000	25 April 2005	£0.76	up to 25 April 2015
300,000	300,000	1 September 2005	£0.76	up to 1 February 2015
120,000	120,000	1 September 2005	£0.76	up to 14 March 2015
240,000	240,000	12 November 2005	£0.76	up to 12 November 2015
4,659,872	5,659,872			

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

<i>Number of Warrants at 30 June 2006</i>	<i>Number of Warrants at 31 December 2005</i>	<i>Date of Grant</i>	<i>Subscription Price</i>	<i>Exercise Period</i>
2,374,030	2,474,030	26 May 2004	£0.525 from admission ³ until two years following admission date. £0.70 from that date until three years following admission date.	up to 3 years following admission.

Notes to options and warrants table:

1. Directors' of the Company hold some of the share options.
2. Under the Mortbury share scheme 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 options in the Company on the same basis as the outstanding Mortbury options. All Mortbury options that were exercisable at the date of the acquisition remain exercisable until 29 March 2007.
3. Admission to the Alternative Investment Market of the London Stock Exchange at November 12, 2004.

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

6. Share Based Payments

During 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 represents early adoption of this standard and a change in accounting policy. Under FRS 20, the Group either charges the profit and loss account or capitalises as deferred exploration costs with the fair value of share options issued, depending on the nature of the grant. The fair value is calculated using the Black-Scholes method, which is then spread over the vesting period after allowing for any expected lapses. An exemption applies for options which were granted prior to 7 November 2002. The effect of this change in accounting policy is to increase the loss before tax for the six months ended 30 June 2005 by £72,115 and increase the net assets of the Group at 30 June 2005 by £216,344.

The Company has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted to employees the vesting period is generally between one and three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the director, consultant or employee leaves the Company.

As part of the acquisition of Mortbury Limited, the Company agreed to grant options in the Company on the same basis as the Mortbury options outstanding on the date of acquisition. No further options will be granted under the Mortbury share scheme. Under the Mortbury share option scheme, directors, employees and consultants of Mortbury were granted a total of 1,700,000 to acquire ordinary shares of Mortbury with a weighted average exercise price of 17p. On 27 June 2006 a total of £145,041 was generated from the exercise of Mortbury options with the exercise of 900,000 share options at Can\$0.25 and 100,000 share options at 35p.

As at 30 June 2006 ordinary share options held by directors, officers, employees and consultants are as follows:

Exercise Prices	Outstanding Number of Share Options	Weighted Average Remaining Contractual Life (years)	Exercisable Number of Options
Can\$0.25	350,000	0.75	350,000
35p	850,000	5.15	516,667
76p	2,960,000	8.58	2,566,667
	4,160,000	7.22	3,433,334

During the six month period ended 30 June 2006 no options were granted. During the period £45,948 in share based expense was recorded as other reserve. Of the £45,948 recorded as other reserve, £4,098 was recorded as share based expense and £41,850 was charged to deferred exploration costs.

The following table reflects the continuity of stock options for the six months ended 30 June 2006:

	Number of Stock Options	Weighted Average Exercise Price
Balance, 31 December 2004	3,489,872	43p
Options granted	2,260,000	76p
Forfeited during the year	(90,000)	76p
Balance, 31 December 2005	5,659,872	55p
Options granted	-	-
Options exercised	(1,000,000)	14p
Balance, 30 June 2006	4,659,872	64p

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Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

7. Reserves

	<i>Share Premium</i>	<i>Merger Reserve</i>	<i>Other Reserve</i>	<i>Profit and Loss Account</i>	<i>Total</i>
	£	£	£	£	£
Balance, 31 December 2004	15,156,725	8,606,461	740,300	(652,128)	23,851,358
Premium on exercise of warrants	1,000,781	-	-	-	1,000,781
Loss arising in the period	-	-	-	(612,206)	(612,206)
Currency translation differences	-	-	-	(315,179)	(315,179)
Credit arising on share options	-	-	508,325	-	508,325
Balance, 31 December 2005	16,157,506	8,606,461	1,248,625	(1,579,513)	24,433,079
Premium on exercise of warrants	51,521	-	-	-	51,521
Premium on public placement	52,292,937	-	-	-	52,292,938
Premium on exercise of share options	135,041	-	-	-	135,041
Gain arising in the period	-	-	-	100,683	100,683
Currency translation differences	-	-	-	(1,108,549)	(1,108,549)
Credit arising on share options	-	-	45,948	-	45,948
At 30 June 2006	68,637,005	8,606,461	1,294,573	(2,587,379)	75,950,660

8. Equity Shareholders' Funds

	Three Months ended 30 June		Six Months ended 30 June	
	2006	2005	2006	2005
	£	£	£	£
Gain/(loss) for the period	254,524	(269,432)	100,683	(430,516)
Other losses in the period	(1,042,842)	(37,374)	(1,108,549)	(44,016)
	(788,318)	(306,806)	(1,007,866)	(474,532)
New share capital subscribed	760,000	-	761,000	20,052
Share premium arising on share issue net of expenses	52,427,979	-	52,479,499	986,432
Credit arising on share options	10,440	157,341	45,948	288,458
Net change to shareholders' funds in the period	52,410,101	(149,465)	52,278,581	820,410
Opening shareholders' funds	24,821,891	25,321,144	24,953,411	24,351,269
Closing shareholders' funds	77,231,992	25,171,679	77,231,992	25,171,679

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Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

9. Related Parties and Transactions With Directors

The following amounts were paid to companies in which directors of the group have an interest:

	Three Months ended 30 June		Six Months ended 30 June	
	2006	2005	2006	2005
	£	£	£	£
Amount paid to the Dragon Group, a group controlled by A.J. Williams, for fully serviced office accommodation in the UK and reimbursed expenses	17,625	22,930	35,250	56,503
Amount paid to Summit Resource Management Limited, a company controlled by David Jones, for fully serviced office accommodation in Canada and reimbursed expenses	18,618	9,630	37,236	20,974

These related party transactions were in the normal course of operations and are recorded at their exchange amount. At 30 June 2006, £5,875 (2005: £20,611) was outstanding to the Dragon Group and nil outstanding to Summit Resource Management Limited.

10. Notes to the Cash Flow Statement

Reconciliation of operating loss to net cash outflow from operating activities

	Three Months ended 30 June		Six Months ended 30 June	
	2006	2005	2006	2005
	£	£	£	£
Operating loss	(267,098)	(366,523)	(513,404)	(694,658)
Decrease/(increase) in debtors	553,513	5,167	(64,804)	70,275
Increase in creditors	505,051	360,911	63,245	315,955
Share option expense	-	39,335	4,098	72,115
Net cash inflow/(outflow) from operating activities	791,466	38,890	(510,865)	(236,313)

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Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

Gross cash flows:

	Three Months ended 30 June		Six Months ended 30 June	
	2006	2005	2006	2005
	£	£	£	£
Returns on investment and servicing of finance				
Interest received	239,461	136,649	331,927	264,142
Exchange gain	282,160	-	282,160	-
	521,621	136,649	614,087	264,142
Capital expenditure				
Payments to acquire tangible fixed assets	(96,918)	(61,557)	(105,360)	(126,309)
Payments to acquire intangible fixed assets	(2,558,812)	(773,387)	(4,091,811)	(809,938)
	(2,655,730)	(834,944)	(4,197,171)	(936,247)
Management of liquid resources				
Amounts placed on term deposit	(46,215,757)	-	(48,959,643)	-
	(46,215,757)	-	(48,959,643)	-
Financing				
Issue of equity upon exercise of warrants	-	763,517	52,521	1,006,483
Issue of equity share capital- public placement	53,042,937	-	53,042,937	-
Issue of equity upon exercise of share options	145,041	-	145,041	-
	53,187,978	763,517	53,240,499	1,006,483

Analysis of net funds

	At 31 December 2005	Cash flows	At 30 June 2006
	£	£	£
Cash at bank and in hand	296,990	186,907	483,897
Liquid resources	10,378,719	46,215,757	59,833,362
	10,675,709	46,402,664	59,822,259

11. Significant Differences from Canadian GAAP

The interim financial statements of the Company for the three and six months ended 30 June 2006 have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (“UK GAAP”) which, as applied in the financial statements, conforms in all material respects to those accounting principles generally accepted under Canadian Generally Accepted Accounting Principles (“CDN GAAP”), except as described below.

(a) Acquisition Accounting

Under UK GAAP the exchange of shares of African Copper for the shares of Mortbury Limited (“Mortbury”) is accounted for as an acquisition of Mortbury by African Copper. This share exchange resulted in the former shareholders of Mortbury owning a majority of African Copper. As a result, under CDN GAAP this transaction is treated as an acquisition of African Copper by Mortbury, referred to as a “reverse take-over”. As African Copper

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

was not an operating business prior to this share exchange, the transaction will be accounted for as a capital transaction of Mortbury. This transaction is the equivalent of the issuance of shares by Mortbury for the net assets of African Copper, accompanied by a recapitalization of Mortbury.

For CDN GAAP purposes, Mortbury is considered the continuing business. Accordingly, the financial statements would reflect the results of operations of Mortbury for the year from 1 January 2004 to 31 December 2004 and include the results of operations of African Copper only from the date of the share exchange, 26 May 2004. The reverse take-over acquisition would be recorded at the book value of the net assets of African Copper acquired, being \$1. Accordingly, no goodwill would arise from this transaction. Also, all costs pertaining to the transaction would be considered costs of issuing the shares and recapitalizing Mortbury.

(b) Re-purchase of Mortbury Preference Share

As a result of the accounting treatment given the share exchange, as described previously, the subsequent purchase of the Mortbury Class C Preference share would also be treated as a capital transaction for CDN GAAP. Accordingly, the excess of the fair value of the consideration given for the Preference share over its book value would be reflected as a premium on re-purchase of the share, charged separately to the accumulated loss account. Under UK GAAP this difference became an additional component of goodwill.

(c) Warrants

Under UK GAAP the fair value of warrants issued is not required. Under CDN GAAP the Company is required to determine the fair value of warrants issued using an acceptable pricing model (in this case the Black-Scholes Option Pricing Model has been used) and to separate this value from the underlying equity instrument, or record a cost equal to the fair value of the warrants issued.

In 2004 the Company issued warrants in connection with its 26 May private placement (with each investor receiving ½ share purchase warrant and one ordinary share per unit invested) and issued warrants to former Mortbury creditors as part of the 26 May share exchange. The following details the value attributed to the warrants granted:

- i) On 9 June 2004, 2,841,182 warrants at a price of 50p per share were granted in connection with the 26 May 2004 private placement. The fair value of these warrants amounted to £92,744, estimated based on the following assumptions: dividend yield of 0%; risk-free interest rate of 4.5%; expected life of 1 year; and volatility of 60%. This value has been recorded as an increase in “Contributed Surplus” in the Equity Shareholders’ Funds section of the balance sheet and a reduction in share premium related to the proceeds received from the private placement. During 2005, a total of 2,012,967 warrants were exercised and 828,215 warrants expired. The exercise of these warrants was recorded as a decrease in “Contributed Surplus” in the Equity Shareholders’ Funds section and an addition to the share premium related to the fair value that was previously recorded for the warrants.
- ii) On 12 November 2004, 2,502,045 warrants at a price of 52.5p per share for the first two years and 70p per share for the third year were granted in connection with the 26 May 2004 share exchange. The fair value of these warrants amounted to £878,894, estimated based on the following assumptions: dividend yield of 0%; risk-free interest rate of 4.5%; expected life of 3 years; and volatility of 60%. This value has been recorded as an increase in “Contributed Surplus” in the Equity Shareholders’ Funds section of the balance sheet and a reduction in share premium related to the costs of the share exchange. During the six months ended 30 June 2006, a total of 100,000 warrants were exercised. The exercise of these warrants were recorded as a decrease in “Contributed Surplus” in the Equity Shareholders’ Funds section and an addition to the share premium related to the fair value that was previously recorded for the warrants.

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

(d) Goodwill

Under UK GAAP amortization of goodwill arising from an acquisition 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.

Under CDN GAAP, the accounting treatment given the Mortbury share exchange would have resulted in no goodwill being recorded. Accordingly, there is no adjustment required relating to goodwill or amortisation of goodwill under UK GAAP or CDN GAAP.

(e) Cash and Cash Equivalents

Under UK GAAP, cash at bank includes cash in hand and bank deposits repayable within 24 hours without penalty. All other bank deposits are included in short-term deposits. For purposes of the cash flow statement, management of liquid resources includes movements in short term deposits which do not fall within the definition of cash at bank.

Under CDN GAAP, cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Accordingly, there is no adjustment in the cashflow for management of liquid resources as the Company's short term investments have maturities less than three months and movements in short term deposits fall into the definition of cash at bank.

(f) Cash Flow Statement

The format of the UK GAAP cash flow statement differs from that of the CDN GAAP cash flow statement. Under UK GAAP, interest paid and received is reported in a separate cash flow category called "Return on investment and servicing of finance." In addition, under the UK GAAP cash flow statement there is a separate section for "Acquisitions". Finally, under UK GAAP, movements in short-term investments are not included in cash but classified as "Management of Liquid Resources." Under CDN GAAP, short-term investments with a maturity of three months or less at the date of acquisition are included in cash.

(g) Foreign Exchange Data and Foreign Currency Translation

All amounts included in this report are reported in Sterling. The following table reflects the low and high rates for one Pound Sterling, expressed in Canadian dollars in effect during the periods noted, the rates of exchange at the end of such periods and the average rates of exchange during such periods, based on the Bank of Canada average noon spot rate of exchange.

	Three Months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
Low for the period	1.9956	2.1973	1.9806	2.1973
High for the period	2.1170	2.4032	2.1170	2.4032
Rate at the end of period	2.0614	2.1973	2.0614	2.1973
Average rate for period	2.0502	2.3083	2.0371	2.3135

Under UK GAAP, Mortbury and its subsidiaries, Matsitama Minerals (Proprietary) Limited ("Matsitama") and Messina Copper (Botswana) (Proprietary) Limited ("Messina") are considered self-sustaining foreign subsidiaries. Accordingly, all assets and liabilities are translated into Sterling at the exchange rate prevailing at the balance sheet date and revenues and expenses at the exchange rate prevailing when the transaction occurred with the resulting differences reflected in Reserves. Under CDN GAAP, Mortbury is considered the parent company and African Copper, Matsitama and Messina are considered integrated foreign subsidiaries. Accordingly, monetary assets and liabilities are translated using the exchange rate prevailing at the balance sheet date, non-monetary assets and liabilities are translated at historical exchange rates and revenues and expenses are translated at the exchange rate

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

prevailing when the transactions occurred, with the resulting differences reflected in the determination of net income for the period.

Effective 1 January 2004, Mortbury changed its reporting currency from U.S. dollars to Sterling. As required by CDN GAAP Emerging Issues Committee Release 130, all assets and liabilities of Mortbury would be translated from U.S. dollars to Sterling at the rate of exchange in effect at that date, with any resulting gain or loss being charged as a separate component of Shareholders' Equity.

(h) Share Based Compensation

Under UK GAAP, the fair value of share options issued are included in the Equity Shareholders' Funds as an Other Reserve. Under CDN GAAP, the fair value of share options issued are also included in the Shareholders' Equity Funds but included under the Contributed Surplus category.

Under UK GAAP, the 450,000 Mortbury options issued at 35p granted by the Company as part of the Mortbury acquisition were dealt with as part of the acquisition accounting of Mortbury. Under CDN GAAP, these options represent a grant to employees and their fair value was calculated using the Black Scholes option pricing model and accounted for in the Share Premium account as a cost of issue.

(i) Summary of GAAP Differences

The following table summarizes the components of the significant differences between UK GAAP and CDN GAAP:

	30 June 2006 £	30 June 2005 £
(i) Goodwill		
Goodwill costs following UK GAAP	8,684,180	8,684,180
Less: goodwill arising on Mortbury acquisition not recorded under CDN GAAP	(5,439,808)	(5,439,808)
Less: goodwill arising on purchase of Mortbury preference share not recorded under CDN GAAP	(3,244,372)	(3,244,372)
Goodwill following CDN GAAP	-	-
(ii) Deferred exploration costs		
Deferred exploration costs following UK GAAP	9,463,095	3,312,394
Add: increase in value due to foreign exchange rate at 31 December 2003 compared to 26 May 2004 under CDN GAAP	51,470	51,470
Add: elimination of UK GAAP foreign exchange effect on non-monetary asset	1,423,728	44,016
Deferred exploration costs following CDN GAAP	10,938,293	3,407,880
(iii) Share capital		
Share capital following UK GAAP	1,281,332	520,052
Less: share capital on Mortbury acquisition shares not recorded under CDN GAAP	(206,500)	(206,500)
Add: share capital on Mortbury acquisition shares recorded under CDN GAAP	166,500	166,500
Add: share capital issued in lieu of fee payable for assistance in the acquisition of Mortbury recorded under CDN GAAP	40,000	40,000
Share capital following CDN GAAP	1,281,332	520,052

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

(i) Summary of GAAP Differences (continued)

	30 June 2006 £	30 June 2005 £
(iv) Share premium		
Share premium following UK GAAP	68,637,055	16,143,079
Add: share premium on Mortbury acquisition recorded under CDN GAAP	1,702,537	1,702,537
Add: share premium on purchase of Mortbury preference share recorded under CDN GAAP	2,945,957	2,945,957
Less: related cash costs of issue under CDN GAAP	(71,000)	(71,000)
Less: related share costs of issue under CDN GAAP	(40,000)	(40,000)
Less: allocation of fair value of 1,700,000 Mortbury options and 499,872 underwriters options issued and recorded under CDN GAAP	(504,718)	(504,718)
Less: allocation of fair value of 2,836,182 warrants issued in private placement under CDN GAAP	(91,546)	(91,546)
Less: allocation of fair value of 2,502,045 warrants issued and recorded under CDN GAAP	(878,995)	(878,995)
Add: value of warrants exercised during 2005 and 2006 under CDN GAAP	136,513	22,099
Add: value of share options exercised during second quarter 2006	239,918	-
Share premium following CDN GAAP	72,075,671	19,227,413
(v) Merger reserve		
Merger reserve following UK GAAP	8,606,461	8,606,461
Less: premium on issue on Mortbury acquisition shares not recorded under CDN GAAP	(8,606,461)	(8,606,461)
Merger reserve following CDN GAAP	-	-
(vi) Other reserve		
Other reserve following UK GAAP	1,294,573	1,028,758
Less: reallocation of fair value of share options recorded as Contributed Surplus under CDN GAAP	(1,294,573)	(1,028,758)
Other reserve following CDN GAAP	-	-
(vii) Contributed surplus		
Contributed surplus following UK GAAP	-	-
Add: reallocation of fair value of share options recorded as Other Reserve under UK GAAP	1,294,573	1,028,758
Add: fair value of 499,872 underwriters options issued and recorded under CDN GAAP	123,968	123,968
Add: fair value of 450,000 Mortbury options issued and recorded under CDN GAAP	68,750	68,750
Add: allocation of fair value of 2,502,045 warrants issued and recorded under CDN GAAP	878,995	878,995
Add: allocation of fair value of 2,836,182 warrants issued in private placement under CDN GAAP	91,546	91,546
Less: value of warrants exercised under CDN GAAP	(136,513)	(22,099)
Less: value of share options exercised under CDN GAAP	(239,918)	-
Contributed surplus following CDN GAAP	2,081,401	2,169,919

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

(i) Summary of GAAP Differences (continued)

(viii) Profit and loss account	30 June 2006 £	30 June 2005 £
Profit and loss account following UK GAAP	(2,587,379)	(1,126,671)
Less: opening accumulated loss of Mortbury recorded under CDN GAAP	(897,326)	(897,326)
Add: elimination of UK GAAP foreign exchange effect on non-monetary asset	1,423,728	44,016
Less: premium on redemption of preference share recorded under CDN GAAP	(3,244,372)	(3,244,372)
Less: Loss of Mortbury for the period from 1 January 2004 to 26 May 2004 recorded under CDN GAAP	(138,090)	(138,090)
Add: Foreign currency gain for the period from 1 January 2004 to 26 May 2004 recorded under CDN GAAP	28,046	28,046
Profit and loss account following CDN GAAP	(5,415,393)	(5,334,397)

(j) CDN GAAP Condensed Financial Statements

Had the financial statements been reported under CDN GAAP, the condensed consolidated balance sheets and profit and loss accounts would be reported as follows:

Consolidated Balance Sheets	30 June 2006 £	30 June 2005 £
Intangible assets	10,938,293	3,407,880
Tangible assets	203,628	154,740
Current assets	60,114,682	13,597,773
Creditors	(1,233,592)	(577,407)
Net assets	70,023,011	16,582,986
Share capital	1,281,332	520,052
Share premium	72,075,671	19,227,413
Contributed surplus	2,081,401	2,169,919
Profit and loss account	(5,415,393)	(5,334,397)
	70,023,011	16,582,987

African Copper plc

Notes to the unaudited consolidated financial information for the three and six month periods ended 30 June 2006

Profit and Loss Account	Three months ended		Six months ended	
	30 June		30 June	
	2006	2005	2006	2005
	£	£	£	£
Net loss, as reported in accordance with UK GAAP	254,523	(269,432)	100,683	(430,516)
Net loss, as reported in accordance with CDN GAAP	254,523	(269,432)	100,683	(430,516)
Opening losses brought forward	(5,669,916)	(5,064,965)	(5,516,076)	(4,903,881)
Accumulated losses carried forward	(5,415,393)	(5,334,397)	(5,415,393)	(5,334,397)
Loss per ordinary share for the period	0.36p	(0.52)p	0.16p	(0.84)p

The differences arising between UK GAAP and CDN GAAP would have had no effect on the consolidated cash flow statement other than the differences in disclosure noted above.