



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") of the operating results and financial position of African Copper Plc ("African Copper" or the "Company") and its subsidiaries is for the three and nine months ended 30 September 2006 compared with the three and nine months ended 30 September 2005. The MD&A should be read in conjunction with the Company's interim consolidated financial information for the three and nine months ended 30 September 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"). 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 12 to the Interim Financial Information. All amounts herein are expressed in Sterling unless otherwise indicated and the information is current to 13 November 2006. Additional information relating to the Company, including its public filings, its most recent Annual Information Form and Technical Report, can be reviewed via the SEDAR website at www.sedar.com.

Mr. Joseph Hamilton, P.Geo., the Company's Chief Operating Officer and a "qualified person" as defined by Canadian National Instrument 43-101, has reviewed and approved 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 entering into contract mining agreements; and 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. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable law, African Copper disclaims any intent or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or results or otherwise.

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. For further expansion of certain risks and uncertainties that could contribute to a difference in results, please refer to those risks listed under the heading “Risks” in this MD&A.

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.

Copper Market

The majority of demand for copper 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 26% in 2005. 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.

Copper prices have been cyclical historically. 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. 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\$ 3.00 /lb.

Strategy and Outlook

Dukwe Project

The Company's goal is to develop the Dukwe Project as its first mine in the Matsitama Belt of Botswana.

During the first quarter of 2006, the Technical Report was issued on the Dukwe and Matsitama Projects. To execute on the Technical Report recommendations, which included the building of a production scale flotation process plant, the Company on 5 June 2006 completed a public offering of 75 million ordinary shares, raising £52.9 million net of expenses.

On 18 October 2006, the Company released the results of parallel resource estimates on the Dukwe Project. For further information on these resource estimates, please refer to the information listed under the heading "Indicated and Inferred Resources" in this MD&A. These results, completed individually by two independent consulting companies, showed that a sufficient amount of material existed as indicated resources within proximity of surface that an open-pit mining option could be considered. Since initial metallurgical studies showed that the top oxide portions of the deposit would not produce a marketable concentrate, open pit mining was not considered a viable option with the concentrator processing alternative.

In the third quarter of 2006, further oxide flotation optimization tests confirmed that a marketable concentrate could be produced from the oxide portions of the deposit. In addition, results of a twin-hole drilling programme targeting the oxide and supergene mineralization indicated that historical drilling had possibly underestimated the grade of at least some of the open-pittable material. This distribution of copper, coupled with the optimization of the oxide flotation circuit allowed the Company to start examining and optimizing an open pit design for initial mining. Optimization studies are scheduled for completion in the fourth quarter in 2006.

Coincidentally with embarking on an open pit optimization study, the Company invited tenders for contract mining since open pit mining equipment is difficult to obtain in today's market. Three bids conformed to the tender, and the Company expects to have a contract mining agreement in place to allow a fleet to mobilize in the first half of 2007.

The Company completed testing on its water bore field to the north of the Dukwe Project. Testing indicated that sufficient water is available to support the process plant at the Dukwe Project, and applications were made to obtain abstraction permits. The Company has been advised that these permits will be granted in conjunction with a mining licence, expected before the end of 2006 (the "Mining Licence").

The Company finalized the flow sheet and process plant design for the Dukwe Project in the third quarter of 2006 and the Board approved the commencement of construction of the Dukwe process plant. A construction camp has been erected at the Dukwe site and surface earthworks have commenced. The Company is concentrating on surface water control structures, plant terracing, placing a power line to the bore field and commencing pipeline construction to the plant area.

During the third quarter of 2006, the Company hired the required key technical and engineering staff to support the construction of the Dukwe processing plant. Management believes that the Company is now sufficiently staffed to commence construction and will be adding to the technical capability of the Company as the Dukwe Project progresses.

The Company is currently finalizing the details of the Engineering, Procurement and Construction Management (“EPCM”) contracts for the construction of the Dukwe Project. These contracts are expected to be in place by the end of November 2006. Assuming the Company receives the Mining Licence by 31 December 2006, management expects the project should take approximately twelve months to construct, projecting the first concentrate production in the first half of 2008.

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 at the Dukwe Project, 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 were received by the Company in early 2006. In response to these comments, the EIA was modified and re-submitted to the Department of Mines in Q2 of 2006. Before obtaining approval of the EIA, the Company was requested to provide an Environmental Management Plan (the “EMP”) which outlines the policies and procedures that will be adopted at the Dukwe Project. The Company delivered this document in July 2006. In response to comments received from various government departments the Company addressed the changes as required. A final submission was made near the end of Q3 2006. The Department of the Environment has indicated that the EIA is in order, and that no further modifications are requested. The Department of Mines has indicated that the application for a Mining Licence is in order. The EMP remains outstanding and the Company is currently addressing the final requests from the Department of the Environment. The Company expects to receive all approvals for the EIA and EMP during Q4 of 2006.

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

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

Once the EIA and EMP are approved, the surface rights and water abstraction permit are expected to be granted in conjunction with the Mining Licence. The Department of Mines has given the Company permission to commence surface works and to erect a construction camp prior to obtaining the Mining Licence. The Company does not foresee a delay in its current construction schedule at this point in time and believes its plans are still on-track to establish first concentrate production in the first half of 2008.

Indicated and Inferred Resources

During the third quarter of 2006, the Company commissioned and received two comprehensive mineral resource estimates for the Dukwe Project (see Company’s Press Release dated 18 October 2006, a copy of which can be obtained from the SEDAR website at www.sedar.com) completed by independent consultants RSG Global Consulting (“RSG”) and Caracle Creek International Consulting (“CCIC”). The two consulting groups used identical databases and geological interpretations as a starting point, but used differing methodologies to arrive at their final estimates. The use of two globally recognized independent

consultants with differing methodologies has added confidence in allowing the Company to finalize the resource base available to support an extended mine life at Dukwe. The technical reports prepared in conjunction with the resource estimates will be available shortly on the SEDAR website at www.sedar.com.

The RSG estimate utilized 5 metre composite samples to assign grades to 10m x 30m x 30m block sizes. Ordinary kriging was applied to determine a global estimate, and uniform conditioning was applied to the resultant block model to assign values to the geological wireframes. Subcells to a minimum of 5m x 10m x 10m were used. RSG utilized soft boundaries between “oxide”, “supergene” and “sulphide” mineralization styles which produced a continuous estimate across the three types.

The CCIC estimate utilized 1 metre composite samples to assign grades to 10 m x 30m x 15 m block sizes. Ordinary kriging was applied individually to each mineralized domain as well as the surrounding poorly mineralized breccia. Mineralized domains define zones of improved mineralization, based on a 0.25% copper cut-off as a guideline. In order to improve on local tonnage estimates CCIC used subcells to a minimum of 1m x 5m x 5m. CCIC utilized hard boundaries between geological wireframes and between “oxide”, “supergene” and “sulphide” mineralization styles. A comparison of the two estimates is shown in the following table.

	CCIC Estimate			RSG Estimate		
	1 m composite, 10m x 30m x 15m block size with subcells to 1 m x 5m x 5m, ordinary kriging, 0.25% cut-off mineralized envelope; effective date of estimate:30 Sept 2006			5 m composite, 10 m x 30m x 30m block size with subcells to 5m x 10m x 10m, Uniform Conditioning of Ordinary Kriging, 0.8% cut-off; effective date of estimate:9 Oct 2006		
Indicated resources	tonnes	% Cu	Contained Cu (t)	tonnes	% Cu	Contained Cu (t)
Oxide	1,380,613	1.66	22,899	2,840,000	1.77	50,268
Supergene	4,456,594	2.11	93,949	5,770,000	1.89	109,053
Sulphide	34,913,804	1.31	456,111	24,240,000	1.53	370,872
Total Indicated	40,751,010	1.41	572,960	32,850,000	1.61	530,193
Inferred resources	tonnes	% Cu	Contained Cu (t)	tonnes	% Cu	Contained Cu (t)
Oxide	715,129	1.44	10,274	20,000	1.16	232
Supergene	260,956	1.78	4,632	270,000	1.29	3,483
Sulphide	8,507,751	1.33	113,390	14,100,000	1.38	194,580
Total Inferred	9,483,836	1.35	128,297	14,390,000	1.38	198,295

The RSG estimate was prepared under the supervision of Ken Lomberg, B.Sc.(Hons) B.Com. Pr.Sci.Nat, an employee of RSG and a “Qualified Person” for the purposes of National Instrument 43-101 in Canada. The CCIC estimate was prepared under the supervision of Desmond Subramani, Bsc.(Hons), Pr. Sci. Nat., an employee of CCIC and a “Qualified Person” for the purposes of National Instrument 43-101 in Canada. Both estimates have been completed to SAMREC, JORC and National Instrument 43-101 definitions and standards.

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 Project discussed above. The Company is currently undertaking an advanced exploration programme at the Thakadu-Makala deposit.

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 work by the Company has identified several prospects outside of the Dukwe and Thakadu-Makala as locations deserving exploration efforts.

These areas include:

- Thakadu-Makala-Dihudi-Mutsuku
- Tholo-Lepashe-Tau
- Naklakwana
- along strike extensions of the Dukwe Project

The Company released the first drill intersections from the Thakadu-Makala drilling in early November 2006. The results to date are sufficiently encouraging that the Company has started a metallurgical testing programme and intends to complete open pit studies early in 2007.

Results of Operations

Explanation of Financial Results

The Company recorded a loss of £679,851, or 0.53p per ordinary share, in the third quarter of 2006 versus a loss of £214,329, or 0.41p per ordinary share, for the comparable period in 2005. The increased loss of £465,522 reflects higher stock based compensation costs and foreign exchange losses. These increases were partially offset by higher interest income earned during the three months ended 30 September 2006 due to higher average cash balances during the period compared to the prior year. For the nine months ended 30 September 2006, the Company recorded a loss of £579,168, or 0.69p per ordinary share, compared to a loss of £644,845, or £1.26p per ordinary share, in the year-earlier nine month period. The decreased loss was the result of higher interest income earned partially offset by higher share based compensation costs and foreign exchange losses.

The Company expects to incur losses until commercial production commences and revenues are generated.

Bank Interest Receivable

Interest earned in the third quarter of 2006 increased to £660,398, compared to £154,409 during the year-earlier quarter, while interest income for the nine month period ended 30 September 2006 increased to £992,325 compared to £418,551 for the nine month period ended 30 September 2005. The increases in interest income during 2006 relate to higher average cash balances during the periods due to the £52.9 million, net of expenses, raised in the public offering that closed in early June 2006. The Company expects future quarterly interest income to start to decline later in the fiscal year as cash is invested into the development of the Dukwe mine and the Matsitama exploration.

Foreign Exchange

A foreign exchange loss of £579,036 was recorded in the third quarter of 2006 compared to nil during the year-earlier quarter. Approximately £397K of this loss resulted from exchange rate movements between the Canadian dollar and the British Pound Sterling. Of the 75.0 million ordinary shares issued in the public offering that was completed in June 2006, a total of 40.625 million ordinary shares were priced in Canadian dollars (at C\$1.60 per ordinary share) and 34.375 million were priced in British Pounds (at 77.5p per ordinary share). As a result of the offering, the Company held Canadian denominated investments of C\$49.8 million at 30 September 2006. The Company also recorded losses as a result of exchange rate fluctuations on its \$US and South African Rand denominated holdings.

A foreign exchange loss of £296,876 was recorded for the nine months ended 30 September 2006 compared to nil during the comparable period in 2005. The £397K loss recognized on \$CAD holdings during the third quarter of 2006 was partially offset by a £260K gain on \$CAD holding during the second quarter of 2006. Gains were also recognized on \$US and ZAR holdings during the second quarter of 2006 thereby partially offsetting the losses incurred on the translation of these currencies during the third quarter of 2006.

The Company continues to review its foreign exchange strategy and requirements with special regard to the capital cost commitments in different currencies for the development of the Dukwe Project. The Company expects to continue to see foreign currency gains and losses, as it will hold a number of foreign currencies.

Expenses

The financial information within this MD&A is taken from the Interim Financial Statements. The following table provides a comparison of expenditures incurred during the periods:

	Three Months Ended		Nine Months Ended	
	30 September		30 September	
	2006	2005	2006	2005
	£	£	£	£
General administration and office costs	100,358	58,016	191,238	124,595
Botswana office administration	-	29,010	-	88,205
Consultant, salary and director fees	93,737	99,671	261,800	303,219
Insurance	9,660	9,660	42,670	28,665
Listing on Toronto and Botswana Stock Exchanges	-	51,876	-	110,372
Shareholder communication and public reporting	21,451	22,592	93,735	68,013
Travel, accommodation and conferences	44,012	36,382	89,807	140,478
Professional fees	39,290	25,149	138,565	91,352
	308,508	332,356	817,815	954,899
Share based compensation	452,705	36,382	456,803	108,497
	761,213	368,738	1,274,618	1,063,396

Administrative Expenses

During the third quarter of fiscal 2006, the Company incurred a total of £308,508 in corporate, general and administrative costs (“G&A Costs”) compared to £332,356 in the year-earlier quarter. For the nine months ended 30 September 2006, G&A Costs totalled £817,815 compared to £954,899 in the same period in 2005.

General administration, and professional fee costs were higher in both the third quarter and nine month period ended 30 September 2006 compared to the same periods in 2005 as a result of additional reporting and administration costs. During the three and nine months ended 30 September 2005 a portion of the Botswana administration costs were expensed. During the comparable periods in 2006 these expenses were capitalized to deferred exploration as they related to the development and exploration of the Company’s mineral properties.

Consultant costs were lower in both the third quarter and nine-month period ended 30 September 2006 as a result of a higher allocation of certain consulting fees to deferred exploration rather than expense depending on the nature of the consultants' work. The Company capitalizes all consultants' costs to deferred exploration incurred in Botswana related to the Dukwe and Matsitama Projects and certain head office consulting fees deemed to be directly related to property activities. For the three months ended 30 September 2006 a total of £40,953 of consultant fees were capitalized to deferred exploration compared to £nil in the comparable period of 2005 and £123,129 was capitalized during the nine months ended 30 September 2006 compared to £nil in the comparable period of 2005.

Travel and accommodation costs were lower during the nine months ended 30 September 2006 due to the reclassification of a portion of travel costs. A total of £61,246 of direct travel costs incurred by the Company and its underwriters in completing the public offering that closed in June 2006 were re-allocated to the share premium as a cost of completing the offering.

Share Based Compensation

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 costs expensed for the third quarter of 2006 increased to £452,705 compared to £36,382 during the year-earlier period, while share based compensation capitalized to deferred exploration for the third quarter of 2006 increased to £317,894 compared to the third quarter of 2005 of £83,802.

Share based compensation costs expensed for the nine months ended 30 September 2006 increased to £456,803 compared to £108,497 during the year-earlier period, while share based compensation capitalized to deferred exploration for the nine months ended 30 September 2006 increased to £434,102 compared to the same period in 2005 of £300,146.

The higher stock based compensation expenses incurred during the third quarter and the nine-month period ended 30 September 2006 reflects the vested portion of the fair value calculated under the Black-Scholes method of 7,710,000 options that were issued during the third quarter of 2006. A total of 2.8 million of these options vested immediately upon grant. In comparison, during the nine-months ended 30 September 2005, a total 2.02 million options were granted with only 750,000 vesting up to 30 September 2005.

Investment in Deferred Exploration and Development

The Company capitalizes all costs 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 third quarter of 2006 to £2.57 million compared to £1.77 million during the year-earlier quarter. For the nine month period ended 30 September 2006, cumulative expenditures on deferred exploration increased to £4.87 million compared to a £2.75 million in the year-earlier comparable period.

The most significant ongoing investment activities for the Company are for the development of the Dukwe and Matsitama Projects. Most of the expenditures to date have been to identify and define the Dukwe Project resource, for engineering to design the size and scope of the Dukwe Project, for environmental assessment and permitting as well as for Matsitama Project exploration efforts.

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 30 September

2006 the Company's Dukwe Project is carried at £10.64 million and its Matsitama Project is carried at £1.39 million. A table outlining the additions to the Deferred Exploration Costs is presented below:

Dukwe Project – Expenditures

	Three Months Ended 30 September 2006 £	Three Months Ended 30 September 2005 £	Nine Months Ended 30 September 2006 £	Nine Months Ended 30 September 2005 £
Opening Balance	8,956,594	3,168,266	6,878,279	2,186,000
Exploration:				
Drilling	678,273	1,081,796	2,052,756	1,400,022
Assay	-	-	30,607	-
Geophysical	147,014	-	150,280	-
Mineral resource estimate	-	37,151	-	72,252
	9,781,881	4,287,213	9,111,922	3,658,274
Mine Development:				
Detailed engineering	449,556	372,097	1,270,224	716,940
Government permitting	-	-	32,490	-
Administration	244,183	186,188	454,488	253,940
Depreciation capitalized	34,891	-	56,549	-
Road upgrade	62,503	-	276,886	-
Infrastructure	29,127	-	72,649	-
Plant and equipment	27,626	-	74,430	-
Foreign Exchange	(386,024)	-	(1,147,745)	-
Share Based Compensation	392,252	83,802	434,102	300,146
Ending balance, 30 September 2006	10,635,995	4,929,300	10,635,995	4,929,300

Matsitama Project – Expenditures

	Three Months Ended 30 September 2006 £	Three Months Ended 30 September 2005 £	Nine Months Ended 30 September 2006 £	Nine Months Ended 30 September 2005 £
Beginning Balance	506,051	144,128	280,035	144,128
Drilling	438,126	-	555,243	-
Site management and logging core	24,577	-	79,923	-
Assay	-	-	558	-
Administration	323,763	8,416	402,235	8,416
Government Permitting	-	-	3,772	-
Field equipment	2,477	-	25,506	-
Geophysical	121,385	-	121,385	-
Foreign Exchange	(19,530)	-	(71,358))	-
Ending balance, 30 September 2006	1,397,299	152,544	1,397,299	152,544

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), 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. Significant differences between UK GAAP and CDN GAAP applicable to the Company are described in Note 12 to the Interim Financial Information:

	30 September 2006	30 June 2006	31 March 2006	31 Dec. 2005 (*as restated)
Interest revenues	£660,398	£239,461	£92,466	£111,072
Exchange gain/(loss)	£ (579,036)	£282,160	-	-
Administrative and other expenses	£ (761,213)	£ (267,098)	£(246,306)	£(78,433)
Net gain/(loss) after tax	£ (679,851)	£254,523	£(153,840)	£32,639
Basic gain/(loss) per ordinary share	(0.53)p	0.36p	(0.30)p	0.06p
Diluted gain/(loss)per ordinary share	(0.53)p	0.33p	(0.30)p	0.06p

	30 September 2005 (*as restated)	30 June 2005 (*as restated)	31 March 2005 (*as restated)	31 Dec. 2004
Interest revenues	£154,409	£136,649	£127,493	£70,997
Administrative and other expenses	£ (368,738)	£(366,523)	£(328,134)	£(597,047)
Net loss after tax	£ (214,329)	£(229,874)	£(200,641)	£(526,050)
Basic gain/(loss) per ordinary share	(0.41)p	(0.44)p	(0.40)p	2.48p
Diluted gain per ordinary share	(0.41)p	(0.44)p	(0.40)p	2.48p

Please review the discussion under the heading "Results of Operations" in this MD&A for an explanation of the financial results and exchange gains/losses for the three and nine-month period ended 30 September 2006.

Fluctuations in the Company's expenditures reflect increases in administrative costs and professional fees associated with seasonal corporate filing and regulatory activities. Specifically, the increased costs related to the preparation of year-end audit files and annual meeting materials, as well as the impact of year-end audit adjustments to the financial statements. In the quarter ended 31 December 2005 a total of £148,661 consultant costs and £41,354 travel costs were reclassified to deferred exploration based on the nature of the activities performed. In addition, it should be noted that fiscal 2005 was 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 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 was to increase the loss after tax for the three months ended 31 March 2005 by £32,779 and increase the net assets of the Company by £98,338 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 and 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 31 December 2005 by £11,781 and increase the net assets of the Company by £87,903.*

Capital Resources and Liquidity

The Company's only sources of liquidity until the Dukwe Project reaches commercial production are its current cash balances, possible exercise stock options, project finance alternatives and the equity markets. With the completion of the public offering in June of 2006 the Company is in a strong financial position and capable of implementing the recommendations proposed in the Technical Report. At this time, the Board believes that potential future cash flow from operations coupled with currently 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 Company had working capital of £56.4 million at 30 September 2006 compared to £ 9.0 million at 31 December 2005. The increase in working capital during the nine months ended 30 September 2006 was the result of the June 2006 public offering that included the closing of 34,375,000 new ordinary shares of the Company and 40,625,000 subscription receipts to raise a total of £52.9 million net of expenses. Each subscription receipt was converted into one new ordinary share upon shareholder approval which was received at the Extraordinary General Meeting that was convened on 5 June 2006.

During the nine months ended 30 September 2006, a total of £928,216 was also generated from the exercise of 1,768,030 warrants to purchase ordinary shares of the Company at 52.5p. On 6 November 2006, the remaining 706,000 warrants were exercised into ordinary shares providing aggregate proceeds of £370,650.

On 27 June 2006, a further £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 originally granted under the Mortbury Limited option plan. At 30 September 2006 outstanding options represented a total of 12,369,872 ordinary shares issuable for maximum aggregate proceeds of £9,187,243 if exercised.

Contractual Obligations

The Company has entered into a number of agreements with arms-length third parties who provide a wide range of services and equipment to the Company and its subsidiaries. Typically these agreements are for not more than one-year and permit either party to terminate on notice periods ranging from 30 days to 90 days.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

The Company was charged £18,102 (2005 - £21,433) and £53,352 (2005 - £77,936) for the three and nine months ended 30 September 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 30 September 2006 were £12,227 (2005 - £6,976).

The Company was charged £20,931 (2005 - £9,630) and £58,170 (2005 - £30,604) for the three and nine months ended 30 September 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 30 September 2006 were £2,279 (2005 - £1,714).

In July 2006, the Company entered into an agreement with Pickax Corporation (“Pickax”) to provide the services of Mr. Joseph Hamilton, a director and Chief Operating Officer of the Company. The agreement commenced on 1 July 2006, during which time Pickax will be paid £164,800 per year. Pickax is a corporation controlled by Joseph Hamilton. The Company was charged £41,200 (2005: -) for the three and nine months ended 30 September 2006 by Pickax. This agreement replaced an existing executive services agreement with materially the same terms and conditions.

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

Proposed Transactions

There are no proposed asset or business acquisitions or dispositions before the board of directors for consideration.

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 13 November 2006, the Company has not incurred or committed any asset retirement obligations related to the development of its Dukwe and Matsitama Projects.

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 expect there to be significant expenditures in developing and operating a mine at Dukwe and these costs 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.

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, delay in entering into contract mining agreements 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.

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.

Outstanding Share Data

As of 13 November 2006, the Company's outstanding share data is as follows:

	Number
Outstanding ordinary shares	130,507,185
Ordinary share options	12,369,872
Balance at 13 November 2006	142,877,057