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AIM and TSX: ACU
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MANAGEMENT'S DISCUSSION AND ANALYSIS For the Period Ended 30 September 2007

The following management discussion and analysis ("MD&A") of the operating results and financial condition of African Copper Plc ("African Copper" or the "Company") and its subsidiaries is for the three and nine months ended 30 September 2007 compared with 30 September 2006. The MD&A should be read in conjunction with the 31 December 2006 audited consolidated financial statements of the Company (the "Financial Statements") and the related notes thereto (the "Notes"). The Financial Statements have been prepared under the historical cost convention and in accordance accounting policies consistent with International Financial Reporting Standards ("IFRS"). All amounts herein are expressed in British Pounds Sterling unless otherwise indicated and the information in this MD&A is current to 13 November 2007.

Additional information relating to the Company, including the Company's Annual Information Form dated as at 31 March 2007, is available at www.africancopper.com or SEDAR at www.sedar.com. Mr. Joseph Hamilton, P. Geo., the Company's Chief Executive Officer and a "qualified person" as defined by Canadian National Instrument 43-101, has reviewed and approved the technical material contained herein.

Currency and Exchange Rates

All amounts in this MD&A are in British Pounds Sterling, except where otherwise specifically stated. All references to US\$ or "US Dollars" are references to the United States Dollar. All references to ZAR are references to South African Rand. All amounts expressed in ZAR in this MD&A are converted into British Pounds Sterling and US\$ at 30 September 2007.

The following table sets forth the rates of exchange for one British Pound Sterling expressed in US Dollars and ZAR in effect on the dates indicated below, with US dollars based on the Federal Reserve Bank of New York noon buying rates of exchange on each of such dates and ZAR based on the Bank of England daily spot rates on such dates.

	British Pounds Sterling Rate of Exchange	
	ZAR	(US Dollar)
31 December 2006	13.8047	1.9586
30 September 2007	14.0519	2.0389
13 November 2007	13.8909	2.0729

Business Overview and Strategy

African Copper is an international exploration and development resource company. The Company is developing its first copper project - the Mowana Mine - at the Dukwe Project in Botswana and anticipates production commencing early in the second quarter of 2008. The Company's other interest is the Matsitama exploration concession where an active exploration programme is ongoing.

Q3 2007 Highlights

- Construction is on schedule, with processing plant completion expected by the end of 2007
 - There are approximately 400 employees and contractors on site.
 - The total cost of the flotation concentrator and related facilities is estimated to be ZAR 464.6 million (£33.1 million or US\$67.4 million). This is an 8.2% increase over the initial December 2006 estimate.
 - The capital costs for the Mowana Mine are predominantly denominated in ZAR. The Company has no significant exposure to US\$ costs during the balance of the construction period.
 - The Company has hired all senior supervisors and interviewed all concentrator staff.
 - With the prospect of increasing the efficiency of the process for the production of concentrate beyond that envisaged in its current plans, test work for a dense media separation (“DMS”) plant has been completed.
 - Preparation of a feasibility study on a DMS plant and a National Instrument 43-101 compliant Technical Report on the Mowana Mine (“**Technical Report**”) including optimized production, pre-strip mining programme, capital and operating costs, is expected to be completed by the end of November 2007.
 - Pre-stripping activities are accelerating with the arrival of major mining equipment

- Capital spending on the construction and development of the Mowana Mine was £10.3 million during the quarter (£20.4 million year-to-date).

- Exploration spending during the quarter focussed on:
 - In the Mining Licence area, further delineation of the area south of the proposed open pit
 - Outside the Mining Licence area, follow-up drilling of targets identified by geophysical survey
 - In the Matsitama Belt,
 - Geochemical surveys and further drilling of anomalies
 - Results from Nakalakwana Hill expected shortly.
 - Under Botswana legislation, the Company was required to drop 50% of the surface area covered by the Matsitama exploration licenses at the end of the first quarter of 2007. The Company applied to the Geological Survey of Botswana to keep approximately 80% of the surface area of the licenses. Early in the third quarter, the Geological Survey approved the application for the retention of 88% of the ground.

- Q3 net gain of £393,693

Overall Financial Performance:

	Three months ended 30 September £		Nine months ended 30 September £	
	2007	2006	2007	2006
Bank interest receivable	(795,500)	(660,398)	(2,284,911)	(992,325)
General and administration				
- Corporate	38,652	100,358	105,255	191,238
- Botswana operations	49,367	-	120,609	-
Consultants, salaries and benefits				
- Corporate	109,739	78,962	466,621	217,475
- Botswana administration	72,158	-	185,712	-
Insurance	13,733	9,660	96,242	42,670
Directors fees	16,950	14,775	50,850	44,325
Investor relations and public company administration	49,347	21,451	199,700	93,735
Travel and accommodation	33,281	44,012	113,259	89,807
Professional fees	23,546	39,290	187,078	138,565
Share-based compensation	25,505	452,705	464,517	456,802
Depreciation	12,423	-	53,484	-
	444,701	761,213	2,043,327	1,274,617
Foreign exchange loss/(gain)	(42,894)	579,036	(22,636)	296,876
Net loss/(gain)	(393,693)	679,851	(264,220)	579,168

Three Months Ended 30 September 2007

For the quarter ended 30 September 2007, the Company recorded a net gain of £393,693 (2006: net loss £679,851), or 0.28p per share (2006: a loss of 0.53p per share). Higher bank interest receivable, foreign exchange gains and lower costs related to share-based compensation all contributed to the gain recorded in the third quarter of 2007.

Bank interest receivable:

Bank interest receivable for the third quarter of 2007 increased to £795,500 (2006: £660,398). Even though average cash balances were lower in the third quarter of 2007 compared to 2006, interest rates were higher generating more bank interest receivable than during the same period a year ago.

General and administration:

During the third quarter of 2007, the Company incurred a total of £88,019 (2006: £100,358) for corporate and Botswana general and administrative expenses (“G&A”). The decrease in corporate costs was in part due to savings realized by rationalizing corporate office space. During the third quarter of 2007, Botswana administration costs were expensed, as opposed to being capitalized to deferred exploration as described under “Critical Accounting Estimates – Resource Properties, Deferred Exploration and Development Costs” during the third quarter of 2006.

Consultants, salaries and benefits:

Corporate and Botswana consultant and management compensation costs increased to £181,897 (2006: £78,962) for the three months ended 30 September 2007. The increase related primarily to the re-allocation of certain corporate consulting fees during the third quarter of 2006 from capitalized deferred exploration to expensing, and the expensing of Botswana administration salaries. In the third quarter of 2006, a total of £82,176 of these compensation costs were capitalized. At the end of September 2007, human resources in the Botswana office consisted of 42 permanent employees, 8 part-time employees and 364 contractors.

Investor relations and public company administration:

Shareholder communication and public company administration costs increased to £49,347 (2006: £21,451) in the third quarter of 2007. The increase was due to the implementation of a comprehensive investor relations programme in 2007. During the third quarter of 2007, the Company also incurred a £10,800 TSX listing fee in connection with ordinary shares that were issued in June 2007 as part of the private placement with Botswana institutional investors.

Share-based compensation:

During the three months ended 30 September 2007, no stock options were granted (2006: 7,710,000). Share-based compensation expenses of £25,505 (2006: £452,705) recorded during the three months ended 30 September 2007 are non-cash expenses and reflect the derived value of stock options vested during the period. Higher stock-based compensation costs recorded during three month period ended 30 September 2006 compared to the same period in 2007 primarily reflect the vesting of options granted in August 2006. An additional amount of £67,819 (2006: £317,894) share-based compensation cost was recorded to property, plant and equipment and deferred exploration costs as the options related to personnel whose compensation cost is being capitalised.

Foreign Exchange:

A foreign exchange gain of £42,894 (2006: a loss of £579,076) was recorded during the third quarter of 2007. The gain in the current year's quarter related primarily to foreign currency translation gains on currency holdings of South African Rand. The loss during the third quarter of 2006 related to negative exchange rate movements on currency holdings between the Canadian dollar and the South African Rand relative to the British Pound Sterling.

At 30 September 2007, the Company maintained cash positions of approximately £21 million, 186 million ZAR and 52 million Botswana Pula.

Nine Months Ended 30 September 2007

For the nine months ended 30 September 2007, the Company recorded a net gain of £264,220 (2006: a loss of £579,168), or 0.20p per share (2006: a loss of 0.69p per share). Significantly higher bank interest receivable and foreign exchange gains were the primary drivers of the increase, partially offset by higher consultant, investor relations and G&A costs, and higher professional fees.

Bank interest receivable:

Bank interest receivable for the nine months ended 30 September 2007 increased to £2,284,911 (2006: £992,325). The higher bank interest receivable this year relates to higher average cash balances during the current year compared to the previous year due to an equity issue completed during the second quarter of 2006 and higher interest rates earned on the Company's cash

balances. Quarterly bank interest receivable is expected to decline as cash balances are used to build the Mowana mine.

General and administration:

During the nine months ended 30 September 2007, the Company incurred G&A costs of £225,864 (2006: £191,238). The increase in costs was primarily due to the expensing, rather than capitalizing of administration costs in Botswana, offset partially by savings realized by rationalizing corporate office space. Botswana administration costs were expensed during the current year compared to being capitalized to deferred exploration as described under “Critical Accounting Estimates – Resource Properties, Deferred Exploration and Development Costs” during the comparable period in 2006.

Consultants, salaries and benefits:

Corporate and Botswana consultant and management compensation costs increased to £652,333 (2006: £217,475) for the nine months ended 30 September 2007. In addition to the expensing rather than capitalisation of Botswana administration salaries in the current period, the corporate increase was partially related to a severance amount of £127,200 that was paid during the first quarter of 2007. The balance of the increase is related to the expensing of certain corporate consulting fees during the current quarter, rather than capitalizing them to deferred exploration. During the nine months ended 30 September 2006, a total of £123,129 of these compensation costs were capitalized rather than expensed.

Insurance:

Insurance expense for the nine months ended 30 September 2007 increased to £96,242 (2006: £42,670). The higher insurance cost related to higher directors’ and officers’ insurance premiums, and insurance advisory services incurred corporately in connection with the building of the Mowana mine.

Investor relations and public company administration:

Shareholder communication and public company administration costs increased to £199,700 (2006: £93,735) during the nine months ended 30 September 2007 as the Company implemented a comprehensive investor relations programme in 2007.

Travel and accommodation:

Travel and accommodation costs during the nine months ended 30 September 2007 were higher than the comparable period in 2006 due to a reclassification of certain travel costs in 2006. As part of the travel costs incurred by the Company and its underwriters to complete the public offering that closed in June 2006, a total of £61,246 of travel costs were reclassified in the second quarter of 2006 from travel expense to share premium as a cost of completing the offering.

Professional fees:

Professional fees increased to £187,078 (2006: £138,565) during the nine months ended 30 September 2007. The increase was the result of increased legal and consulting fees in respect of the preparation of the Company’s annual information form, corporate governance compliance review and implementation and IFRS transition and implementation services.

Share-based compensation:

During the nine months ended 30 September 2007, 200,000 stock options were granted (2006: 7,710,000) at a weighted average cost of £0.775 (2006: £0.775). Share-based compensation expenses of £464,517, recorded during the nine months ended 30 September 2007 (2006:

£456,802), are non-cash expenses and reflect the derived value of stock options vested during the period. An additional amount of £266,774 (2006: £434,102) share-based compensation cost was recorded during the nine months ended 30 September 2007 to property, plant and equipment and deferred exploration costs as the options related to personnel whose compensation costs are capitalised.

Foreign exchange:

During the nine months ended 30 September 2007, the Company recorded a foreign exchange gain of £22,636 (2006: a loss of £296,876). The Company records exchange gains or losses on foreign currency cash balances held. During the second and third quarters of 2007, gains have been recorded on cash holdings of South African Rand, Botswana Pula and Canadian Dollar. The Company expects to continue to see foreign currency gains and losses as it continues to hold foreign currencies.

Update on the Development of the Mowana Mine

Construction at the Mowana Mine in Botswana continued throughout the quarter. On average, about 400 contractors and employees were on site during the quarter to support the construction activities for the processing plant and associated infrastructure. Construction activities continued to accelerate during the quarter. To date, the Company has placed 88 orders out of the forecasted 108 required before project completion. A further 11 have been initiated and should be placed shortly. Of the remaining 9 orders, only two (piping erection and conveyor splicing) relate directly to the project start-up.

As of the end of September 2007, the Company had 42 permanent employees and 8 temporary staff. All senior supervisors have been hired, and the Company has completed interviews for all concentrator staff. Subsequent to the quarter end, the development of staff housing in Moseitse village commenced. Construction is on schedule with the first ten out of the total fifty houses expected to be ready in March 2008. These houses will be made available to local staff on a subsidized rental basis.

Operating policies continue to be implemented at the Mowana Mine. During the quarter, the mine implemented an Emergency Response Plan, a Safety, Health, Environment and Archeological Policy, an HIV and Critical Disease Policy and continued the implementation of a complete accounting software package to support mining operations.

An amendment to the approved Environmental Impact Assessment was submitted to the Department of Environmental Affairs to consider a fuel farm for the Mining Contractor. Approval was granted in early October 2007.

Test work to examine the viability of utilizing a DMS plant during the mining of the open pit was completed in the quarter. A feasibility study on the DMS plant and the Technical Report, including optimized production, capital and operating costs, should be available by the end of November 2007.

Pre-strip mining activities at the open pit accelerated in the quarter with the arrival of a second scraper fleet and a used Demag H-185 face shovel. Drill-blast activities commenced in the quarter and ore is now exposed on a number of faces within the open pit. There are currently seven Komatsu 785 trucks on site, two DM 30 blast hole rigs and associated support equipment. Three PC3000 face loading shovels should be on-site in mid December 2007. A further six

trucks are expected to be delivered by the end of the year. The full complement of 26 Komatsu 785 trucks is expected to be on-site in the second quarter of 2008. Mining activities accelerated, with about 4.80 million tonnes of material moved. The current plan contemplates moving about 7.5 million tonnes of material by year-end.

During the quarter, the Company examined a number of processing options and beneficiation alternatives for the oxide, supergene and sulphide materials present at the Mowana Mine. The Company has reviewed the results of test work which examined the possibility of processing the oxide material on site to produce finished copper as cathodes. While the process was deemed to be feasible, the capital costs associated with the required equipment, the long lead times and the mining sequence conspire to render the installation questionable at this time.

The majority of the mineral resources contained in the Mowana Mining License area are expected to be within standard open-pit depths. It is the Company's intention that these resources be extracted utilizing underground access. The Company commenced an Independent Pre-feasibility Study on the underground mine in the third quarter of 2007. Conceptual mine designs and estimates of both capital and operating costs are expected to be delivered before the end of the year. Once this study is complete, the Company will be in a better position to understand how these resources may be utilized in the life-of-mine plan for Mowana Mine.

Update on Exploration

Exploration work is on-going, but is being frustrated by the extended turnaround times currently exhibited by commercial laboratories in Southern Africa. The Company is currently experiencing about a 12 week period between shipment of samples and the receipt of final assays. This situation is not expected to improve over the next few quarters.

Exploration work can be divided into three categories:

1. Near-mine exploration within the Mowana Mining Licence area
 2. Along-strike exploration to the south of the Mowana Mine outside of the Mining Licence area
 3. Regional exploration in the Matsitama Belt
-
1. Exploration within the Mining area concentrated on the area immediately to the south of the proposed open pit. New mineralization was encountered about 350 metres south of the pit boundary, and drilling in the second and third quarters of 2007 concentrated on the delineation of this new mineralization.
 2. Outside of the Mining area, follow-up drilling was completed in the third quarter to examine targets identified through a geophysical survey conducted over the Bushman Shear Zone to the south of the Mowana Mine. The objective was to test mineralization that may exist in the shear at shallow depths. North of the Mowana Mine, the shear is buried beneath unconsolidated Karoo sediments and is unlikely to host mineralization that can be extracted by open pit methods. The area to the South, however, has abundant outcrop with known geochemical anomalies. It is the Company's intention to search for potential open pit deposits in this area. Drill results are being compiled as assays are received.

3. Early in the third quarter, the Company released the results of a mineral resource estimate for the Thakadu project in the central part of the Matsitama Schist Belt. These estimates are set in the table below.

Indicated Mineral Resource							
	Copper Resource				Silver Resource		
	Tonnage	Grade Cu (%)	Content Lbs		Tonnage	Grade Ag (g/t)	Content Troy ozs
Oxide	1,142,000	2.44	61,461,000		1,141,000	22	825,000
Sulphide	3,573,000	1.49	117,264,000		2,417,000	14	1,057,000
Total	4,715,000	1.72	178,725,000		3,558,000	16	1,882,000
Inferred Mineral Resource							
Sulphide	961,000	1.29	27,374,000				

Note: For more information please refer to the technical report entitled "Database Review, Geological Modelling and Grade Estimation of the Thakadu Copper Project (Effective Date: 24 July 2007)" prepared by RSG Global Pty ("RSG") and available at www.sedar.com. The above RSG estimates were prepared under the supervision of **Ken Lomborg, Pr. Sci. Nat.**, who is an employee of RSG and a "Qualified Person" for the purposes of National Instrument 43-101 in Canada.

This Thakadu mineral resource estimates allow the Company to examine the Thakadu mineralization as part of a belt-wide development programme. Exploration continues in the vicinity of the Thakadu deposits in an attempt to define further mineralisation that may enhance the economics relating to a potential stand-alone operation.. Alternatively, the Thakadu deposits may potentially be scheduled into the Mowana life-of-mine plan, if insufficient material is identified at Thakadu to support a stand-alone operation at this site.

Within the larger Matsitama Belt, geochemical surveys were initiated to follow-up on the large TITAN surveys that were completed in late 2006 and early 2007. Drilling of the most prominent anomalies in the vicinity of the Thakadu deposits was completed in the third quarter. Any material results will be released when all assays have been received and QA/QC samples have been returned.

Work continues at Nakalakwana Hill where a low-grade copper-gold system has been identified. The alteration zone around Nakalakwana is extensive with hematite flooding of sediments coincident with sericitization. A large 10 kilometre wide grid has been established over this area and geophysical and geochemical surveys have been completed. Results of a 7-hole Phase 1 drill programme are expected to be released by the end of November 2007. A Phase 2 programme has commenced with two holes completed to date.

Surface trenching at Gaokae has been completed and results are being received for a large scale geochemical survey that has been completed over this area. Gaokae is a nickel target within ultramafic to mafic intrusions at the basal part of the Matsitama schist belt. When all results have been received and assessed, a drill programme will be designed and implemented.

Under Botswana legislation, the Company was required to drop 50% of the surface area covered by the Matsitama exploration licences at the end of the first quarter of 2007. The Company applied to the Geological Survey of Botswana to keep approximately 80% of the surface area of

the licences on the basis of prospectivity, work-to-date and exploration expenditures over the past two years. Early in the third quarter of 2007, the Geological Survey approved the application to retain most of the ground encompassed by the licences. Of the four licenses, 50% of PL 17/2004 was dropped which represented 12% of the total area of 3,528km². Approximately 88% of the ground was retained.

A Prospecting Application was made for the ground north of the Mowana Mine Licence (PL33/2005) and this was received by the Botswana Geological Survey on 8 August 2007. Results in respect of the success of the application will only be received in 2008.

Capital Expenditures

The most significant ongoing investing activities are for the development, pre-strip mining and construction of the Mowana Mine. In addition, capital is also being spent for exploration programmes at the Matsitama Exploration Project and in areas surrounding the Mowana Mine.

Mowana Mine - mining development and infrastructure and mine plant and equipment

Construction and pre-strip mining activities at the Mowana Mine accelerated with expenditures totalling £10.3 million during the three months ended 30 September 2007 and £20.4 million during the nine months ended 30 September 2007. Spending is expected to continue to increase for the remainder of 2007 with site construction activities expected to be near completion by late in the fourth quarter of 2007, cold commissioning of the processing plant beginning early in the first quarter of 2008 and hot commissioning beginning in mid to late first quarter resulting in the production of first concentrate early in the second quarter of 2008.

	For the Three months ended 30 September 2007 £'000	For the Nine months ended 30 September 2007 £'000
Balance at beginning of period:	24,102	13,963
General yard and site work	2,408	7,055
Process plant	2,997	4,940
Owners cost	480	735
Geology	164	557
Mining	3,347	6,397
Ancillary facilities	65	65
Share-based expenses	65	233
Fixed assets	155	404
Depreciation	(25)	(74)
Asset retirement obligation	455	455
Foreign exchange	171	(346)
Ending balance	34,384	34,384

Mowana Mine – deferred exploration expenditures

The Company spent £148,467 (2006: £2.6 million) during the three months ended 30 September 2007 and £334,299 (2006: £4.9 million) during the nine months ended 30 September 2007 on exploration activities in the area surrounding the Mowana Mine in the Mowana prospecting

licence area. Work during the quarter included diamond drilling at the prospect to the south (within the structure hosting mineralization), further compilation and interpretation of geophysical surveys, geochemical orientation surveys and surface prospecting in the vicinity of geochemical anomalies.

	For the Three months ended 30 September 2007 £'000	For the Nine months ended 30 September 2007 £'000
Opening balance	214	28
Geological and geophysical	1	59
Drilling and Assay	106	160
Resource Estimate	12	28
Administration	8	29
Salaries	19	59
Foreign exchange	2	(1)
Ending balance	362	362

Matsitama Exploration Project – deferred exploration expenditures

The Company spent £592,111 (2006: £891,248) during the three months ended 30 September 2007 and £1,367,458 (2006: £1,117,264) during the nine months ended 30 September 2007 on exploration activities in the Matsitama prospecting licence area.

	For the Three months ended 30 September 2007 £'000	For the Nine months ended 30 September 2007 £'000
Beginning Balance	2,755	1,980
Drilling	336	558
Assay	8	45
Geological	67	102
Geophysical	6	272
Site management and logging	(40)	36
Depreciation capitalized	4	11
Administration	207	408
Share-based expenses	3	33
Foreign exchange	1	(98)
Ending balance	3,347	3,347

Liquidity and Capital Resources

The Company's only sources of liquidity until the Mowana Mine reaches commercial production are its current cash balances, possible exercise of share options, project finance alternatives and the equity markets.

At 30 September 2007, the capital cost estimate for the construction of the flotation concentrator and related facilities at the Mowana Mine was approximately ZAR 464.6 million (£33.1 million

or US\$67.4 million) of which ZAR 222.3 million (£15.8 million or US\$32.2 million) had been spent. Since 30 June, 2007, capital cost escalation and change orders for the construction of the flotation concentrator and related facilities has risen by ZAR 23.6 million (£1.7 million or US\$3.4 million). The capital cost estimate at 30 September 2007 has increased 8.2% over the initial December 2006 estimate of ZAR 429.3 million (£30.6 million or US\$61.6 million).

At 30 September 2007, the capital required to complete the construction of the flotation concentrator and related facilities is approximately ZAR 242.3 million (£17.2 million or US\$35.1 million). With cash (net of liabilities) of approximately £30.0 million as at 30 September 2007, the Company has sufficient working capital to complete the construction of the flotation concentrator and related facilities.

With the prospect of increasing the efficiency of the process for the production of concentrate beyond that envisaged in its current plans, the Company is finalising a feasibility study on a DMS plant for the Mowana Mine and completing the Technical Report. At such time as the Technical Report is completed, the total capital cost including the pre-strip mining programme of the optimized Mowana Mine will be finalised. If the feasibility study on the DMS plant is positive, it is expected that the project optimization will require further capital to realize the benefits of the process improvements that will be outlined in the Technical Report. The Company expects to fund this additional capital through a combination of debt and/or equity.

In anticipation of the Company's future working capital requirements, the Company has engaged Standard Bank Plc to arrange a proposed US\$25 million (working capital) revolving credit facility and related hedging facility (the "Working Capital Facility"). The Company expects the Working Capital Facility will have a term of three years, with an option to extend the term for an additional year and bears interest at the US\$ London Interbank Offered Rate plus 2% per annum. The Company further expects that the Working Capital Facility will contain terms and conditions customary for working capital revolving facilities of this nature.

During the nine months ended 30 September 2007, a total of £163,961 was generated from the exercise of 350,000 share options to purchase ordinary shares at C\$0.25 each and 350,000 share options at 35p each. These share options were originally granted under the stock option plan of Mortbury Limited. On 26 June 2007, a total of 8,367,772 ordinary shares were issued at a price of 11 Botswana Pula (approximately Pounds Sterling 0.89) per ordinary share, raising total proceeds of 87,443,217 Botswana Pula (approximately Pounds Sterling 7.0 million) net of expenses.

At 13 November 2007, outstanding share options and underwriter's options represented a total of 11,415,000 ordinary shares issuable for maximum aggregate proceeds of £8,801,588 if and when exercised.

Contractual Obligations

The majority of the Company's contractual obligations relate to commitments in respect of construction and development expenditures at the Mowana Mine. At 30 September 2007, £15.6 million commitments broke down as follows:

	Total	2007	2008	2009	2010
	£	£	£	£	£
Contractual Obligations					
Leased premises ^(a)	188,976	54,186	120,027	14,763	-
Purchase of goods and services ^(b)	10,655,714	10,655,714	-	-	-
Mining contract ^(c)	3,288,445	3,288,445	-	-	-
Exploration and mining licences ^(d)	1,425,698	664,291	761,235	86	86
Total contractual obligations	15,558,833	14,662,636	881,262	14,849	86

- (a) The Company has entered into agreements for leased premises and housing for Botswana management for various periods until 30 August 2009.
- (b) The Company and its subsidiaries have a number of agreements with arms-length third parties who provide a wide range of goods and services. The primary commitments relate to the Engineering, Procurement Construction Management (“EPCM”) contract for the construction of the flotation concentrator and related facilities at the Mowana Mine. The capital cost estimate for the construction of the flotation concentrator and related facilities at the Mowana Mine is approximately ZAR 464.6 million (£33.1 million or US\$67.4 million) of which ZAR 222.3 million (£15.8 million or US\$32.2 million) had been spent at 30 September 2007.
- (c) In the event of the optional termination of the Moolman Mining Botswana (Pty) Ltd. mining contract by the Company, a maximum early termination payment of £2.6 million (US\$5.3 million), which payment may be reduced, depending upon the number of months notice given, to £nil upon 6 months’ notice, together with demobilisation charges, would be payable.
- (d) The Company’s wholly-owned subsidiaries, Messina Copper (Botswana) (Proprietary) Limited and Matsitama Minerals (Proprietary) Limited, are obliged to incur certain minimum expenditures in respect of their exploration licences and the Mowana Mining Licence.

Critical Accounting Estimates

The preparation of financial statements 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. Significant estimates and assumptions include those related to the recoverability of mineral properties, estimated useful lives of capital assets, asset retirement obligations, fair value of derivative financial instruments, stock compensation valuation assumptions and determination as to whether costs are expensed or deferred. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly. A summary of the critical account estimates is listed below.

Resource Properties, Deferred Exploration and Development Costs

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Upon demonstration of the technical and commercial feasibility of a project, any past deferred exploration and evaluation costs related to that project will be reclassified as mine development and infrastructure.

Capitalised deferred exploration expenditures are reviewed for impairment losses at each balance sheet date. In the case of undeveloped properties, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. The Company may periodically revise its valuation based on additional exploration results and determine that the carrying value of the property on the balance sheet is impaired. When such a change in estimate is made, there may be a material effect on the balance sheet and income statement.

Based on the fact that the Board approved development of the Mowana Mine in September 2006, the deferred exploration costs incurred to date on this project were reclassified as mine development and infrastructure costs. Mowana Mine development and infrastructure costs comprise the largest component of the Company's non-current assets and as such the evaluation of impairment of these assets has a significant effect on the Company's financial statements. The assessment of the carrying value involves the study of geological and economic data (including resource estimates) and the reliance on a number of assumptions. These estimates of resources may change based on additional knowledge gained subsequent to the assessment. This may include additional data available from the continued development activities of the Mowana Mine, actual production data when available or the impact of economic factors such as changes in the price of copper or the cost of construction and development costs or the cost of components of production.

Asset Retirement Obligations

Asset retirement obligations are future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site. The asset retirement cost is capitalised as part of the asset's carrying value and amortized over the asset's useful life. Subsequent to the initial recognition of the asset retirement obligation and associated asset retirement cost and changes resulting from a revision to either timing or the amount estimated, cash flows are prospectively reflected in the year those estimates change. The liability is accreted over time through period charges to the Consolidated Income Statement.

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2007 is £454,675. Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Assessment ("EIA"), completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula. Quoin Consulting Africa estimated the costs for site infrastructure and mining and Senet CC estimated the costs for the process plant cost in the EIA.

Under the terms of the Mining Licence, by the end of the first financial year in which copper is produced and sold, the Company must establish a trust fund to provide for rehabilitation of the Mowana Mine site once the mine closes. The Company will annually make contributions to this fund over the life of the mine so that these capital contributions together with the investment income earned will cover the anticipated costs. At the end of each financial year, the Company will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions accordingly.

Derivative Financial Instruments

The Company uses derivative financial instruments, in particular copper put contracts, to manage financial risks associated with their underlying business activities and the financing of those activities. Derivative financial instruments are measured at their fair value. Financial

assets and liabilities are recognised on the balance sheet when the Company has become party to the contractual obligations of the instrument. Derivative financial instruments, which are not effective hedges, are measured at fair value, with the movement in fair value being recognized in the consolidated income statement for the period. Movements in the fair value of derivative financial instruments which are considered effective hedges are recognised directly in equity.

Share-Based Payments

The Company is required to charge the income statement with the fair value of the options issued. This calculated charge amount is not based on historical cost, but is derived based on assumptions input into an option pricing model. The model requires that management make several assumptions as to future events, including: an estimate of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value of which the holder of the option could receive in an arm's length transaction, given there is no market for the options and they are not transferable. The value derived from the option pricing model is highly subjective and dependent entirely upon the input assumptions made. The fair value of the option is either expensed or capitalised as a deferred exploration cost depending on the nature of the employee services received.

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 (Pula) and Matsitama Minerals (Proprietary) Limited (Pula). The following table sets out selected financial data on the Company for the most recently completed eight quarters, which data have been prepared in accordance with applicable IFRS:

	Q3 30 Sept 2007 (£)	Q2 30 June 2007 (£)	Q1 31 March 2007 (£)	Q4 31 Dec. 2006 (£)
Interest revenues	(795,500)	(785,736)	(703,675)	(653,176)
Net loss /(gain) after tax	(393,693)	(49,761)	179,234	1,521,716
Basic loss/(earnings) per ordinary share	(0.28)p	(0.04)p	0.14p	1.17p
Diluted loss/(earnings) per ordinary share	(0.26)p	(0.04)p	0.14p	1.17p

	Q3 30 Sept 2006 (£)	Q2 30 June 2006 (£)	Q1 31 March 2006 (£)	Q4 31 Dec. 2005 (£)
Interest revenues	(660,398)	(239,461)	(92,466)	(111,072)
Net loss /(gain) after tax	679,851	(254,523)	153,840	(32,638)
Basic loss/(earnings) per ordinary share	0.53p	(0.36p)	0.30p	(0.06)p
Diluted loss/(earnings) per ordinary share	0.53p	(0.36p)	0.30p	(0.06)p

Please review the discussion under the heading “Overall Financial Performance” in this MD&A for an explanation of the financial results and exchange rate gains/losses and related period-to-period changes for the three months ended 30 September 2007 and 2006 .

Interest income has been increasing in the past eight quarters due to rising interest rates during the periods and due to higher average cash balances from an equity issue in the second quarter of 2006. Quarterly interest income is expected to decline going forward as the construction of the Mowana Mine is completed.

The higher net loss recorded in the fourth quarter of 2006 and the net gain in the third quarter of 2006 relates primarily to foreign exchange losses of £1.8 million during the fourth quarter of 2006 and foreign exchange gains of £282,160 during the third quarter of 2006 with respect of fluctuations in the value of Sterling relative to the Company’s Canadian dollar and South African Rand currency holdings. In the fourth 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.

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 financial statements.

At 31 December 2005, the Company elected to adopt the UK GAAP “Share-Based Payments” reporting standard, 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 increased the loss after tax for the three months ended 30 June 2005 by £39,335, increased the net assets of the Company by £118,006, increased the loss after tax for the three months ended 30 September 2005 by £36,382, increased the net assets of the Company by £83,802, decreased the loss after tax for the three months ended 31 December 2005 by £105,304 and decreased the net assets of the Company by £300,146.

Transactions with Related Parties

The Company was charged £nil amount (2006: £18,102) for the three months ended 30 September 2007 and £11,750 (2006: £53,352) for the nine months ended 30 September 2007 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 2007 were £nil (2006: £12,227). This agreement expired on 28 February 2007.

The Company was charged £18,444 (2006: £20,931) for the three months ended 30 September 2007 and £58,812 (2006: £58,170) for the nine months ended 30 September 2007 by the Summit Resource Management Limited, a company controlled by David Jones, the (non-executive) Deputy Chairman, and the former Chief Executive Officer, of the Company, for the provision of fully-serviced office accommodation in Canada, bookkeeping and reimbursed expenses. Accounts payable at 30 September 2007 were £3,676 (2006: £2,279). The services are provided under a one year contract that expires on 1 September 2008.

The Company entered into an agreement with Pickax International Corp. (“**Pickax**”) and Joseph Hamilton on 1 July 2006 pursuant to which Pickax agreed to cause Joseph Hamilton to provide services to the Company, in the capacity of Chief Operating Officer. The agreement replaced an existing executive services agreement on materially the same terms and conditions. During the term of the agreement, Pickax will be paid £164,800 per year. The Company was charged £41,200 (2006: £41,200) during the three months ended 30 September 2007 and £123,600 (2006: £41,200) during the nine months ended 30 September 2007 by Pickax. Pickax is a corporation controlled by Joseph Hamilton, the Chief Executive Officer and a director of the Company. The agreement was amended to reflect Mr. Hamilton’s appointment as Chief Executive Officer of the Company.

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

Risk Factors

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

The Company currently depends significantly on a single project, the Mowana Mine

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

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

The Company’s revenues, if any, are expected to be derived from the extraction and sale of copper concentrate. The price of copper has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company’s control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. In recent

years, the price of copper has been affected by changes in the worldwide balance of copper supply and demand, largely resulting from economic growth and political conditions in China and other major developing economies. While this demand has resulted in higher prices for copper in recent years, if Chinese economic growth slows, it could result in lower prices for copper. The effect of these factors on the price of copper, and therefore the current or future economic viability of any of the Projects, cannot accurately be predicted. Any material decrease in the prevailing price of copper for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on the Company's results of operations and financial conditions, as well as the economic viability of the Projects.

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

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

The capital costs to achieve production from the Mowana Mine can be affected by cost escalation and currency fluctuations. The Company has attempted to place firm orders for much of the equipment necessary to achieve production and thereby confirm prices and control cost escalations. Operating costs are dependent on the costs of various reagents, supplies, spares and labour. While open pit mining costs can sometimes be better estimated than underground mining costs, they are also very dependent on fuel, tyre and maintenance costs, foreign currency exchange rates and availability of skilled labour.

There can be no assurance that the Company will be able to complete the development of the Mowana Mine at all or on time or on budget due to, among other things, changes in the economics, mining plan and/or size of the Mowana Mine, including a decision not to proceed with the proposed underground mining programme, the scope of the pre-stripping and the size of the open pit, delays in receiving required consents, permits and registrations, inability or delay in entering into copper off take agreements on favourable terms, delays in the delivery and installation of plant and mining equipment and cost overruns.

There can be no assurance that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of these events occur, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The capital and operating cost estimates for the Mowana Mine are estimates only and may not reflect the actual capital and operating costs incurred by the Company

Capital cost estimates for the construction of the flotation concentrator and related facilities at the Mowana Mine have been estimated at approximately ZAR 464.6 million (£33.1 million or

US\$67.4 million) (based upon the spot exchange rate posted by the Bank of England on 30 September 2007 of 14.0519 South African Rand for one British Pound Sterling). Until such time as a mine plan is completed and the Technical Report is released definitive estimates respecting capital and operating costs cannot be made. There can be no assurance that the actual mining costs incurred by the Company will not be greater than estimated. Previous capital and operating cost estimates include supplies and inputs, the cost of which the Company has little control over. These include, but are not limited to, transportation and handling charges, the cost of fuel, the cost of electricity, labour costs, reagent costs, smelter charges, the price of construction materials including steel, and the cost of mining equipment and spares. A material increase in one or more of these supplies and inputs may materially increase the actual capital and/or operating costs incurred by the Company. Any material increase may cause the Mowana Mine to become economically unviable or delay the development of the project, either of which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company is currently in negotiations with a metals broker for an off-take agreement for copper-in-concentrate. The costs payable by the Company under this agreement could be significant and will have a direct impact on the economic evaluation of the Mowana Mine. As a result, it is possible that the actual capital costs, operating costs and economic returns of the proposed Mowana Mine deposit may differ from those previously estimated and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

No assurance can be given that additional capital, if required, will be available at all or available on terms acceptable to the Company

If the feasibility study or the DMS plant is positive, the Company will require additional financing (including a working capital facility). Failure to obtain such financing, and/or sufficient financing for the exploration and development of the Matsitama Exploration Project, or any future projects, may result in a delay or indefinite postponement of exploration, development or production on the Company's properties or even a loss of a property interest. The Company's only sources of additional funds currently available until the Mowana Mine reaches commercial production are its current cash balances, possible exercise of share options, project finance alternatives and the equity markets. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

The Company may not obtain the Working Capital Facility, or may not obtain the Working Capital Facility on the terms described in this MD&A

There is no assurance that the Company will obtain the Working Capital Facility or, that if the Working Capital Facility is obtained, that the terms and conditions thereof will be same as those described in "*Liquidity and Capital Resources*" section of this MD&A. In addition, if the Working Capital Facility is established by the Company, or any similar debt or project financing is entered into by the Company, the Company expects that lenders will require that the Company commit to: restrictive covenants regarding its business and financial operations; hedge some or all of the production from the Mowana Mine; meet certain financial tests during the term of the Working Capital Facility; provide security over all or substantially all of the assets of the Company, including its rights to the Mowana Mine and the proceeds of sales of copper and/or copper concentrate mined from the Mowana Mine deposit; and restrict cash distributions by the Company until such time as the principal amount of the Working Capital

Facility and related facilities, if any, is repaid in full; each of which will have a restrictive impact on the ability of the Company to manage its business, operations and cash flows, and will materially limit the Company's ability to pay dividends to holders of ordinary shares. The failure of the Company to comply with any such restrictions may result in a lender enforcing its security over the assets of the Company, which would have a material adverse impact on the Company. Such restrictions, including any hedging programme, may also limit the Company's ability to benefit from increases in the price of copper, which would have a material impact on the Company's cash flows and results of operations.

Future production will be 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.

The Company's future mining activities may be subject to prolonged disruptions due to weather conditions, hazards such as unusual or unexpected geologic formations, flooding or other conditions that may be encountered in the drilling and removal of material. There may be a higher than normal risk of sourcing and hiring suitably trained plant management, operating and maintenance staff and these people may not be readily available in Botswana or not otherwise easily employed from within the Southern Africa region. This situation could also be impacted by delays in obtaining necessary work and other labour permits to allow expatriate expertise to be utilized to the extent necessary.

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

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

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

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

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

Government regulations may have an adverse effect on the Company

The Company, its subsidiaries, its business and its operations are subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Company's business, financial condition, results of operations, and prospects and, in particular, the development of the Mowana Mine.

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 authorisations from various governmental and quasi-governmental authorities. The Company believes that it currently holds or has applied for all necessary licences, permits and authorisations 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 authorisations. However, the Company's ability to obtain, sustain or renew such licences, permits and authorisations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasigovernmental bodies and there can be no assurance that the Company will be able to obtain, sustain or renew any such licences, permits or authorisations on acceptable terms or at all.

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

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

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

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

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

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

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

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

Insurance and uninsured risks

Although the Company maintains liability insurance against certain risks in an amount that it considers consistent with industry practice for a corporation in the development stage, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage, in which event the Company could incur significant costs that could have a material adverse effect upon the Company's business, financial condition and/or results of operation. As well, there are risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance which may be taken out or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial condition and/or results of operation.

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

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

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

The success of current and future exploration activities cannot be assured

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

Projects will ever result in the discovery of an economically viable mineral deposit or in a profitable commercial mining operation.

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

The Company may not be able to effectively manage its growth

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

Off-Balance Sheet Arrangements

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

Financial Instruments

The Company uses copper put contracts to manage financial risks associated with its underlying business activities. On 18 May 2007, the Company bought copper put contracts for a total of 5,850 tonnes of copper at a strike price of US\$3.00/lb divided evenly over the period April 2008 to December 2008. These contracts are intended to provide the Company with protection against the possibility of declining copper prices over the critical planned start-up period of the Mowana Mine during 2008. These contracts do not cap the price at which the Company can sell its copper production and there are no margin calls associated with this position. The mark-to-market adjustment of these put contracts at 30 September 2007 resulted in an unrealised loss of £0.8 million and £2.0 million for the three and nine months ended 30 September 2007 respectively. These copper put contracts have been deemed to be effective hedges and as a result movements in fair value are recognized directly in equity as a Hedging Reserve.

The Company's other financial instruments consist of cash and cash equivalents, receivables, payables and accrued liabilities, some of which are denominated in Sterling, Pula, Rand, United States dollars, Canadian dollars and Australian dollars. 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 is exposed to currency risk related to the exploration and development expenditures on its projects since it settles the majority of these expenditures either in local currency Pula or Rand. These expenditures are negatively impacted by increases in value of either Pula or Rand versus Sterling. As mine development costs are incurred and purchase commitments made for the development of the Mowana Mine in 2007, the Company may acquire Pula and Rand or use derivative positions to lock in these costs in Sterling, 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.

Disclosure Controls and Procedures

There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Outstanding Share Data

Outstanding Ordinary Shares	Number
Balance 31 December 2006	130,507,185
Ordinary shares issued on the exercise of options during first quarter 2007	700,000
Ordinary shares issued on June 2007 placement	8,367,772
Balance 30 September 2007 and 13 November 2007	139,574,957

Options	Number	Weighted Average Exercise Price
Balance 31 December 2006	13,319,872	73.0p
Options granted	200,000	77.5p
Mortbury options exercised	(350,000)	35.0p
Mortbury options exercised	(350,000)	\$Can 0.25
Agents options expired	(499,872)	91.2p
Options cancelled	(905,000)	76.7p
Balance 30 September 2007 and 13 November 2007	11,415,000	77.1p

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 mineral resource estimates, future production, exploration and mine development plans, potential mineral resources, potential mineralization, the future price of copper, cost estimates, timing of the development of the Company's projects in Botswana, including without limitation commencement of production at the Company's Mowana Mine, estimated mining and capital costs, exploration results, requirements for additional capital, the possibility that future exploration results will not be consistent with the Company's expectations, the impact of exchange rates 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 "anticipate" "could" "plan" "estimate" "expect" "intend" "may" "potential" "should" "will" "believe" "target" 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 failure to convert estimated mineral resources to reserves, delays in the development of projects, the grade and recovery of ore which is mined varying from estimates, future prices of copper, capital and operating costs varying significantly from estimates, political risks arising from operating in Africa, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, uninsured risks and other risks involved in the mineral exploration and development industry.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.