



Chairman's Statement

Dear Shareholders,

The 2007 fiscal year marked the transformation of our Company from a junior explorer to a near-term producer of copper. Very few companies make this quantum leap in viability in the mineral exploration industry. This achievement is a tribute to the dedication and hard work of the talented employees at African Copper who continue to work tirelessly to achieve the aggressive goals that were set for them at the end of 2006.

African Copper was incorporated in early 2004 and admitted for trading on AIM in mid-November of that year. We're very proud of what we have achieved in three short years. In 2004, the Mowana mineralization totalled about 6 million tonnes of indicated mineralization. By the end of 2007, the Company had confirmed about 87 million tonnes of measured and indicated resources at 0.71% copper of which approximately 14 million tonnes had been converted into proven and probable reserves at 1.1% copper. In addition, African Copper had completed sufficient engineering to determine the best processing route for the mineralization, raised sufficient capital to enable construction to commence production, entered into EPCM contracts, obtained all required permits, commenced mining at the operations, signed a five-year offtake agreement and successfully recruited all senior Section Managers for the eventual mine. I believe that these achievements are unique in the industry.

While the open pit mineralization is the immediate source of revenue for the Company, the Board remains excited about the possibility of an underground mine at Mowana. Engineering studies for this important expansion are well advanced and I look forward to sharing the results of these studies with our shareholders in the second quarter of 2008. The extraction of deeper mineralization provides longevity for the operations beyond the 7 years represented by the open pit, and should place Mowana firmly on the path to becoming one of Botswana's new mines.

The Board is delighted with the support that we have received from Botswana based shareholders and investors throughout 2007 and into early 2008. The response and the financial support shown by Botswana institutions and the Botswana Stock Exchange have been unequalled. The Board remains confident that the Company development objectives are achievable in 2008 and believes that the share price will respond positively as we meet our corporate goals throughout the balance of 2008.

As African Copper moves into production the Board will continue to grow shareholder value and to sensibly leverage the resources that shareholders have entrusted to us. The Company will be aggressive in pursuing both exploration and acquisition opportunities while remaining cognizant of market conditions and shareholder interests. As a shareholder, you can be assured that the Board will protect your interests, will push management to achieve ever greater goals, will require the Company to develop projects in a sensible and environmentally sustainable manner, and will ensure the engagement of communities and stakeholders at all stages.

On behalf of the Board, I would like to thank the shareholders and employees of African Copper for their support and loyalty in 2007. I would also like to thank my fellow Directors for their active participation and contributions to the Company in its transition year. I expect that 2008 will be an exciting year for the Company, and for our shareholders.

ROY CORRANS

Chairman,

A handwritten signature in black ink, appearing to read "Roy Corrans", written over a horizontal line.

30 March 2008



DIRECTORS' REPORT

The Directors present their report with the consolidated financial statements of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITY

The principal activity of the Group is the exploration for, and development of, copper deposits in the Republic of Botswana. The principal activity of the Company is that of a holding company.

BUSINESS REVIEW

A review of the Group's business and prospects is set out in the Management's Discussion and Analysis.

RESULTS

The Group profit after taxation for the year was £117,409 compared to a loss in 2006 of £2,100,884.

PROPOSED DIVIDEND

The Directors do not recommend the payment of a dividend for the year (2006: nil).

DIRECTORS

The directors who held office during the year were as follows:

R D Corrans	Chairman
J A Hamilton	Chief Executive Officer
B R Kipp	Finance Director
D Jones	Non-Executive Deputy Chairman
M J Evans	Non-Executive
A J Williams	Non-Executive

All directors' service contracts are determinable on not more than 12 months' notice.

POST BALANCE SHEET EVENTS

On 25 January 2008 the Company finalized an off-take agreement with MRI Trading AG ("MRI") of Zug, Switzerland. The off-take agreement has a duration of 5 years, is renewable, and covers 100% of all copper products shipped from the Mowana Mine. In conjunction with the off-take agreement, MRI subscribed for 7,284,000 ordinary shares at a subscription price of £0.70 per ordinary share. The private placement closed on 8 February 2008.

On 28 March 2008, Messina Copper (Botswana) (Pty) Ltd ("Messina"), African Copper's 100% owned subsidiary, received binding subscription agreements as part of a BWP200 million Botswana Note Programme for BWP150.0 million (£11.4 million) notes from local Botswana institutions (the "Botswana Bond"). The Botswana Bond is denominated in Pula and is an unsecured fixed rate note that bears interest at 14.0% per annum and has a bullet maturity in 7 years. In addition, to provide the Company additional operational flexibility the Company is in discussions with a number of financial institutions regarding the establishment of a revolving working capital and hedging facility for the Mowana Mine.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company:

Director	Shares held at 31 December 2007	Shares held at 31 December 2006	Share Options held at 31 December 2007	Share Options held at 31 December 2006	Option Exercise Price	Option Exercise Period
R D Corrans	-	-	150,000	150,000	76p	12/11/04 to 12/11/14
			150,000	150,000	77.5p	01/08/06 to 31/07/16
D Jones	1,515,000	1,515,000	100,000	100,000	76p	12/11/04 to 12/11/14
			1,250,000	1,250,000	77.5p	01/08/06 to 31/07/16
J A Hamilton	-	-	1,500,000	1,500,000	76p	13/01/05 to 13/01/15
			2,250,000	2,250,000	77.5p	01/08/06 to 31/07/16
B R Kipp	300,000	200,000	-	350,000 ¹	35p	5/04/04 to 29/03/07
			100,000	100,000	76p	12/11/04 to 12/11/14
			1,250,000	1,250,000	77.5p	01/08/06 to 31/07/16
M J Evans	-	-	100,000	100,000	76p	12/11/04 to 12/11/14
			150,000	150,000	77.5p	01/08/06 to 31/07/16
A J Williams	2,250,012	2,250,012	100,000	100,000	76p	12/11/04 to 12/11/14
			150,000	150,000	77.5p	01/08/06 to 31/07/16

Note from table:

1. *Under a share option scheme operated by Mortbury Limited ("Mortbury"), these options were granted to acquire ordinary shares in Mortbury. As a result of the acquisition of Mortbury, the Company agreed to satisfy these options by issuing options in the Company on the same basis as the outstanding Mortbury options.*

There have been no changes in the Directors' interests between 1 January 2008 and the date of this Report.

AUDIT INFORMATION

Each of the Directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the year, the Company held insurance to indemnify Directors [the Company Secretary and executive officers] of the Company against liabilities incurred in the conduct of their duties to the extent permitted under legislation.

SUBSTANTIAL SHARE INTERESTS

As at 30 March 2008 the Company was aware of the following substantial share interests

	Ordinary shares	%
Geologic Resource Funds	13,853,435	9.4
Goldman Sachs Group	12,792,715	8.7
J P Morgan Asset Management	9,600,000	6.5
MRI Trading AG	7,284,000	5.0
QVT Financial LP	6,980,096	4.8
RAB Capital Plc	6,908,810	4.7
Fidelity Investments	4,768,664	3.2

SHARE CAPITAL

During 2007, a total of 9,067,772 ordinary shares were issued for net cash consideration of £7,194,078 from the following:

(i) On 25 June 2007, a total of 8,367,772 ordinary shares were issued at a price of 11 Botswana Pula (approximately £0.89 and C\$1.89) per ordinary share, raising total gross proceeds of 92,045,492 Botswana Pula (approximately £7.5 million or C\$15.9 million). The Company paid a capital raising fee in cash to Capital Corporate Finance (Pty) Ltd. (Gaborone, Botswana) equal to 5% (exclusive of taxes) of the proceeds raised pursuant to the private placement.

(ii) exercise of 350,000 share options to purchase ordinary shares of 1p of the Company at Can\$0.25 and 350,000 share options to purchase ordinary shares of 1p of the Company at 35p. These share options were options originally granted under the Mortbury Limited option plan.

CREDITOR PAYMENT TERMS

It is the Group's policy to settle all amounts due to creditors in accordance with agreed terms of supply and market practice in the relevant country. The Company's average creditor payment period at 31 December 2007 was 31 days (2006: 30 days).

CORPORATE GOVERNANCE

In formulating the Company's corporate governance procedures the Board of Directors takes due regard of the principles of good governance set out in Revised Combined Code issued by the Financial Reporting Council in July 2003 (as appended to the Listing Rules of the Financial Services Authority) and the size and stage of development of the Group. The Group complies with the guidance issued by the Quoted Companies Alliance, to the extent the Directors consider appropriate, having regard to the size of the Company and its current stage of development.

The Board of African Copper is currently made up of two executive directors and four non-executive directors. Mr. Roy Corrans chairs the Board, Mr. David Jones is the Deputy Chairman and Mr. Joseph Hamilton is the Company's Chief Executive Officer. It is the Board's policy to maintain independence by having at least half of the Board comprising non-executive directors who are free from any business, or other relationship with the Group. The structure of the Board ensures that no one individual or group dominates the decision making process.

The Board meets as deemed necessary to provide effective leadership and overall control and direction of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditures, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings.

All directors have access to the advice and services and of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any director may take independent professional advice at the Company's expense in the furtherance of his duties.

The Board has appointed an Audit Committee, whose primary role is to review the accounts of the Group and a Remuneration Committee, which reviews executive remuneration. Meetings of the Board and of these Committees are held as deemed necessary. The Directors will continue to review the circumstances of the Company and its activities and develop its governance procedures as necessary.

The Audit Committee which meets not less than four times a year considers the Group's financial reporting (including accounting policies) and internal financial controls, is chaired by Roy Corrans, the other members being Mike Evans and Anthony Williams. The committee receives reports from management and from the Group's auditors. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by Roy Corrans, Mike Evans and Anthony Williams are the other committee members.

Remuneration of executive directors is established by reference to the remuneration of executives of equivalent status both in terms of level of responsibility of the position and be reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages include performance related bonuses and the grant of share options.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with London Stock Exchange, Toronto Stock Exchange and Botswana Stock Exchange rules. The Company's principal communication with its investors is through the annual report and accounts, the interim statements and the management's discussion and analysis.

FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash, cash equivalents, copper put options and items such as short-term accounts receivable and creditors that arise from its operations. These financial instruments are the sole source of finance for the Group's operations. The principal risks relate to currency exposure and liquidity.

The financial risk management objectives and policies and foreign currency, liquidity, interest, commodity price and credit risks are discussed in note 23 to the accounts.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contribution and one charitable donation during fiscal 2007 to the SOS Children's Village Francistown in Botswana of £2,500 (2006: £2,500).

AUDITORS

A resolution to reappoint PKF (UK) LLP will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Joseph Hamilton
Chief Executive Officer
30 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, prepared the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the company financial statements in accordance with those standards. The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRICAN COPPER PLC

We have audited the group and parent company financial statements ('the financial statements') of African Copper plc for the year ended 31 December 2007 which comprise the consolidated income statement and the consolidated and company balance sheets, cash flow statements and statements of changes in equity and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information in the directors' report includes that specific information presented in the Management's Discussion and Analysis that is cross referenced from the business review section of the directors' report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report, the Chairman's Statement and the Management's Discussion and Analysis. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the financial statements.

Separate opinion in relation to IFRSs

As explained in Note 2(a) to the group financial statements the group, in addition to complying with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended.

Emphasis of matter – adequacy of project finance

In forming our opinion, which is not qualified, we have considered the adequacy of disclosures made in note 1 to the financial statements concerning the possible requirement for the company to raise further funding to complete the development of the open pit Mowana Mine and continue with the Matsitama exploration project. If the company is unable to secure such additional funding, this may have a consequential impact on the carrying value of the related assets and the investment of the parent company. The requirement for, or outcome of, any future fundraising cannot presently be determined, and no adjustments to asset carrying values that may be necessary should the company be unsuccessful have been recognised in the financial statements.



PKF (UK) LLP
Registered Auditors
London, UK
30 March 2008

Independent Auditors' Report to the Directors of African Copper plc in respect of Compatibility with Canadian GAAS

In accordance with the requirement contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards ("Canadian GAAS") and International Standards on Auditing (UK and Ireland).

We conducted our audit for the year ended 31 December 2007 in accordance with International Standards of Auditing (UK and Ireland). There are no material differences in the form or content of our audit report, except as noted below, as compared to an auditors' report prepared in accordance with Canadian GAAS and if this report were prepared in accordance with Canadian GAAS it would not contain a reservation.

An audit report issued in accordance with Canadian GAAS does not require the Emphasis of Matter paragraph that is included in the United Kingdom Independent Auditors' Report for the year ended 31 December 2007 given above. In all other respects, there are no material differences in the form and content of the above noted auditors' report.

PKF (UK) LLP
London, UK
30 March 2008

African Copper Plc
Consolidated income statement

	Note	Year ended 31 December	
		2007 £'000	2006 £'000
Administrative expenses		(2,738)	(1,581)
Loss on derivative financial instruments		(406)	-
Exchange gain/(loss)		276	(2,103)
Operating loss	4	(2,868)	(3,684)
Finance income			
Bank interest receivable		2,985	1,646
Profit/(loss) before tax		117	(2,038)
Tax		-	(62)
Profit/(loss) after tax		117	(2,100)
<hr/>			
Basic earnings/(loss) per ordinary share	7	0.09p	(2.20)p
Diluted earnings/(loss) per ordinary share	7	0.09p	(2.20)p

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

African Copper Plc
Balance Sheets

	Note	Group As at 31 December		Company As at 31 December	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
ASSETS					
Property, plant and equipment	8	48,248	13,964	1,171	1,043
Deferred exploration costs	9	4,322	2,007	84	-
Other financial assets	10	4,167	-	-	-
Long term receivables	12	-	-	6,826	16,986
Investments in subsidiaries	13	-	-	57,209	9,496
Total non-current assets		56,737	15,971	65,290	27,525
Other receivables and prepayments	15	1,903	648	100	438
Derivative financial assets	11	1,841	-	1,841	-
Cash and cash equivalents	16	22,428	53,254	18,840	51,157
Total current assets		26,172	53,902	20,781	51,595
Total assets		82,909	69,873	86,071	79,120
EQUITY					
Issued share capital	17	1,396	1,305	1,396	1,305
Share premium		76,947	69,844	76,947	69,844
Merger reserve		-	-	8,607	8,607
Acquisition reserve		4,485	4,485	-	-
Foreign currency translation reserve		(1,207)	(1,979)	-	-
Hedging reserves		(812)	-	(812)	-
Retained losses		(4,843)	(5,687)	(329)	(829)
Total equity		75,966	67,968	85,809	78,927
LIABILITIES					
Asset retirement obligation	19	464	-	-	-
Total non-current liabilities		464	-	-	-
Trade and other payables	20	6,479	1,905	262	193
Total current liabilities		6,479	1,905	262	193
Total equity and liabilities		82,909	69,873	86,071	79,120

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2008 and signed on their behalf by:

Director *"Joe Hamilton"*

Director *"Bradley Kipp"*

African Copper Plc
Group consolidated statement of changes in shareholders' equity

		Share Note	Share Capital Premium	Acquisition Reserve	Foreign Currency Translation Reserve	Hedging Reserve	Retained Loss	Total Equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2006		520	16,158	4,485	(315)	-	(4,579)	16,269
Foreign exchange adjustments		-	-	-	(1,664)	-	-	(1,664)
Total recognized income and expense recognized directly in equity		-	-	-	(1,664)	-	-	(1,664)
Loss for the year	4	-	-	-	-	-	(2,100)	(2,100)
Total recognised loss for the year		-	-	-	(1,664)	-	(2,100)	(3,764)
New share capital subscribed		785	58,702	-	-	-	-	59,487
Share issue costs		-	(5,016)	-	-	-	-	(5,016)
Credit arising on share options		-	-	-	-	-	992	992
Balance at 31 December 2006		1,305	69,844	4,485	(1,979)	-	(5,687)	67,968
Foreign exchange adjustments		-	-	-	772	-	-	772
Fair value loss on cash flow hedge instruments		-	-	-	-	(812)	-	(812)
Total recognized income and expense recognized directly in equity		-	-	-	772	(812)	-	(40)
Gain for the year		-	-	-	-	-	117	117
Total recognised gain/(loss) for the year		-	-	-	772	(812)	117	76
New share capital subscribed	17	91	7,509	-	-	-	-	7,600
Share issue costs		-	(406)	-	-	-	-	(406)
Credit arising on share options		-	-	-	-	-	727	727
Balance at 31 December 2007		1,396	76,947	4,485	(1,207)	(812)	(4,843)	75,966

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

African Copper Plc
Company statement of changes in shareholders' equity

	Note	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Hedging Reserve	Retained Profit/(Loss) £'000	Total Equity £'000
Balance at 1 January 2006		520	16,158	8,607	-	124	25,409
Loss for the year	4	-	-	-	-	(1,664)	(1,664)
Total recognised loss for the year		-	-	-	-	(1,664)	(1,664)
New share capital subscribed		785	58,702	-	-	-	59,487
Share issue costs		-	(5,016)	-	-	-	(5,016)
Credit arising on share options		-	-	-	-	711	711
Balance at 31 December 2006		1,305	69,844	8,607	-	(829)	78,927
Fair value loss on cash flow hedge instruments		-	-	-	(812)	-	(812)
Total recognized income and expense recognized directly in equity		-	-	-	(812)	-	(812)
Loss for the year		-	-	-	-	(8)	(8)
Total recognised gain/(loss) for the year		-	-	-	(812)	(8)	(820)
New share capital subscribed	17	91	7,509	-	-	-	7,600
Share issue costs		-	(406)	-	-	-	(406)
Credit arising on share options		-	-	-	-	508	508
Balance at 31 December 2007		1,396	76,947	8,607	(812)	(329)	85,809

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

African Copper Plc
Group consolidated cash flow statement

	Note	Year ended 31 December	
		2007 £'000	2006 £'000
Cash flows from operating activities			
Administration expenses		(2,738)	(1,581)
Tax		-	(62)
Operating loss from continuing operations		(2,738)	(1,643)
Increase in receivables		(1,255)	(421)
Increase/(decrease) in payables		69	(5)
Share based payment expense		519	562
Tax		-	62
Cash used in operating activities		(3,405)	(1,445)
Interest received		2,986	1,646
Net cash (outflow)/inflow from operating activities		(419)	201
Cash flows from investing activities			
Payments to acquire property, plant and equipment	8	(28,335)	(3,805)
Payments of deferred exploration expenditures	9	(2,315)	(6,186)
Purchase of cash flow hedging instruments	11	(3,060)	-
Cash placed on restricted deposit	10	(4,167)	-
Net cash outflow from investing activities		(37,877)	(9,991)
Cash flows from financing activities			
Issue of equity share capital, net of issue costs		7,030	52,948
Issue of equity upon exercise of warrants		-	1,378
Issue of equity upon exercise of options		164	145
Net cash inflow from financing activities		7,194	54,471
Net (decrease)/increase in cash and cash equivalents		(31,102)	44,681
Cash and cash equivalents at beginning of the year		53,254	10,676
Exchange gain/(loss)		276	(2,103)
Cash and cash equivalents at end of the year	16	22,428	53,254

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

African Copper Plc
Company cash flow statement

	Note	Year ended 31 December	
		2007 £'000	2006 £'000
Cash flows from operating activities			
Operating loss from continuing operations		(2,083)	(1,664)
Decrease/(increase) in receivables		338	(333)
Increase/(decrease) in payables		70	(5)
Share based payment expense		438	562
Cash used in operating activities		(1,237)	(1,440)
Interest received		2,206	2,056
Net cash inflow from operating activities		969	616
Cash flows from investing activities			
Decrease/(Increase) in loans to subsidiaries		-	(12,219)
Payments to acquire property, plant and equipment	8	(58)	(150)
Payments of deferred exploration expenditures	9	(84)	-
Purchase of shares in subsidiary company	12	(37,554)	-
Purchase of derivative financial instruments	11	(3,060)	-
Net cash outflow from investing activities		(40,756)	(12,369)
Cash flows from financing activities			
Issue of equity share capital, net of issue costs		7,030	52,948
Issue of equity upon exercise of warrants		-	1,378
Issue of equity upon exercise of options		164	145
Net cash inflow from financing activities		7,194	54,471
Net increase/(decrease) in cash and cash equivalents		(32,593)	42,718
Cash and cash equivalents at beginning of the year		51,157	10,542
Exchange gain/(loss)		276	(2,103)
Cash and cash equivalents at end of the year	16	18,840	51,157

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

1. Nature of operations, going concern and adequacy of project finance

African Copper Plc (“African Copper” or the “Company”) is a public limited company incorporated and domiciled in England and is listed on the AIM market of the London Stock Exchange, the Toronto Stock Exchange and the Botswana Stock Exchange. African Copper is a holding company of a mineral exploration and development group of companies (the “Group”). The Group is involved in the exploration and development of copper deposits in Botswana and is currently developing its first copper mine at the Mowana Mine”) and is conducting an exploration programme at the Matsitama Project. The Mowana Mine is located in the northeastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

On 28 March 2008, Messina Copper (Botswana) (Pty) Ltd (“Messina”), African Copper’s 100% owned subsidiary, received binding subscription agreements as part of a BWP200 million Botswana Note Programme for BWP150.0 million (£11.4 million) notes from local Botswana institutions (the “Botswana Bond”). The Botswana Bond is denominated in Pula and is an unsecured fixed rate note that bears interest at 14.0% per annum and has a bullet maturity in 7 years. The company has also raised approximately £5million in additional equity since the year end. In addition, to provide the Company with additional operational flexibility management is in advanced discussions with several financial institutions regarding the establishment of a revolving working capital and hedging facility for the Mowana Mine.

The Board has reviewed the detailed financial mine plan and consider that with the additional financial resources secured and the nearness of anticipated production, the Company has sufficient financial resources to commence production at the Mowana Mine and adequate working capital for the foreseeable future, being a period of not less than twelve months from the date of signing these financial statements. In the event of operational cost overruns or delays, they believe the Company has adequate flexibility to manage expenditures. The Directors therefore consider it appropriate to prepare these financial statements on a going concern basis.

As more fully explained in Management’s Discussion and Analysis management intend to complete development of the open pit mining operations with the addition of a DMS plant to the processing plant, further evaluate developing the underground portion of the mine at Mowana and continue with the Matsitama exploration project. Further project finance may be required to complete these and if the Company is unable to secure the further finance required, the Company may not be able to fully develop these projects and their carrying values and the investment of the parent company may become impaired.

The address of African Copper’s registered office is 100 Pall Mall, St James’s London SW1Y 5HP. These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2008.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a) Statement of Compliance

The consolidated financial statements of African Copper plc have been prepared in accordance with IFRSs and their interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union and with IFRSs and their interpretations adopted by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 1985 applicable to companies reporting under IFRSs.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

As permitted by section 230 of the Companies Act 1985, the income statement of the Company has not been presented in these financial statements.

b) Basis of preparation

The consolidated financial statements of African Copper are presented in Pounds Sterling and have been prepared on the historical cost basis or the fair value basis for certain financial instruments.

c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognized where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

(ii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iii) Business combinations

On entering into a business combination, an acquirer is identified based on the identity of the entity which gains control of the combining entities.

The assets, liabilities and contingent liabilities of the acquiree are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired is recognised as goodwill. If the fair value of the consideration is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the income statement.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentation currency and the functional currency of the Company.

(ii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- ◇ assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ◇ income and expenses for each income statement are translated at average exchange rates

(unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- ◇ all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortisation and less any accumulated impairment losses. Pre-production expenditure relating to testing and commissioning is capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount. Interest on borrowings, specifically to finance the establishment of mining assets, is capitalised during the construction phase.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Amortization methods and amortization rates are applied consistently within each asset class except where significant individual assets have been identified which have different amortisation patterns. Residual values are reviewed at least annually. Amortisation is not adjusted retrospectively for changes in the residual amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Other assets consist of vehicles, information technology equipment and furniture and equipment.

Mining development and infrastructure

Individual mining assets and deferred stripping costs are amortised using the units-of-production method based on the estimated economically recoverable metal during the life of mine plan. Mining costs incurred on development activities comprising the removal of waste rock to initially expose ore at the Mowana open pit mine, commonly referred to as "deferred stripping costs," are capitalized.

Mining plant and equipment

Individual mining plant and equipment assets are depreciated using the straight line method over the useful life of the asset once the assets are available for use.

Other Assets

These assets are depreciated using the straight line method over the useful life of the asset as follows:

- Vehicles 4 years
- Information technology 3 years
- Furniture & equipment 5 years

f) Deferred exploration and evaluation

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

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. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

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 (see accounting policy note below) 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 Group's intentions for development of the undeveloped property.

The recoverability of deferred exploration and evaluation costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Group to obtain the necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposal thereof.

g) Other receivables and prepayments

Other receivables and prepayments are not interest bearing and are stated at amortised cost.

h) Derivative financial instruments

Copper forward exchange contracts are entered into to hedge anticipated future transactions.

Derivative financial instruments are initially recognised in the balance sheet at the fair value on the date of acquisition and subsequently remeasured at fair value. The method of recognising the resulting gain or loss is dependant on the nature of the item being hedged. On the date that the derivative contract is entered into, the group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecasted transaction or a firm commitment (cash flow hedge). Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity. Changes in the fair value of derivatives that are designated as fair value hedges are recognised in the income statement. Certain derivative transactions, while providing effective economic hedges under group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any such derivative instruments are recognised immediately in the income statement.

i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Impairment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

- (i) unexpected geological occurrences that render the resource uneconomic;

- (ii) title to the asset is compromised;
- (iii) variations in metal prices that render the project uneconomic; and
- (iv) variations in the currency of operation.

k) Share based payment

Certain Group employees and consultants are rewarded with share based instruments. These are stated at fair value at the date of grant and either expensed to the income statement or capitalized to deferred exploration costs, based on the activity of the employee or consultant, over the vesting period of the instrument.

Fair value is estimated using the Black-Scholes valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

l) Provisions

Provisions are recognized when, the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

m) Trade and other payables

Trade and other payables are not interest bearing and are stated at amortized cost.

n) Income tax

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

o) 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.

p) Investment in subsidiaries

Investments in subsidiaries are recognised at cost less any provision for impairment.

q) Revenue

i) Interest income

Interest income is recognised as it accrues to the Company.

r) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on managements' best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

Information about such judgements and estimation is contained in the accounting policies and/or the Notes to the financial statements, and the key areas are summarised below. Areas of judgement that have the most significant effect on the amounts recognized in the financial statements:

Capitalisation and impairment of exploration and evaluation costs – Note 2(j) and Note 9

Estimation of share based compensation amounts – Note 2(k) and Note 18

Estimation of derivative financial assets – Note 2(h) and Note 11

s) Adoption of International Financial Reporting Standards

The financial statements are prepared in accordance with International Reporting Standards and Interpretations in force at the reporting date. The Group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted will have a material impact on the financial statements.

During the year, the Group applied IFRS 7, "Financial instruments: disclosure" and the capital management disclosures of IAS 1 (Revised) "Presentation of financial statements" for the first time. The disclosures required by these standards are set out in note 23. There was no other effect from the adoption of these standards.

3. Group Segment reporting

A business segment is a component of the Group distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and returns that are different from those of other business segments. The Group's only business segment is the exploration for, and the development of copper and other base metal deposits. The Group also reports by geographical segment. All the Group's activities are related to the exploration for, and the development of copper and other base metals in Botswana with the support provided from the UK. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets based on where the assets are located. There was no Group turnover during the year (31 December 2006:£nil).

	2007 £'000	2006 £'000
Total assets		
Botswana	60,470	16,424
UK	22,439	53,449
Total	82,909	69,873

Capital expenditure on property, plant and equipment

Botswana	34,452	3,805
UK	128	-
Total	34,580	3,805

Capital expenditure on deferred exploration

Botswana	2,263	5,825
UK	84	350
Total	2,347	6,175

4. Loss on operations before tax

	2007	2006
	£'000	£'000
Loss on ordinary activities is stated after charging:		
Depreciation	-	115
Exchange differences	-	(2,103)
Auditors remuneration:		
- Audit fee	49	48
Fees payable to the auditor for other services:		
- Audit of accounts of associates of the Company pursuant to legislation	11	13
- Other services pursuant to legislation	-	8
- Other services relating to tax	14	30
- Other services relating to corporate finance	-	60
- All other services	3	1

5. Staff numbers and costs-

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

Group	Number of Employees 2007	Number of Employees 2006
Finance and administration	15	7
Technical and operations	34	22
	49	29

The aggregate payroll costs of these persons were as follows:

	2007	2006
	£'000	£'000
Wages and salaries	1,694	818
Benefits	428	61
Share based payments	620	955
	2,742	1,834

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

Company	Number of Employees 2007	Number of Employees 2006
Finance and administration	4	2
Technical and operations	1	1
	5	3

The aggregate payroll costs of these persons were as follows:

	2007 £'000	2006 £'000
Wages and salaries	678	389
Share based payments	450	755
	1,128	1,144

Remuneration of directors and other key management personnel

2007	Directors Fees £'000	Basic annual remuneration £'000	Other benefits £'000	Total remuneration £'000
Directors:				
R D Corrans	20	-	-	20
D Jones	21	127	-	148
J A Hamilton	-	175	-	175
B R Kipp	-	94	-	94
A J Williams	14	-	-	14
M J Evans	13	-	-	13
Total directors' remuneration	68	396	-	464
Non-directors	-	426	149	575
Share based payments	-	-	-	647
Total	68	822	149	1,686

A director exercised share options during the year realizing a gain of £122,500 at the date of exercise. At 30 March 2008 the director had sold 250,000 of the 350,000 shares. The gain attributable to the highest paid director was nil.

2006	Directors Fees £'000	Basic annual remuneration £'000	Other benefits £'000	Total remuneration £'000
Directors:				
R D Corrans	20	-	-	20
D Jones		128	-	128
J A Hamilton	-	176	-	176
B R Kipp	-	85	-	85
A J Williams	14	-	-	14
M J Evans	13	-	-	13
R M Whyte	9	-	-	9
Total directors' remuneration	56	389	-	445
Non-directors	-	189	24	213
Share based payments				912
Total	56	578	24	1,570

6. Income tax expense

Factors affecting the tax charge for the current period

The tax credit for the period is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK – 30% (2006:30%)

	2007 £'000	2006 £'000
Tax reconciliation		
Profit/(Loss) on ordinary activities before tax	117	(2,038)
Tax at 30% (2006: 30%)	(35)	(611)
Effects (at 30%) of:		
Expenses not deductible for tax purposes	50	150
Deferred tax asset not recognised	681	489
Expenses previously not deductible now allowed	(598)	
Credit in respect of overseas taxation	-	(19)
Irrecoverable withholding tax	-	62
Lower tax rates on overseas losses	-	(9)
Loss brought forward and utilised	(168)	
Tax charge	-	62

Unrecognized deferred tax assets and liabilities

	2007 £'000	2006 £'000
Losses	14,873	4,790
Arising on share options	-	38
Accelerated capital allowances	(14,278)	(4,521)
Net deferred tax asset not recognized	595	307

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at December 31, 2007, the Group did not recognize deferred tax assets of £595,000 (2006: £307,000) in respect of losses because there is insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

The Group's tax losses have no fixed expiry date.

7. Basic and diluted earnings/(loss) per share

The calculation of basic gain per ordinary share on the net basis is based on the profit on ordinary activities after taxation of £117,409 (2006: loss of £2,100,884) and on 135,371,319 (2006: 95,516,505) ordinary shares being the weighted average number of ordinary shares in issue and ranking for dividend during the year. During 2006 no diluted loss per share was presented as the effect of the exercise of share options would be to decrease the loss per share. During 2007 the calculation of diluted gain per ordinary share on the net basis is based on the gain of ordinary activities after taxation of £117,409 and on 135,640,296 ordinary shares derived as follows:

Basic number of shares	135,371,319
Effect of dilutive share options	268,977
Diluted number of shares	135,640,296

Details of share options in issue that could potentially dilute earnings per share in the future are shown in note 17.

8. Property, Plant and Equipment

Group	Mine Development and Infrastructure £'000	Mine Plant and Equipment £'000	Other Assets £'000	Total £'000
Cost				
Balance at 1 January 2006	-	-	162	162
Reclassification from Deferred Exploration	10,395	241	-	10,636
Additions	3,322	146	337	3,805
Exchange adjustments	(458)	-	(32)	(490)
Balance at 31 December 2006	13,259	387	467	14,113

Balance at 1 January 2007	13,259	387	467	14,113
Additions	32,376	-	2,204	34,580
Exchange adjustments	(150)	(5)	(6)	(161)
Balance at 31 December 2007	45,485	382	2,665	48,532
<u>Depreciation and impairment losses</u>				
Balance at 1 January 2006	-	-	(42)	(42)
Depreciation charge for the year	-	-	(115)	(115)
Exchange adjustments	-	-	8	8
Balance at 31 December 2006	-	-	(149)	(149)
Balance at 1 January 2007	-	-	(149)	(149)
Depreciation charge for the year	-	-	(137)	(137)
Exchange adjustments	-	-	2	2
Balance at 31 December 2007	-	-	(284)	(284)
<u>Carry amounts</u>				
Balance at 1 January 2006	-	-	120	120
Balance at 31 December 2006	13,259	387	318	13,964
Balance at 1 January 2006	13,259	387	318	13,964
Balance at 31 December 2007	45,485	382	2,381	48,248

Company	Mine Development and Infrastructure £'000	Computer and Office Equipment £'000	Total £'000
<u>Cost</u>			
Balance at 1 January 2006	-	-	-
Reclassification from Deferred Exploration	688	-	688
Additions	349	6	355
Balance at 31 December 2006	1,037	6	1,043
Additions	113	15	128
Balance 31 December 2007	1,150	21	1,171

9. Deferred exploration costs

Group	£'000
<u>Cost</u>	
Balance at 1 January 2006	7,159
Additions	6,175
Exchange adjustments	(691)

Reclassification to Mine Development and Infrastructure	(10,636)
Balance 31 December 2006	2,007
Additions	2,347
Exchange adjustments	(32)
Balance 31 December 2007	4,322

Company	£'000
Cost	
Balance at 1 January 2006	688
Additions	-
Reclassification to Mine Development and Infrastructure	(688)
Balance 31 December 2006	-
Additions	84
Balance 31 December 2007	84

Impairment loss

During the year the Group and Company did not recognize any provision for impairment against any of its deferred exploration assets

10. Other Non-Current Assets

	31 December 2007 £'000	31 December 2006 £'000
Group		
Bank guarantee	4,167	-

50 million Botswana Pula has been lodged in favour of Moolman Mining Botswana (Pty) Ltd. ("Moolman") under the terms of a bank guarantee. As part of the Moolman 5-year mining contract (the "Contract") for the Mowana Mine in Botswana, the Company's subsidiary was required to obtain a bank guarantee in support of certain payment obligations in the Contract. Within 21 days of Moolman receiving final payment of all monies owing under the Contract the payment guarantee ceases.

11. Derivative Financial Assets

	31 December 2007 £'000	31 December 2006 £'000
Company and Group		
Copper put contracts designated as a cash flow hedge	1,383	-
Copper put contracts designated as fair value through profit and loss	458	-
Total Derivative Financial Assets	1,841	-

12. Company long term receivables

	£'000
Loans to Subsidiary undertakings	
Balance at 1 January 2006	4,767
Additions	12,219
Balance 31 December 2006	16,986
Additions	37,553
Conversion of intercompany debt to equity	(47,713)
Balance 31 December 2007	6,826

13. Company - Investments in subsidiaries

	£'000
Balance 1 January 2006 and 31 December 2006	9,496
Conversion of Intercompany Debt to Equity*	47,713
Balance 31 December 2007	57,209

*During 2007 the Company converted intercompany loans payable from its wholly-owned subsidiary Messina Copper (Botswana) Pty Ltd to equity.

14. Subsidiary undertakings

	Country of incorporation and operation	Physical activity	Holding of equity shares 2007	Holding of equity shares 2006
Mortbury Limited	British Virgin Islands	Investment	100%	100%
Messina Copper (Botswana) (Pty) Limited *	Botswana	Development	100%	100%
Matsitama Minerals (Pty) Limited *	Botswana	Exploration	100%	100%

* indirectly held

15. Other receivables and prepayments

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
	£'000	£'000	£'000	£'000
VAT receivable	1,600	440	12	241
Interest receivable	71	115	4	115
Prepayments and other receivables	232	93	84	82
	1,903	648	100	438

16. Cash and cash equivalents

Group	2007	2006
	£'000	£'000
Cash at bank	136	421
Short-term bank deposits	22,292	52,833
Cash and cash equivalents in the statement of cashflows	22,428	53,254

Company	2007	2006
	£'000	£'000
Cash at bank	38	329
Short-term bank deposits	18,802	50,828
Cash and cash equivalents in the statement of cashflows	18,840	51,157

17. Share Capital

	No. of shares	£'000
Authorised		
At 31 December 2005 and 31 December 2006		
Ordinary shares of 1p each	495,000,000	4,950
Redeemable preference shares of £1 each	50,000	50
Issued:		
Balance at 1 January 2006	52,033,155	520
Ordinary shares issued on June 2006 placement	75,000,000	750
Ordinary shares issued on exercise of warrants	2,474,030	25
Ordinary shares issued on exercise of options	1,000,000	10
Balance at 31 December 2006	130,507,185	1,305
Ordinary shares issued on Botswana private placement	8,367,772	84
Ordinary shares issued on exercise of options	700,000	7
Balance at 31 December 2007	139,574,957	1,396

Shares issued

During 2006, a total of 78,474,030 ordinary shares were issued for net cash consideration of £53,641,555 from the following:

- (i) public placement that raised gross proceeds of £57.96 million, through the issuance of 34,375,000 ordinary shares of 1p at 77.5p per share and 40,625,000 ordinary shares of 1p at Can\$1.60 per share. The net proceeds of the offering were £52.9 million after deducting a 6% cash commission to the underwriters of £3.48 million plus various professional fees and stamp duty reserve tax costs related to the offering.
- (ii) exercise of 2,474,030 warrants to purchase ordinary shares of 1p of the Company at 52.5p.
- (iii) exercise of 900,000 share options to purchase ordinary shares of the Company at Can\$0.25 and 100,000 share options to purchase ordinary shares of the Company at 35p. These share options were options originally granted under the Mortbury Limited option plan.

During 2007, a total of 9,067,772 ordinary shares were issued for net cash consideration of £7,194,078 from the following:

- (i) On 29 March 2007 a total of 700,000 ordinary shares were issued for net cash consideration of £163,961 from the exercise of 350,000 share options to purchase ordinary shares of the Company at Can\$0.25 each and 350,000 share options to purchase ordinary shares of the Company at 35p each. These share options were options originally granted under the Mortbury Limited option plan.
- (ii) On 25 June 2007, a total of 8,367,772 ordinary shares were issued at a price of 11 Botswana Pula (approximately £0.89 and C\$1.89) per ordinary share, raising total gross proceeds of 92,045,492 Botswana Pula (approximately £7.4 million). The Company paid a capital raising fee in cash to Capital Corporate Finance (Pty) Ltd. (Gaborone, Botswana) equal to 5% (exclusive of taxes) of the proceeds raised pursuant to the private placement.

On 8 February 2008, a total of 7,284,000 ordinary shares at a price of £0.70 per ordinary shares, raising total net proceeds of £5,098,800. This private placement was completed as part of the finalization of a comprehensive off-take agreement for the Mowana Mine concentrates.

Share options and warrants

<i>Share Options Held at 31 December 2007</i>	<i>Share Options Held at 31 December 2006</i>	<i>Date of Grant</i>	<i>Option Price per Share</i>	<i>Exercise Period</i>
-	350,000	29 March 1999	Can\$0.25	up to 29 March 2007
-	350,000	5 April 2004	£0.35	up to 31 March 2007
500,000	500,000	23 September 2004	£0.35	up to 23 September 2014
675,000	700,000	12 November 2004	£0.76	up to 12 November 2014
-	499,872	12 November 2004	£0.836 from admission until two years following admission date. £0.912 from that date until three years following admission date.	up to 3 years following admission.
1,500,000	1,500,000	5 January 2005	£0.76	up to 5 January 2015
-	100,000	25 April 2005	£0.76	up to 25 April 2015
-	300,000	1 September 2005	£0.76	up to 1 February 2015
90,000	120,000	1 September 2005	£0.76	up to 14 March 2015
240,000	240,000	12 November 2005	£0.76	up to 12 November 2015
6,860,000	7,310,000	1 August 2006	£0.775	up to 1 August 2016
400,000	400,000	11 September 2006	£0.775	up to 11 September 2016
200,000	200,000	30 November 2006	£0.775	up to 30 November 2016
750,000	750,000	29 December 2006	£0.775	up to 29 December 2016
200,000	-	29 March 2007	£0.775	Up to 29 March 2017
11,415,000	13,319,872			

Acquisition reserve

The acquisition reserve comprises the difference between the issued equity of Mortbury Limited at the date of the reverse acquisition of the Company by Mortbury Limited and the par value of shares issued by the Company in the share exchange, together with the fair value of equity issued to repurchase the Mortbury preference shares in issue. As such, the acquisition reserve is a component of the issued equity of the Group.

Foreign currency translation reserve

Merger reserve

As permitted by the Companies Act 1985, the merger reserve represents the premium on shares issued to acquire the share capital of Mortbury Limited.

Dividends

The directors do not recommend the payment of a dividend.

Capital Management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. During 2006 and 2007 the Group's capital was sourced from equity (ie ordinary share and share premium). During 2008 the Group's strategy changed to increase the debt-to-adjusted capital ratio resulting primarily from the increase in net debt that occurred on 28 March 2008 from the Botswana Pula 150 million Note Programme (Note 24 – Subsequent Events)

	At 31 March 2008 £'000	At 31 December 2007 £'000	At 31 December 2006 £'000
Total interest bearing debt	-	-	-
Total equity	-	75,966	67,968
Debt-to-equity ratio	-	-	-

18. Share based payments

African Copper has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p.

As part of the acquisition of Mortbury Limited in 2004, the Company agreed to grant options in the Company on the same basis as the Mortbury options outstanding on the date of acquisition. No further options will be granted under the Mortbury share option scheme. Under the Mortbury share option scheme, directors, employees and consultants of Mortbury were granted a total of 1,700,000 to acquire

ordinary shares of Mortbury ranging in exercise prices from 11p to 35p resulting in a weighted average exercise price of 17p. All Mortbury options that were exercisable at the date of acquisition were exercised on 29 March 2007.

As part of admission to the AIM market of the London Stock Exchange, the Company issued its Nominated Advisor an option to subscribe for 499,872 ordinary shares at a price of 83.6p (the "Underwriters Options") for two years following 12 November 2004 (date of admission) and at a price of 91.2p for the third year of the exercise period. All Underwriters Options expired without being exercised.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2007		2006	
	Weighted average exercise price in £ per share	Options	Weighted average exercise price in £ per share	Options
At 1 January	73p	13,319,872	55p	5,659,872
Granted	77.5p	200,000	77.5p	8,660,000
Forfeited	77p	(1,404,872)	-	-
Exercised	23p	(700,000)	14p	(1,000,000)
At 31 December	76p	11,415,000	73p	13,319,872
Exercisable at the end of the year	74p	10,056,666	70p	7,229,872

The weighted average share price on the date of exercise of the 700,000 share options was 68.0p. In arriving at the fair value, each option grant was valued separately using the Black-Scholes model. The weighted average fair value of options granted during the year was 77.5p (2006: 77.5p).

The assumptions used were as follows:

	2007	2006
Weighted average share price	68p	73p
Weighted average exercise prices	77.5p	77.5p
Expected volatility	41%	34%
Expected life	5 years	5 years
Risk free rate	5.0%	4.5%
Expected dividends	none	none

Expected volatility was determined by calculating the historical volatility of the Company's share price since it was listed on the AIM market of the London Stock Exchange in November 2004. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The total expense in respect of share based payments for the year was £728,115 (2006: £991,642), of which £518,657 (2006:£562,199) was recorded as an expense in the income statement and £209,458 (2006: £429,443) was capitalised as part of deferred exploration costs.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in £ per share	Shares	
		2007	2006
2007	49p	-	1,199,872
2014	59p	1,175,000	1,200,000
2015	76p	1,830,000	2,260,000
2016	77.5p	8,210,000	7,310,000
2017	77.5p	200,000	1,350,000
	73p	11,415,000	13,319,872

The weighted average remaining contractual life of the outstanding options at 31 December 2007 was 8.22 years (2006:8.68 years).

19. Asset retirement obligations

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 December 2007 is £464,078 (2006 - £nil). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, 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.

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.

20. Trade and other payables

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade payables	1,511	548	120	100
Amounts due to related parties (Note 22)	41	39	14	36
Withholding taxes	111	204	-	-
Accrued expenses and other payables	4,816	1,114	128	57
	6,479	1,905	262	193

21. Commitments

The majority of the Company's contractual obligations relate to commitments in respect of development expenditures for the completion of construction at the Mowana Mine and termination payments to the mining contractor at the Mowana Mine should the Company terminate the mining contract early. In respect of this mining contract, the Company's subsidiary was required to obtain a bank guarantee in support of certain payment obligations in the mining contract. (See Note 10 – Other Non-Current Assets). At 31 December 2007 the Company's subsidiary holds a bank guarantee of £4.2 million (50 million Botswana Pula) in respect of these payment obligations.

At 31 December 2007, commitments under such agreements total £18.9 million:

Contractual Obligations	Total £'000	2008 £'000	2009 £'000	2010 £'000
Goods, services and long lead equipment ^(a)	14,614	14,614	-	-
Mining contract ^(b)	3,356	3,356	-	-
Matsitama exploration licences ^(c)	777	775	1	1
Lease agreements ^(d)	136	121	15	-
	18,883	18,866	16	1

- (a) The Company and its subsidiaries have a number of agreements with arms-length third parties who provide a wide range of goods and services and long-lead time equipment. The primary commitments relate to the engineering, procurement, construction and management contract ("EPCM") for the construction of the flotation concentrator and related housing and mine facilities at the Mowana Mine.
- (b) 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 approximately £2.6 million, which payment may be reduced, depending upon the number of months notice given, to £nil upon 6 months notice, together with demobilization charges would be payable.
- (c) Under the terms of the Company's prospecting licences Matsitama is obliged to incur certain minimum expenditures.
- (d) The Company has entered into agreements for lease premises for various periods until 30 August 2009.

22. Related party transactions

The following amounts were paid to companies in which directors of the group have an interest and were incurred in the normal course of operations and are recorded at their exchange amount;

	2007 £'000	2006 £'000	Balance Outstanding at 31 December	
			2007 £'000	2006 £'000
Amount paid to the Dragon Group, a group controlled by A.J. Williams, for the provision of fully serviced office accommodation in the UK and reimbursed expenses. Contract ended February 2007.	23	77	9	36
Amount paid to Summit Resource Management Limited, a company controlled by D Jones, for the provision of fully serviced office accommodation in Canada and reimbursed expenses	79	82	5	-
Amount paid to Aegis Instruments, Micromine and MGE Consulting, companies controlled by a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and reimbursed expenses	101	35	27	3
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. This agreement replaced an existing executive services agreement on materially the same terms and conditions.	165	82	-	-
	368	276	41	39

Loans to Subsidiaries	
Balance 1 January 2006	4,767
Amounts advanced to subsidiaries	11,868
Interest charged	351
Balance 31 December 2006	16,986
Amounts advanced to subsidiaries	37,554
Conversion of amounts advanced to equity	(47,714)
Balance 31 December 2007	6,826

The amounts due from subsidiaries at 31 December 2007 have been subordinated in favour of other creditors of those companies.

23. Financial instruments

The Group's principal financial liabilities comprise trade payables, purchase contracts and accrued expenses. The Group has various financial assets such as cash and cash equivalents, VAT and interest receivables and prepayments, which arise directly from its operations. In addition, the Company's financial assets include amounts due from subsidiaries.

The Group has also entered into derivative transactions by purchasing copper put contracts. The contracts are entered into to hedge anticipated future transactions in the Group's underlying business operations.

All of the Group's and Company's financial liabilities are measured at amortised cost and all of the Group's and Company's financial assets are classified as loans and receivables except for the copper put options (see Note 11) which are classified as at fair value through profit or loss, except to the extent that hedge accounting principles are applied.

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main market risks for which such instruments may be appropriate are interest rate risk, foreign exchange risk, commodity price risk and liquidity risk each of which is discussed below. It is, and has been throughout 2007 and 2006 the Group's policy that no trading in derivatives shall be undertaken.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cashflows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does therefore not incur interest on overdue balance.

Foreign exchange risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk as a result of financial assets, future transactions, foreign borrowings, and investments in foreign companies denominated in Botswana Pula.

The Group has not used forward exchange contracts to manage the risk relating to financial assets, future transactions or foreign borrowings. Fluctuations in financial assets, future transactions or foreign borrowings are recognized directly in profit or loss. During 2006 and 2007 the Group purchased South African Rand from time to time to match known future South African Rand transactions relating to the development and construction of the Mowana Mine.

The table below shows the currency profiles of cash and cash equivalents:

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Sterling	11,903	29,021	10,714	26,982
Canadian Dollars	11	16,406	11	16,402
South African Rand	9,950	7,308	8,076	7,301
US Dollars	36	448	36	448
Botswana Pula	525	47	-	-
Euros	3	24	3	24
	22,428	53,254	18,840	51,157

Cash and cash equivalents bear interest at rates based on LIBOR.

As a result of the Group's main assets and subsidiaries being held in Botswana and having a functional currency different than the presentation currency (note 2(d)), the Group's balance sheet can be affected significantly by movements in the £ Pound Sterling to the Botswana Pula. During 2006 and 2007 the Group did not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with these Botswana subsidiary assets and liabilities as the effective portion of foreign currency gains or losses arising are recorded through the translation reserve.

The table below shows an analysis of net monetary assets and liabilities by functional currency of group companies:

	2007			2006		
	Sterling	Pula	Total	Sterling	Pula	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	10,657	1,206	11,863	27,501	2,076	29,577
Pula	(3)	2,166	2,163	(1)	(124)	(125)
Canadian Dollars	(52)	(1)	(54)	16,400	-	16,400
South African Rand	8,074	277	8,350	7,301	(367)	6,934
Australian Dollars	-	(1)	(1)	-	(21)	(21)
US Dollars	1,841	(306)	1,535	396	(1,188)	(792)
Euros	3	-	3	24	-	24
Total	20,519	3,341	23,860	51,621	376	51,997

Foreign currency risk sensitivity analysis:

	Profit/Loss		Equity	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
If there was a 10% weakening of Pula against Sterling with all other variables held constant – increase/(decrease)	-	-	(4,806)	(1,366)
If there was a 10% strengthening of Pula	-	-	5,874	1,669

against Sterling with all other variables held constant – increase/(decrease)				
If there was a 10% weakening of Rand against Sterling with all other variables held constant – increase/(decrease)	(714)	(630)	(714)	(630)
If there was a 10% strengthening of Rand against Sterling with all other variables held constant – increase/(decrease)	873	770	873	770

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues will be derived based on a contract with a physical off-take partner at prices that will be determined by reference to market prices of copper at the delivery date.

From time to time the Group may manage its exposure to commodity price risk by entering into put contracts or metal forward sales contracts with the goal of preserving its future revenue streams.

On 23 May 2007 the Company purchased copper put options giving the Company the right, but not obligation, to sell up to 5,850 tonnes of copper at a strike price of \$US3.00/lb divided evenly over the period April 2008 to December 2008. The price of copper can affect the viability of the Mowana Mine and Matsitama projects.

At 31 December 2007, it was determined that the forecast production hedged by the put options for the period from April 2008 to June 2008 was no longer likely to occur and hedge accounting ceased for those contracts.

An analysis of the effect of movements in the copper price on the Group and Company's equity is as follows:

	2007	2006
	£'000	£'000
If there was a 10 cent/lb weakening in the copper price – increase/(decrease) on the value of the puts	84	-
If there was a 10 cent/lb strengthening in the copper price – increase/(decrease) on the value of the puts	73	-

There is no profit impact for the above changes

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group monitors its risk to a shortage of funds using a recurring cashflow model. This model considers the availability of the Group's financial investments and financial assets (other receivables and other financial assets) and projected cashflows and expenditures from operations. The Group has sufficient cash reserves and banking facilities to meet future capital requirements.

Financial liabilities	Due or due in less than 1 month	Due between 1 to 3 months	Due between 3 months and 1 year	Due between 1 to 5 years
Trade and other payables	5,308	280	610	281

Credit risk

The Group is exposed to credit risk on its cash and cash equivalents and other receivables as set out in Notes 11, 15 and 16, which also represent the maximum exposure to credit risk. The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

Fair value of financial instruments

The fair value of the Group's and the Company's financial instruments reflect the carrying amounts shown in the balance sheet.

24. Subsequent Events

1. On 25 January 2008 the Company finalized an off-take agreement with MRI Trading AG ("MRI") of Zug, Switzerland. The off-take agreement has a duration of 5 years, is renewable, and covers 100% of all copper products shipped from the Mowana Mine. In conjunction with the off-take agreement, MRI subscribed for 7,284,000 ordinary shares at a subscription price of £0.70 per ordinary share. The private placement closed on 8 February 2008.
2. On 28 March 2008 the Company announced the private placement of Botswana Pula 150 million (£11.4 million) of fixed rate unsecured notes issued by Messina Copper (Botswana) (Pty) Ltd, the Company's wholly-owned subsidiary. The notes have been priced at 14.0 percent with a maturity of 7 years.