



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Period Ended 30 September 2008

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 2008 compared with 30 September 2007. The MD&A should be read in conjunction with the 31 December 2007 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 with International Financial Reporting Standards ("IFRS") (see Note 2: Significant Accounting Policies). All amounts herein are expressed in British Pounds Sterling unless otherwise indicated and the information is current to 14 November 2008.

The scientific and technical information in this MD&A has been prepared under the supervision of Mr. James Arthur, FSAIMM, the General Manager of the Mowana Mine and a "qualified person" as defined by Canadian National Instrument 43-101.

Additional information relating to the Company, including the Company's Annual Information Form, is available at www.africancopper.com or under the Company's profile on the SEDAR website at www.sedar.com.

BUSINESS OVERVIEW AND STRATEGY

African Copper has transitioned from an exploration and development company into a copper producer focused on exploiting base metal mining opportunities in Africa. The Company is incorporated in England and Wales, and its ordinary shares are tri-listed on the AIM market of the London Stock Exchange ("AIM"), the Toronto Stock Exchange ("TSX") and the Botswana Stock Exchange ("BSE"). The ordinary shares trade on AIM and the TSX under the symbol "ACU", and on the BSE under the symbol "African Copper".

Mowana Project Development

Commissioning of the processing facility at the open-pit Mowana Mine in Botswana was completed during the third quarter. The ramp up to commercial production is anticipated during the fourth quarter of 2008. Following first concentrate production at the end of July 2008, the first shipment of copper concentrate was dispatched at the end of October two months later than initially anticipated and as disclosed during the second quarter. The delays in commissioning and shipment of copper concentrate were caused by, among other things, delays in delivery of component parts and unexpected equipment failures, in particular, of major crusher components and mill bearings, as well as the provision of the stable running conditions required to complete operational commissioning of the downstream wet sections of the plant. These delays have resulted in production shortfalls, as a consequence of which the Company has further revised its 2008 copper in concentrate production forecast from approximately 2,300 tonnes to approximately 1,500 tonnes.

The delays in shipping first concentrate resulted from the commissioning delays, and combined with the costs of continuing to mine during this period, are the primary contributors to the Company's current working capital deficit position (see "Liquidity and Capital Resources" in this MD&A). The Company expects to begin receiving the proceeds of sale of copper concentrate by the end of November 2008 and has recently exercised and sold its copper put options, which generated proceeds of £3.0 million (\$US 4.75 million). In order to address its additional immediate working capital requirements the Company is currently seeking to raise up to £9.7 million (\$US 15.0 million).

Accordingly, detailed discussions are being held with a number of potential debt and equity capital providers (see *"Liquidity and Capital Resources"* in this MD&A).

Mine Plan:

Management continued its review of the expansion plan strategy that was described in the Company's second quarter MD&A, focusing on maximizing and optimizing the Mowana resources and process facilities. The planning review has taken into account the improved understanding of the Mowana deposit gained through open-pit mining, the operational flexibility presented by the size and grade of the current ore stockpiles and the exposed ore along approximately 1,500m of strike within the pit. In addition, the near-mine satellite open-pit resources at Thakadu and the mineralization recently identified south of the Mowana Mine have been included in the investigation. The expansion strategy included a 300 tonne per hour ("tph") Dense Media Separation ("DMS") facility required in the first quarter of 2009 rather than in 2010 as envisaged in the initial mine plan. The detailed study to integrate underground sulphide extraction potential at Mowana was to follow the completion of the interim surface expansion strategy. Management was aiming to complete this revised expansion plan during the fourth quarter of 2008.

However, due to the prevailing downturn in market conditions, management has decided to conserve capital and, therefore postpone the finalization of the expansion plan, including the implementation of the DMS plant, until market conditions improve.

In light of the constraints on the Company's working capital, the availability of ore stocks of approximately one million tonnes at the Mowana Mine as well as a much weaker copper price, market volatility and uncertainty, management is planning to implement an aggressive programme to reduce fixed and variable operating costs and adjust mining rates with a view to maximizing operating margins and minimizing capital and operating expenditures. Management believes that this programme will enable the Company to continue operations until such time as market conditions stabilize and the expansion plan can be completed. The new mining plan (the "Interim Plan") incorporates the following elements, and will require the Company to raise up to an additional £9.7 million (\$US 15.0 million), as described under the heading "Liquidity and Capital Resources" in this MD&A:

1. Processing ore from the existing stocks which will allow a reduction in the short-term mining rate until the balance between the size of the stockpile and the processing rate has been corrected.
2. Accessing the highest grade ore in the exposed ore zone strike at Mowana with smaller scale interim pits. The life of these interim pits is planned to be 18-months. The design offers the opportunity to review equipment configuration and size with a view to lowering the cost of the mining at lower volumes. Volumes will be lowered as the stripping ratio is reduced to 2:1 using existing slope angles and 15m ramp widths. This mining, which will utilize smaller mining equipment and compliment, is proposed to commence in the first quarter of 2009. A total of 1.3 million tonnes at an average grade of 1.3% copper is anticipated to be directed as mill feed from these interim pits. The pits are located in areas currently exposed on the 980 metre level ("mL") where there is a better understanding of the mineralisation and grades from close interval grade control sampling. The interim pits are planned to be sequenced such that the south cut will be mined first to the 920mL at an overall stripping ratio of 2:1. The two north pits are planned to be mined to a depth of the 950mL at a proposed monthly rate of 310,000 tonnes. The northern pit is planned to be extracted at a stripping ratio of 3:1 and a smaller northwestern pit at a stripping ratio of 2:1. The low grade ore mined from the interim pits will be added to the existing DMS stockpile and is available as supplementary direct feed or feed for the proposed 50 tph DMS plant (see item 5 below).
3. Reducing the mining cost per tonne by negotiating with the existing mining contractor for a temporary suspension of operations and thereafter a reduction in the configuration and size of the mining fleet to support the smaller scale interim open pits operation.
4. Purchasing or leasing a 50 tph DMS facility to run through 2009 and 2010.

5. Accessing mineral resources from satellite pits, in particular, Thakadu as a low-cost mining opportunity. The outcrop exposure at Thakadu and the possible small scale of an initial box-cut design lends itself to a small scale operation with limited overheads and the full support of the Mowana infrastructure and management. The possible significant silver credit associated with Thakadu could also be factored into the costs associated with getting run of mine ore to the Mowana plant.
6. Increasing the recovery of copper through the dual circuit concentrator by optimizing the grade recovery curve for oxide and sulphide ores and maximising economic copper concentrate produced.
7. Aggressively reducing general and administrative and exploration costs through the rationalization of current facilities and personnel.

Operations update:

The mining operations at Mowana continued to perform effectively. During the quarter a total of 4,110,000 tonnes were mined against a budget of 4,990,000 tonnes. The negative variance of 18% was the direct result of management intervention to limit mining volumes in order to conserve cash and in line with efforts to match the pit production with the delayed process plant start up.

Mining operations have now exposed the Mowana orebody along 1.5 kilometre of strike within the current pit. The exposed ore has shown an increased presence of supergene (high-grade chalcocite) mineralisation at shallower depth than modeled in the geological resource model which had anticipated primarily oxide mineralisation at these elevations. For information on the geological resource model see Mineral Resource and Mineral Reserve Estimates included in the report entitled "National Instrument 43-101 Technical Report On The Mowana Mine, Botswana" dated 26 November 2007 by Read, Swatman & Voigt (Pty) Ltd. (the "Technical Report"), which is available on www.sedar.com or on the Company's website.

As a result of the increased presence of supergene mineralisation, the 'mixed ore' grades encountered are higher than the oxide mineralisation grade predicted in the geological resource model. The current operational strategy allows the segregation of stockpile ore into a high grade direct mill feed stockpile and a DMS plant feed stockpile.

In-pit reconciliation of the 980mL bench in the south of the pit has confirmed the positive grade reconciliation already in the public domain. The block reconciliation has indicated lower ore tonnages (<27%) but a significant increase (>57%) in contained copper as a result of higher grades encountered. The Company will be in a position to undertake a full mass balance reconciliation as mined material is processed through the plant during the fourth quarter. The integration of this information into the existing database is expected to lead to a re-assessment of Mowana's localized mineral reserves and mineral resources which is expected to enhance short-term forecasting.

Management had hoped to recoup the initial shortfall in monthly production caused by the delay in commissioning during the remainder of 2008 based on the grades of material on the current stockpile. However, the commissioning delays continued for longer than anticipated and as a result management has revised its 2008 production target to approximately 1,500 tonnes of copper in concentrate.

Processing:

Ramp up to commercial production levels continues. Overall process availability has improved in September following a series of mechanical issues related to completion of the mill during August. As of the end of October the plant is processing approximately 2,000 tonnes of ore per day and is expected to reach its nominal design capacity during the fourth quarter of 2008.

The engineering, procurement, construction and management ("EPCM") contractor is currently undertaking the completion guarantees of the processing plant. The handover of the plant from the EPCM contractor to the Company is now scheduled for the end of November 2008 approximately 7 months later than initially anticipated.

Copper concentrate deliveries commenced with the first shipment dispatched on 22 October 2008 by road almost one month later than expected following earlier delays from the original projected commissioning date of June/July 2008. Continuing mechanical issues in the completion of the final commissioning of the plant by the EPCM contractor prevented the timely attainment of stable conditions and the ability to stress test the downstream float and tailings design.

Shipments are expected to accelerate as the processing facility reaches full production during the fourth quarter of 2008.

Capital and Operating Costs:

Capital:

As previously detailed in the second quarter MD&A, the total capital costs of the Mowana Mine excluding mining fleet costs are estimated to be ZAR 534.8 million (£36.2million), an increase of 8.6% over the previous estimate of ZAR 464.6 million (£31.5million).

Operating costs:

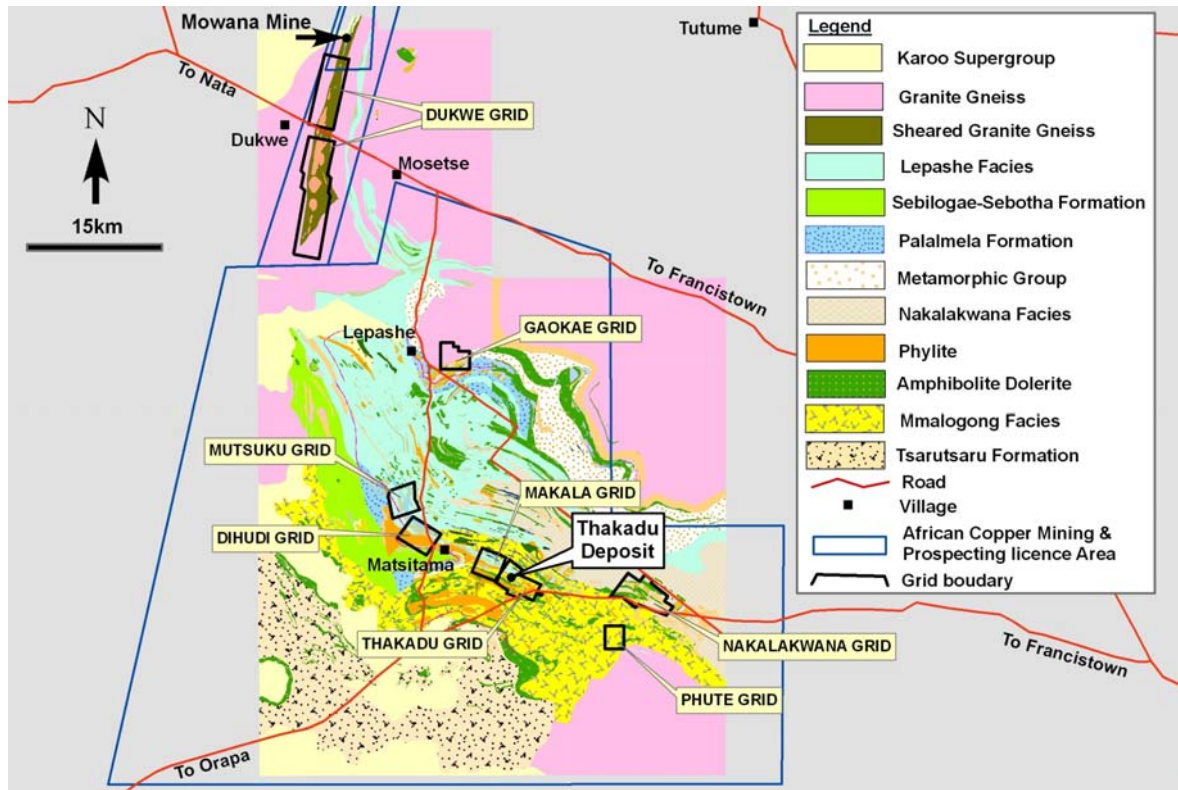
The following components of the costs which were contained in the Technical Report have been updated based on actual operations in 2008; ore and waste mining costs which have increased from \$US2.21 to \$US2.61 per tonne. However, as outlined above it is anticipated the Interim Plan will reduce these mining costs and transportation costs, which have increased from \$US100 to \$US260 per tonne, a decrease of 7.8% from the previously reported \$US282 per tonne. In addition, smelter treatment charges decreased from \$US65 to \$US45 per tonne; smelter refining charges decreased from \$US0.065 to \$US0.045 per pound of copper; and processing costs have increased from \$US9.26 to \$US10.30 per tonne.

THE OUTLOOK FOR COPPER

Since the beginning of the third quarter, the copper market has been steadily weakening from around \$US7,000/t to current levels of around \$US3,600/t. This has been due to a slowdown in demand particularly from China, where post-Olympic demand did not materialize, as well as the general global economic conditions. Industry commentators are predicting that the copper price will remain weak in the near term.

MATSITAMA

The Matsitama prospecting licences cover a very large area of 3,800 km² highly prospective mineral holdings. These licences are contiguous with the Mowana deposit discussed above. Prospecting Licence Number 2005/01 hosts the Thakadu Deposit which is located 9km west of the Matsitama Village.



Work completed during the first half of the year continued on the three main Cu-Zn-Pb-Ag-Au structural corridors identified in the belt and in the Ultramafic Formations with Ni-PGM potential, namely: Thakadu Mutsuku Corridor; Nakalakwana Hill Corridor; Lepashe Cu-Snake Corridor; and the Mosupe-Sebotha Ultramafic Formations.

As a result of interpreting the combined historical data of 118,000 soil samples with 17,000 African Copper soil samples, two hundred and seven (207) Cu, Cu-Zn and Cu-Ni first priority Areas of Interest ("AOI's") were selected. These AOI's were identified by compiling the historical results from the last 50 years with the current African Copper interpretation of the geology, structure and geophysics. The area of soil sampling now covers the southern extension of the Bushman Shear, the west part of the Lepashe Cu-Snake Corridor, the western Sebotha (Ni-PGM) Formation and the central mafic volcanics and intrusives of the Matsitama Schist Belt. This sampled area covers 2,000km² which represents 53% of the licence area. An analysis of the samples in the Nakalakwana Area has identified eight (8) anomalies and confirms that the Nakalakwana Hill has geochemical similarities to the Iron Oxide Copper Gold deposits of Australia.

Within the Thakadu-Mutsuku Corridor, the Thakadu Deposit represents an advanced exploration project that is now being considered as part of the Interim Plan to supplement Mowana Mine production. Exploration efforts have therefore been focused on the unexplored geophysical and geochemical anomalies within 10 kilometres of the Thakadu deposits. Work currently in progress is focused on completing an updated Titan-24 DCIP Geophysical report by S. Bate of MGE Consulting (Pty) Ltd. which is based on the forty-four diamond drill holes drilled in the Thakadu-Mutsuku and Nakalakwana Corridors during 2007 and 2008. This report will provide additional targets to explore around the Thakadu Deposit.

The Company expects that activities during the fourth quarter of 2008 will focus on prospecting, mapping and fill-in soil sampling at 100m line-spacing as previous work was completed at 300m and 400m line-spacing. Final reports on the high priority prospects are expected to be completed during the fourth quarter. In line with the market conditions and the Interim Plan, exploration activity has been significantly curtailed and the management team is actively assessing a rationalization and right-sizing of activities. Opportunities exist for joint venture associations and these are currently being investigated with interested parties.

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, stock compensation and financial instruments 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 Mine Development Costs:

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a 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 Mowana were reclassified as mine development and infrastructure costs and future general and administrative costs expensed. 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 Project, 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.

The Directors consider that as a result of current market conditions and other potential impairment indicators, that it is appropriate to make a provision in respect of the carrying value of the Mowana Mine in the financial statements. The Directors have insufficient information available to them at this time, particularly related to the impact of current market conditions on possible long-term alternative mining plans at the Mowana Mine, to perform an impairment review, in accordance with the relevant International Accounting Standards, with any certainty to determine the level of such impairment. However, to be prudent, during the three months ended 30 September 2008 the carrying value of the Mowana Mine and the related plant and equipment was written down by 50% or £41.6 million. The Directors intend to instruct management to complete a full impairment review as part of the year-end audit to determine the appropriate carrying value for financial reporting purposes.

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 liability is accreted over time through period charges to the Consolidated Income Statement. In addition, 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, changes resulting from a revision to either timing or amount of estimated cash flows are prospectively reflected in the year those estimates change.

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2008 is £2,116,616. The estimate is based on the anticipated seven year open-pit mine life, Botswana inflation of 13% and a discount factor of 14% being the coupon on the Botswana interest bearing borrowings. 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 Pula (£2 million).

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 Consolidated 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.

OVERALL FINANCIAL PERFORMANCE

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|--|-------------|---|-------------|
| | £ | | £ | |
| | 2008 | 2007 | 2008 | 2007 |
| Bank interest receivable | (244,220) | (795,500) | (1,299,876) | (2,284,911) |
| Corporate G&A, consultants, salaries and benefits | 127,348 | 148,391 | 587,357 | 571,876 |
| Botswana G&A, consultants, salaries and benefits | 319,824 | 121,525 | 814,144 | 306,321 |
| Insurance | 8,499 | 13,733 | 25,213 | 96,242 |
| Directors fees | 11,650 | 16,950 | 45,450 | 50,850 |
| Investor relations | 36,471 | 25,584 | 108,266 | 82,220 |
| Public company administration | 20,249 | 23,763 | 88,652 | 117,480 |
| Travel, accommodation | 33,867 | 33,281 | 167,925 | 113,259 |
| Professional fees | 66,929 | 23,546 | 377,961 | 187,078 |
| Depreciation | - | 12,423 | - | 53,484 |
| Share based compensation | 17,738 | 25,505 | 61,424 | 464,517 |
| Interest expense | 427,337 | - | 846,079 | - |
| | 1,069,912 | 444,701 | 3,122,471 | 2,043,327 |
| Foreign exchange loss/(gain) | 347 | (42,894) | 836,045 | (22,636) |
| Hedging loss | 731,268 | - | 1,545,608 | - |
| Impairment of property, plant and equipment | 41,597,396 | - | 41,597,396 | - |
| Net loss/(gain) | 43,154,703 | (393,693) | 45,801,644 | (264,220) |

Three Months Ended 30 September 2008

For the three-month period ended 30 September 2008, the Company recorded a net loss of £43,154,703 (29.69p), compared with a net gain £393,693 (0.28p) during the three months ended 30 September 2007. As evidenced in the above table, the increased loss during the current quarter compared to the previous year's quarter was primarily the result of an impairment provision related to the Mowana Mine property, plant and equipment together with lower bank interest receivable, higher corporate and Botswana administration costs, increased professional fees and interest and related fees in respect of the Botswana Bond as described below under the heading Interest Expense.

Bank interest receivable:

Bank interest receivable for the third quarter of fiscal 2008 decreased to £244,220 from £795,500 in the third quarter of fiscal 2007. The lower bank interest receivable related to lower average cash balances and interest rates throughout the current year's quarter compared to the previous year's quarter as funds continued to be utilized for the Mowana Mine construction programme.

Corporate general and administration, consultants, salaries and benefits:

During the third quarter of fiscal 2008, the Company incurred a total of £127,348 (2007: £148,391) in corporate salaries, general and administrative expenses.

Botswana general and administration, salaries and benefits:

During the third quarter of 2008, Botswana general administration and salary costs increased to £319,824 compared to £121,525 for the same period in 2007. The increase reflects additional costs with respect to people, infrastructure and systems required to support the commencement of commercial production at the Mowana Mine in the fourth quarter of 2008.

Insurance:

The insurance expense for the three months ended 30 September 2008 reflected the cost of directors' and officers' insurance for the period. The insurance cost for the comparative three months ended 30 September 2007 of £13,733 included the cost of directors' and officers' insurance in addition to insurance advisory and review costs incurred in reviewing the suitability and amount of the Mowana Mine construction and delay insurance coverage.

Investor relations:

Investor relations costs increased to £36,471 for the three-month period ended 30 September 2008 compared with £25,584 in the same period in 2007. The increase related to costs paid to third-party investor relations firms and related travel.

Public company administration:

Public company administration costs decreased to £20,249 for the three-month period ended 30 September 2008 compared with £23,763 in the same period in 2007. The decrease was primarily due to timing of certain regulatory filing fees and higher costs during the third quarter of 2007 for press release distribution and corporate presentation materials.

Professional fees:

Professional fees increased to £66,929 during the three-month period ended 30 September 2008 compared to £23,546 in the previous year's quarter. The increase costs during the three months ended 30 September 2008 was related to three primary reasons: (1) increased legal fees (2) internal control review completed by an independent consultant as part of compliance with Canadian securities regulations (3) costs paid to a third party consulting firm which provided organizational systems design, reporting structures and implementation services for the Mowana Mine.

Share-based compensation:

Share based compensation expenses for the three-month period ended 30 September 2008 of £17,738 (2007: £25,505) are non-cash expenses and reflect the derived value of stock options vested during the quarter. An additional amount of £6,745 (2007: £67,819) was recorded during the third quarter of 2008 as a non-cash expenditure to deferred exploration costs as the original grant of options was made to personnel whose compensation is capitalized to the relevant deferred exploration property. During the third quarter of 2008 no options were granted (2007: nil). The fair value calculated of stock options when granted is amortized to the Income Statement over the period in which the options vest.

Interest Expense:

On 4 April 2008, Messina Copper (Botswana) (Pty) Ltd ("**Messina**"), the Company's 100% owned subsidiary, completed the placing of Pula 150.0 million (£11.85 million) notes with 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. A fee of 2% (£250,286) of the total principal amount of the Botswana Bond was paid to the placing agents and was capitalized as a reduction of Interest Borrowings. This placing fee is being amortized over the loan life, being seven years resulting in an amortization to Interest Expense of £11,179 for the three months ended 30 September 2008. In addition, interest expense on the Botswana Bond for the three months ended 30 September 2008 totalled £416,159.

Hedging loss:

The Company realized a hedging loss of £731,268 during the three months ended 30 September 2008 on April to September 2008 put contracts that were not exercised and expired. As described under "Critical Accounting Estimates – Derivative Financial Instruments" in this MD&A, mark to market movements in the fair value of the put contracts which are considered effective hedges are recognised directly in equity. In May 2007 African Copper purchased copper put options for up to 5,850 tonnes of copper at an exercise price of US\$3.00/lb, divided evenly over the period April 2008 to December 2008, which equates to 650 tonnes per month over the eight month period.

As copper traded above US\$3/lb for the period April to September 2008, the put options for these periods were not exercised. In light of the current weakening of the copper price, African Copper announced on 12 November 2008 that it had exercised the remainder of its put options for total proceeds of £3.0 million (US\$4.75 million).

Foreign exchange:

During the three-month period ended 30 September 2008, the Company recorded a foreign exchange loss of £347 compared to a gain of £42,894 during the same period in 2007. The Company has foreign currency exposure with respect to items denominated in foreign currencies. The Company holds and transacts business in multiple currencies, the most significant of which are British Pounds Sterling ("**Sterling**"), Botswana Pula ("**Pula**"), South African Rand ("**Rand**"), Canadian Dollar and US Dollar.

The Pula is considered the functional currency for the Company's Botswana subsidiaries. Accordingly, assets and liabilities of the Botswana subsidiaries are translated into Sterling using the exchange rates in effect at the balance sheet dates. Translation gains and losses are included in a separate component of shareholders' equity. During the three-month period ended 30 September 2008 the foreign exchange translation gain recognized in shareholders' equity was £3.4 million compared to the translation gain of £0.9 million during the three-month period ended 30 September 2007. During the third quarter of 2008 the Pula strengthened relative to Sterling. Based on rates provided by the Stanbic Bank of Botswana the Pula/Sterling exchange rate at 30 June 2008 was 13.3125 compared to 12.6581 at 30 September 2008.

Mowana Mine Impairment Provision:

The Directors consider that as a result of current market conditions and other potential impairment indicators, that it is appropriate to make a provision in respect of the carrying value of the Mowana Mine in the financial statements. The Directors have insufficient information available to them at this time, particularly related to the impact of current market conditions on possible long-term alternative mining plans at the Mowana Mine, to perform an impairment review, in accordance with the relevant International Accounting Standards, with any certainty to determine the level of such impairment. However, to be prudent, during the three months ended 30 September 2008 the carrying value of the Mowana Mine and the related plant and equipment was written down by 50% or £41.6 million. The Directors intend to instruct management to complete a full impairment review as part of the year-end audit to determine the appropriate carrying value for financial reporting purposes.

Nine Months Ended 30 September 2008

For the nine months ended 30 June 2008, the Company recorded a net loss of £45,801,644 (31.51p per share) compared to a gain of £264,220 (0.20p per share) for the nine months ended 30 September 2007. As evidenced in the table above, the loss for the current nine month period compared to the gain for the nine months ended 30 September 2007 was primarily related to the impairment provision related to the Mowana Mine property, plant and equipment. Other factors included lower bank interest receivable and increased costs related to Botswana administration, travel, professional fees, interest, and foreign exchange and hedging losses.

The £836,045 foreign exchange loss recorded for the nine-month period ended 30 September 2008 was primarily due to foreign exchange losses incurred during the first quarter of 2008 on foreign currency cash balances of Rand held to finance planned Rand denominated expenditures for the Mowana Mine development. During the nine months ended 30 September 2008 the Rand weakened relative to Sterling. Based on rates provided by the Bank of England the Rand/Sterling exchange rate at 31 December 2007 was 13.60140 compared to 14.7635 at 30 September 2008. The Company did not hold material Rand cash balances during the third quarter of 2008.

CAPITAL EXPENDITURES

The most significant ongoing investing activities during the three and nine month periods ended 30 September 2008 were expenditures for the development, pre-strip mining and construction of the Mowana Mine. In addition, capital was also spent for exploration programmes at the Matsitama 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 £14.9 million during the three months ended 30 September 2008 and £34.9 million during the nine months ended 30 September 2008. These expenditures were offset by depreciation of £245,287 and foreign exchange losses of £2.4 million during the nine months ended 30 September 2008. The foreign exchange loss was the result of translating to Sterling the accumulated mining development, infrastructure and mine plant and equipment balances that are denominated in Pula in the Botswana subsidiary accounts. (See Foreign Exchange under the Overall Financial Performance section of this MD&A).

The Directors consider that as a result of current market conditions and other potential impairment indicators, that it is appropriate to make a provision in respect of the carrying value of the Mowana Mine in the financial statements. The Directors have insufficient information available to them at this time, particularly related to the impact of current market conditions on possible long-term alternative mining plans at the Mowana Mine, to perform an impairment review, in accordance with the relevant International Accounting Standards, with any certainty to determine the level of such impairment. However, to be prudent, during the three months ended 30 September 2008 the carrying value of the Mowana Mine and the related plant and equipment was written down by 50% or £41.6 million. The Directors intend to instruct management to complete a full impairment review as part of the year-end audit to determine the appropriate carrying value for financial reporting purposes.

| | For the Three-month period ended 30 September 2008 £'000 | For the Nine-month period ended 30 September 2008 £'000 |
|---|---|--|
| Balance at beginning of period: | 68,232 | 48,248 |
| General yard and site work | 385 | 1,770 |
| Process plant | 2,777 | 8,491 |
| Owners cost | 634 | 1,281 |
| Mining | 6,322 | 17,674 |
| Capital WIP | 130 | 477 |
| Ancillary facilities | 1,715 | 3,497 |
| Share-based expenses | 13 | 36 |
| Fixed assets | 242 | 2,437 |
| Depreciation | (108) | (245) |
| Asset retirement obligation | 621 | 1,916 |
| Foreign exchange | 2,232 | (2,387) |
| Impairment of property plant and equipment | (41,597) | (41,597) |
| Ending balance | 41,598 | 41,598 |

Mowana Mine – deferred exploration expenditures

The Company spent £147,631 (2007: £148,467) during the three months ended 30 September 2008 and £702,772 (2007: £334,299) during the nine months ended 30 September 2008 on preparing an underground pre-feasibility study and exploration activities in the area surrounding the Mowana Mine in the Mowana prospecting licence area. Exploration work during the period 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-month period ended 30 September 2008 £'000 | For the Nine-month period ended 30 September 2008 £'000 |
|----------------------------|---|--|
| Opening balance | 968 | 413 |
| Geological and geophysical | 2 | 55 |
| Drilling and Assay | 36 | 246 |
| Underground prefeasibility | 54 | 342 |
| Administration | 5 | 16 |
| Salaries | 22 | 63 |
| Foreign exchange | 29 | (19) |
| Ending balance | 1,116 | 1,116 |

Matsitama Exploration Project – deferred exploration expenditures

The Company spent £462,775 (2007: £592,111) during the three months ended 30 September 2008 and £737,873 (2007: £1,367,458) during the nine months ended 30 September 2008 on exploration activities in the Matsitama prospecting licence area. The foreign exchange loss of £209,000 during the nine months ended 30 September 2008 was the result of translating to Sterling the accumulated Matsitama exploration expenditures that are denominated in Pula in the Botswana subsidiary accounts (See Foreign Exchange under the Overall Financial Performance section of this MD&A).

| | For the Three-month period ended 30 September 2008 £'000 | For the Nine-month period ended 30 September 2008 £'000 |
|--------------------------|---|--|
| Beginning Balance | 4,185 | 3,909 |
| Drilling | 6 | 182 |
| Assay | 116 | 210 |
| Geophysical | - | 2 |
| Depreciation capitalized | - | 9 |
| Administration | 181 | 544 |
| Foreign exchange | 159 | (209) |
| Ending balance | 4,647 | 4,647 |

SUMMARY OF QUARTERLY RESULTS

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

| | Q3 30 Sept. 2008 (£) | Q2 30 June 2008 (£) | Q1 31 March 2008 (£) | Q4 31 Dec. 2007 (£) |
|---|---|--|---|--|
| Interest revenues | (244,220) | (581,024) | (474,632) | (701,279) |
| Net loss /(gain) after tax | 43,154,703 | 1,591,286 | 1,055,656 | 146,811 |
| Basic loss/(earnings) per ordinary share | 29.69p | 1.10p | 0.74p | 0.11p |
| Diluted loss /(earnings) per ordinary share | 29.69p | 1.10p | 0.74p | 0.11p |

| | 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 |

Please review the discussion under the heading “Overall Financial Performance” in this MD&A for an explanation of the financial results, impairment provision of the Mowana property plant and equipment and exchange gains/losses and related period-to-period changes for the three and nine month periods ended 30 September 2008.

Fluctuations in the Company’s expenditures reflect increases in corporate 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. Other fluctuations in quarterly expenditures relate to increasing administration costs at the Company’s Botswana subsidiary as it anticipates commercial production commencing at the Mowana mine. Expenditures on additional personnel and infrastructure were incurred establishing finance, human resource and safety and health departments.

In addition, the Company maintains cash resources in foreign currencies which have resulted in currency exposure with respect to items denominated in foreign currencies. In particular a foreign currency gain of £253,175 was recognized in the fourth quarter of 2007 and offset by a foreign currency loss of £798,123 in the first quarter of 2008 on fluctuations in the value of Sterling to Rand. During the periods referenced above the Company held Rand to finance planned Rand denominated expenditures for the Mowana Mine Development.

Other quarterly changes occurred as a result of hedging losses incurred on copper put contracts. Put contracts which are deemed to be not effective hedges, are measured at fair value, with the movement in fair value being recognized in the consolidated income. During the fourth quarter of 2007 a loss of £406,231 was recognized and during the second and third quarter of 2008 a cumulative loss of £1,545,608 was recognized as hedging losses.

LIQUIDITY AND CAPITAL RESOURCES

At 30 September 2008, the Company's main sources of liquidity were its cash and cash equivalents of £7.7 million (31 December 2007 - £22.4 million). At 30 September 2008 the Company had a working capital deficit of £0.6 million compared to a positive working capital position of £19.7 million at 31 December 2007.

In light of recent volatile credit and commodity market conditions management has decided to conserve capital where possible and, therefore, to postpone the finalisation of the expansion plan that was described in the Company's second quarter MD&A. The expansion plan took into account certain development expenditures including additional capital for a 300 tph DMS plant.

Based on the Company's current working capital deficit position, the availability of the one million tonne ore stockpile at the Mowana Mine, a much weaker copper price and current market volatility and uncertainty, management is planning to implement an aggressive programme to reduce fixed and variable operating costs and adjust mining rates with a view to maximizing operating margins and minimizing capital and operating expenditures. The goal of the Interim Plan is to generate sufficient amounts of cash to maintain the Company's ability to execute on the expansion plan strategy at such time as market conditions stabilize and the expansion plan can be funded and completed in the context of such market conditions.

To address the Company's current working capital deficit and fund the Interim Plan the Company will require up to £9.7 million (\$US 15.0 million) in immediate additional working capital funding. Management is in discussion with a number of finance providers to provide the necessary capital but there is no certainty that any of these discussions will result in the raising of the required additional funds. The Company's ability to meet its obligations and continue as a going concern and to execute the Interim Plan is dependent on its ability to identify and complete such financing within the next 60 days, including obtaining approval of such financing by the Company's shareholders at an Extraordinary General Meeting.

The delays in shipping first concentrate, which resulted from commissioning delays, and the costs of continuing to mine during this period are the primary contributors to the Company's current working capital deficit position.

In order to fund the Company's working capital requirements, including its interim requirements pending successful completion of the proposed financing, the following steps have been or are being undertaken by the Company:

1. Sale of put options - on 12 November 2008 the Company announced that it had exercised and sold all of its outstanding put options generating total proceeds of £3.0 million (US\$4.75 million).
2. Cash from operations - during November 2008 the Company expects to begin receiving sales proceeds from current production at the Mowana Mine.
3. Temporary suspension of mining operations and reduction in operating costs – the Company is currently seeking a reduction in the mining costs by negotiating with the existing mining contractor for a temporary suspension of operations and thereafter a reduction in the configuration and size of the mining fleet to support the operation of the smaller scale open pits under the Interim Plan.
4. Trade creditors - negotiating extensions to payment terms on certain existing trade obligations.
5. Reduction of costs – aggressive programme to reduce fixed general and administrative and exploration costs through the rationalization of current facilities and personnel.

On 4 April 2008, Messina completed the Botswana Bond. Please review the discussion under the heading "Overall Financial Performance – Interest Expense" for further details.

As part of the 5-year mining contract (the "Moolman Contract") for the Mowana Mine, in August 2007 Pula 50 million (£3.95 million) was lodged by Messina in favour of Moolman Mining Botswana (Pty) Ltd. ("Moolman") as security for Messina's obligations under the Moolman Contract. At the request of

Messina, on 29 July 2008, Moolman released such funds and Messina agreed to re-instate such security by 30 June 2009 (see Contractual Obligations table below). In consideration for the release of such funds, Messina granted Moolman a lien over the run of mine ore, ore stockpiles and copper concentrate at the Mowana site. Management of Messina intends to request Moolman to waive such Pula 50 million security requirement prior to the deposit due date in June 2009.

The primary contractual obligations of the Company relates to commitments in respect of possible termination payments to Moolman should Messina terminate the Moolman Contract early and a payment guarantee to Moolman as security for Messina's obligations under the Contract.

At 30 September 2008, commitments under such agreements total £11.2 million:

| Contractual Obligations | Total | 2008 | 2009 | 2010 | 2011 | 2012 and thereafter |
|--|---------------|--------------|--------------|--------------|--------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Goods, services and equipment ^(a) | 990 | 874 | 116 | - | - | - |
| Moolman termination ^(b) | 3,336 | 3,336 | - | - | - | - |
| Moolman payment guarantee ^(c) | 3,950 | - | 3,950 | - | - | - |
| Exploration licences ^(d) | 583 | - | 425 | 79 | 79 | - |
| Licence | 8 | - | 1 | 1 | 1 | 5 |
| Lease agreements ^(e) | 253 | 70 | 143 | 40 | - | - |
| Asset retirement obligations ^(f) | 2,117 | 9 | 98 | 128 | 275 | 1,607 |
| | 11,237 | 4,289 | 4,733 | 248 | 355 | 1,612 |

- (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 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 Contract by the Company, a maximum early termination payment of approximately £2.5 million, which payment may be reduced, depending upon the number of months notice given, to £nil upon 6 months notice, together with demobilization charges of approximately £0.83 million would be payable.
- (c) As part of the Moolman Contract in August 2007 Pula 50 million (£3.8 million) was lodged by Messina in favour of Moolman as security for Messina's obligations under the Moolman Contract. At the request of Messina, on 29 July 2008, Moolman released such funds and Messina agreed to re-instate such security by 30 June 2009. In consideration for the release of such funds, Messina granted Moolman a lien over the run of mine ore, ore stockpiles and copper concentrate at the Mowana site. Management of Messina intends to request Moolman to waive such Pula 50 million security requirement prior to the deposit due date in June 2009.
- (d) Under the terms of the Company's exploration licences Matsitama is obliged to incur certain minimum expenditures.
- (e) The Company has entered into agreements for lease premises for various periods until 5 November 2010.
- (f) The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2008 is £2,116,616. 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.

At 30 September 2008, outstanding share options and underwriter's options represented a total of 11,215,000 ordinary shares issuable for maximum aggregate proceeds of £8,646,550 if and when exercised.

PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or dispositions before the Board for consideration.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Company was charged £18,906 (2007 - £18,444) for the three months ended 30 September 2008 and £57,279 (2007 - £58,812) for the nine months ended 30 September 2008 by Summit Resource Management Limited, a company controlled by D. Jones, a director and the Deputy Chairman of the Company, for the provision of fully-serviced office accommodation in Canada and reimbursed expenses. Accounts payable at 30 September 2008 were £103 (2007 - £3,676). The services are provided under a one year contract that expires on 1 September 2009

The Company entered into an agreement with Pickax International Corporation ("**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. Pickax is a corporation controlled by Joseph Hamilton. The agreement replaced an existing executive services agreement on materially the same terms and conditions and was subsequently amended to reflect Mr. Hamilton's appointment as Chief Executive Officer of the Company. On 12 June 2008 the Company signed a leaving agreement (the "Leaving Agreement") with Pickax and Joseph Hamilton who resigned as a director and Chief Executive Officer of the Company and was paid £173,040 (inclusive of Canadian Goods and Services Tax) as compensation for loss of office. Including the Leaving Agreement payment, the Company paid nil amount (2007: £41,200) during the three months ended 30 September 2008 and £233,000 (2007: £123,600) during the nine months ended 30 September 2008 to Pickax.

The Company was charged £3,663 (2007 - £nil) for the three months ended 30 September 2008 and £71,800 (2007 - £nil) for the nine months ended 30 September 2008 by Aegis Instruments, Micromine and MGE Consulting, companies controlled by Simon Bate, a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and reimbursed expenses. Accounts payable at 30 September 2008 were £48,586 (2007 - £nil).

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

RISKS

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.

Risks Associated with Working Capital Deficit

Given the current market environment and economic outlook there is no certainty that the Company will successfully obtain the up to £9.7 million (\$US 15.0 million) required to address the Company's current working capital deficit and fund the Interim Plan. The Company's ability to meet its obligations and continue as a going concern and to execute the Interim Plan is dependent on its ability to identify

and complete such financing within the next 60 days, including obtaining the approval of such funding by the Company's shareholders at an Extraordinary General Meeting. The terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the short term or in the future. Because of this uncertainty, there is substantial doubt about the ability of the Company to continue operations. This MD&A, and the discussion of the Company's financial condition and results of operations and cash flows contained herein, does not include the adjustments that would be necessary should the Company be unable to continue as a going concern, which adjustments could be material.

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, working capital and results of operations.

The development of the Mowana Mine into a commercial operation and its economic viability cannot be guaranteed

The Mowana Mine has recently been commissioned and is scheduled to ramp-up into commercial production during the fourth quarter of 2008. In general, new mining operations that are commencing commercial operations have no operating history upon which to base estimates of future cash operating costs. For new mines 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, in part, to calculate estimates of 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.

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, mining rates, equipment configuration, foreign currency exchange rates and availability of skilled labour.

There can be no assurance that the Company will commence commercial production during the fourth quarter on time or on budget or that future cash operating costs will equal estimates due to, among other things, actual tonnages and grades, recovery rates, changes in the economics, delays caused by equipment breakdown, cost overruns and availability of power from South Africa. Any reduction in tonnages, grades and/or recovery rates and overruns in operating costs could have a material adverse effect on the Company's business, working capital and financial condition.

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, working capital and results of operations.

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

There can be no assurance that final capital cost for the Mowana Mine will not continue to escalate. In addition, there can be no assurance that the actual ore and waste mining costs, transportation and processing costs incurred by the Company will not be greater than currently 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 result in additional delays in the completion of the development of the project, either of which would have a material adverse effect on the Company's business, financial condition, working capital and results of operations.

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

The Company requires immediate additional financing to meet its working capital deficit and fund its Interim Plan (see "*Liquidity and Capital Resources*") and for any future exploration of the Matsitama exploration project. In addition, the Company will require additional financing for the expansion plan and the development of the underground portion of the mine at Mowana if the Company elects to develop the underground portion. Failure to obtain such financing may result in a suspension or reduction of operations, a delay in the implementation of the Interim Plan, an inability to execute on the expansion plan, a delay or suspension of the development of the Thakadu or the Southern Extension and/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 cash and cash equivalents at 30 September 2008 of £7.7 million (31 December 2007 - £22.4 million), proceeds received on 12 November 2008 from the sale of its put contracts £3.0 million (US\$4.75 million), possible debt and project finance alternatives, equity markets and the possible exercise of share options. 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.

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

The Company's revenues will be derived from the extraction and sale of copper concentrate. The Company sold its existing put contracts on 12 November 2008 and has not entered into any further hedge agreements in respect of copper at this time. Such contracts would mitigate gains and losses in situations when the price changes. The price of copper has fluctuated widely in recent years and has recently been under severe pressure as the global credit crisis has impacted changes in the worldwide balance of copper supply and demand, largely resulting from slower current and forecasted economic growth and weaker consumption, including by China which had in the recent past supported higher copper prices due to its economic growth during such time. The price of copper 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. The effect of these factors on the price of copper, and therefore the current or future economic viability of the Mowana Mine and any other of the Company's projects, cannot accurately be predicted. The potential profitability of the Company is significantly affected by the price of copper and any further decreases 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, working capital and financial conditions, as well as the economic viability of the Company's projects.

The Company may not obtain a debt facility

If a debt facility is obtained by the Company as part of the financing the Company expects that lenders could possibly 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 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 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.

The Company's Interim Plan may not be successful in reducing operating costs and adjusting mining rates and costs

There can be no assurance that the Interim Plan will reduce fixed and variable operating costs and lower mining rates and costs to maximize operating margins and minimize capital and operating costs. There can be no assurance that the Company will be successful in reducing the mining cost per tonne by negotiating with the existing mining contractor for a temporary suspension of operations and thereafter a reduction in the configuration and size of the mining fleet to support the smaller scale interim open pits operation. There can be no assurance that mineralization at Thakadu will be economic, failing which such material will not be available for mining under the Interim Plan. Any delay in completing the Interim Plan could have a material adverse effect on the Company's business, cash flows, financial condition, working capital and results of operations.

Messina may not receive the mining licence or other permits required to exploit the resources at Thakadu

There can be no assurance that Messina will receive the mining licence or other permits required to exploit the resources at Thakadu. Any delay or failure in obtaining the mining licence or other permits required would delay or prevent, as applicable, mining of such resources under the Interim Plan and could have a material adverse effect on the Company's business, cash flows, financial condition, working capital 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

The production from the Mowana Mine is in the form of copper concentrate which needs to be treated at third-party smelters. The availability of smelter capacity is not guaranteed and costs of such treatment including related transportation cost to the smelter may adversely affect the economic viability of such production.

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 relies 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.

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, working capital 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, working capital, 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 Botswana Pula, and to a lesser extent in British Pounds Sterling, South African Rand and Canadian Dollars. Changes in the currency exchange rates of the US Dollar against the any of these currencies 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 is exposed to exchange rate fluctuations which could have a material adverse effect on the Company's business, financial condition, working capital, 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, working capital, 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.

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, working capital 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, working capital 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, working capital 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 at commercial levels 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 Company's projects not being, or ceasing to be, viable, which would have a material adverse effect on the Company's business, financial condition, working capital and results of operations.

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.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, payables and accrued liabilities, some of which are denominated in Sterling, Pula, and Rand, United States dollars and Canadian 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 Mowana and Matsitama 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 2008, 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.

In April 2008 Messina completed the Botswana Bond as described above under the heading Overall Financial Performance – Interest Expense. 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 repayment in 7 years. Messina is required to make semi-annual interest payments on 2 April and 2 October of each year. On 2 October 2008 the required semi-annual interest payment was made.

The Company has placed its cash and cash equivalents in short-term liquid deposits or investments which provide interest at market rates.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following details the share capital structure as of the date of this MD&A.

| | Expiry date | Exercise price | Number | Number |
|-------------------------------|--------------------|-----------------------|----------------|--------------------|
| Ordinary common shares | | | | 146,858,957 |
| Share purchase options | 23 September 2014 | £0.35 | 500,000 | |
| | 12 November 2014 | £0.76 | 675,000 | |
| | 5 January 2015 | £0.76 | 1,500,000 | |
| | 14 March 2015 | £0.76 | 90,000 | |
| | 12 November 2015 | £0.76 | 240,000 | |
| | 1 August 2016 | £0.775 | 6,860,000 | |
| | 11 September 2016 | £0.775 | 400,000 | |
| | 30 November 2016 | £0.775 | 200,000 | |
| | 29 December 2016 | £0.775 | <u>750,000</u> | 11,215,000 |

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information". Forward-looking information includes, but is not limited to, statements concerning mineral resource estimates, information with respect to the future price of copper, results of mining operations, mining extraction and recovery rates at the Mowana Mine project, estimates of production of copper at the Mowana Mine project, the Company's expected timing for beginning to receive proceeds of sale of copper concentrate, the potential for future expansion of the Mowana Mine project, estimations of the life of the Mowana Mine project, including the estimated life of interim pits, the expected levels of ore on the stockpiles at the Mowana Mine project, the expected success of exploration activities under the open pit at the Mowana Mine project and in the Matsitama Belt, the successful implementation of the Interim Plan and its expected results, the Company's ability to undertake a full mass balance reconciliation of material mined at Mowana, results of advanced exploration project and future use of mineral resources and mineralization at Thakadu, as well as the Company's plans respecting future activities at Thakadu, the Company's plans for the completion of a revised expansion plan at Mowana, Botswana's energy self-sufficiency, government regulation of mining operations and exploration, availability of immediate financing for the Company's operations and working capital requirements; expectations concerning shipments of copper concentrate, the timing of the completion of the Mowana Mine project and hand-over from

EPCM teams to operational teams, expected timing for ramp up to commercial production, estimated capital costs, the Company's expectation of obtaining a waiver from Moolman to provide it with the required security by June 2009, the use of derivative positions and the impact of exchange rates and other statements which are not historical facts.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" and include the negative variation of such phrases.

With respect to forward-looking information contained in this MD&A, the Company has made assumptions regarding, among other things, the Company's ability to generate sufficient cash flow from operations and access capital markets to meet its immediate and future funding requirements, the regulatory framework in Botswana with respect to, among other things, permits, licenses, authorizations, royalties, taxes and environmental matters, and the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand.

Although the Company believes that its expectations reflected in forward-looking information are reasonable, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company's projects in Botswana, or any of them, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, risks related to failure to convert estimated mineral resources to reserves, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of copper, unexpected increases in capital or operating costs, possible variations in mineral resources, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations or financing or in the completion of development or construction activities, political risks arising from operating in Africa, uncertainties relating to the availability and costs and availability of financing needed immediately and in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and uninsured risks, as well as those factors discussed under "Risks" in this MD&A.

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 information, 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein, unless stated otherwise, is made as of the date of this MD&A and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

The mineral resource and mineral reserve figures referred to in this MD&A are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource and reserve estimates referred to in this MD&A are well established, by their nature resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Additional information about the risks and uncertainties of the Company's business is provided in its disclosure materials, including its Annual Information Form, available under the Company's profile on SEDAR at www.sedar.com.

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