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AIM and TSX: ACU
BSE: African Copper

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Period Ended 31 March 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-month period ended 31 March 2008 compared with 31 March 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: Principal Accounting Policies). All amounts herein are expressed in British Pound Sterling unless otherwise indicated and the information is current to 15 May 2008.

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 SEDAR at www.sedar.com.

The scientific and technical information in this MD&A has been prepared under the supervision of Mr. Joseph Hamilton, P. Geo., the Company's Chief Executive Officer and a "**qualified person**" as defined by Canadian National Instrument 43-101.

BUSINESS OVERVIEW AND STRATEGY

African Copper is an international exploration and development company. At its Mowana Mine Property in Botswana, total open pit proven and probable reserves have been estimated at 14.8 million tonnes grading 1.11% copper. Construction of the project began in 2006 and significant progress was made in 2007. Production will be beginning in the second quarter of 2008, which will transition African Copper from a junior exploration company to a copper producer. The Company also has a 100% interest in the Matsitama exploration concession, which has ten high-priority drill-ready and 35 lower priority targets.

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 ("BSX"). The ordinary shares trade on AIM and the TSX under the symbol "ACU", and on the BSX under the symbol "African Copper".

The Company's strategy is to grow as a base metal mining company and to provide above average returns to shareholders. Production at Mowana is expected to grow from an estimated 5,500 tonnes of copper in 2008 to an estimated 29,000 tonnes in 2012. Mowana has an estimated seven-year mine life in the open pit and it offers African Copper near-term production, with the potential for future expansion. African Copper intends to exploit this reserve while continuing to pursue exploration potential around and under the open pit, and in the Matsitama Belt.

The Company has a large land position in a favourable geological setting, which is relatively under explored at depth and laterally. There are three areas where exploration is being focused:

1. Near the Mowana Mine - a recent drill programme established mineralization south of the open pit.

2. Underground at Mowana – at this time 70% of the known estimated Mineral Resource base at Mowana lies outside of the open-pit boundary. This deeper predominantly sulphide mineralisation may potentially be used to supplement open-pit feed but must be extracted by underground methods.

3. In the 3000 km^2 Matsitama Belt, the Company has 10 drill-ready and highly prospective targets identified in the greater Matsitama exploration area. In addition to the Thakadu deposit, the Company has also identified copper-gold, nickel-PGM, and zinc-lead-silver prospects worthy of further advanced exploration follow up.

MOWANA PROJECT DEVELOPMENT

The first quarter of 2008 concentrated on the completion of the construction programme. In April 2008, cold commissioning of the process facility started. Cold commissioning is on-going with a number of portions already complete. Hot commissioning of the crusher and mill facility is scheduled over the next week with first concentrate production expected shortly thereafter. The Company expects to ramp production upwards during June and July 2008 and expects to declare commercial production in the third quarter of 2008. Concentrate produced during commissioning will be stockpiled with first concentrate shipment due in July 2008. Completion of construction activities on site is expected in July 2008 with a hand-over from EPCM teams to operational teams. At 15 May 2008, there were 104 employees on site; all the senior positions filled and 55% of the junior staff has been hired.

Excellent progress has been made in the preparation of the open-pit for commercial mining activity. As of 12 May 2008, the stockpiles at Mowana consisted of 350,000 tonnes of material at 1% copper, including 132,000 tonnes grading 1.5% copper on the high grade stockpile. First fills of consumable supplies (reagents, grinding media etc) continue to arrive and be stored on-site.

PRODUCTION AND CASH COST FORECAST FOR MOWANA

The production and cash cost forecast for Mowana for the first five years has not changed from our previous guidance. Production in 2008 is lower because the plant will only operate during six months of the year. The Mowana Mine production plan contemplates processing the highest grade oxide ore directly through the dual oxide-sulphide flotation concentrator in 2008 and 2009 while stockpiling lower grade material for future processing through the DMS plant.

UNDERGROUND DEVELOPMENT

The Company's strategy is to commence mining at Mowana by extracting the open-pit reserve to provide initial production and cash flow. Since the majority of the Mowana resources are not contained within the open-pit limits, management has been investigating the integration of underground access to the remaining estimated resources. In 2007 a pre-feasibility study was commissioned to investigate the viability of an underground mine. DMS studies completed during 2007 showed that it would be possible to use bulk mining methods underground to extract mineralization and that this material could be upgraded prior to the introduction into the ball mill and flotation circuits. A complete mine layout was developed in late 2007 which encompassed multi-level development over the entire 2 kilometre strike extent of the known mineralization at Mowana to a depth of 850 metres.

The scope of this underground development was reduced in the first quarter of 2008 to examine the minimum cost required to establish trial mining in the north extensions of the ore zones between 125 and 200m below surface. The underground access to mineralization in this area is targeting an Indicated Mineral Resource of approximately 1.2 million tonnes grading 1.6% using a 0.7% cut-off over a 300 metre strike extent. The mineralized package in this selected area is over 50 metres wide, although at these cut-offs, the target zones are about 20 metres in true thickness. The ore zones are essentially vertical. Costing is essentially complete and is awaiting the final location of the portal access to finalize the capital requirement. Capital costs to establish trial mining operations should be available for release before the end of May 2008. The programme will take at least 18 months to establish access to the 200 metre level.

The merit of the underground mine is that it would allow the Company to access the large tonnage of resources that exist at Mowana, expand production and maximize the capacity in the processing plant. In addition, lateral deep multi-level horizontal development will facilitate optimal underground diamond drill locations for further evaluation and extension of the sulphide mineral resource estimate. Trial mining is required to establish extraction and dilution parameters and mining costs prior to making a full scale production decision.

SHORTAGE OF POWER IN SOUTHERN AFRICA

Early in 2008, South Africa experienced a number of power shortages. To date African Copper has not experienced any major impact due to these or any other power shortages.

The current shortages of power in South Africa are not expected to materially impact the Mowana operation directly. The Mowana Mine is not yet drawing sufficient power on a consistent basis to impact any usage in the country. Once production is established a significant use of power will be in the crushing system, but this only needs to be operational for 8 to 10 hours per day. The Company has the ability to run the crusher during off-peak times and alleviate this risk. At the same time, it is studying the power requirements with a view to sourcing additional backup standby generating capacity for contingency.

Power outages in South Africa have impacted suppliers in that country and their ability to provide components in a timely manner. It has been challenging to optimize piping and electrical cable deliveries over the first part of 2008. Nevertheless, the project remains on-track to establish production in Q2 of 2008.

Botswana intends to be self-sufficient in power by 2012 through expansions at its Government-owned coal mining and electrical generation facilities.

CONTINUED EXPLORATION

The Matsitama prospecting licences cover a very large area of 3,000 km^2 highly prospective mineral holdings. These licences are contiguous with the Mowana deposit discussed above.

Work completed in 2007 identified further unexplored geochemical anomalies that have now been elevated to higher priority exploration targets. Drilling of these geochemical and geophysical targets commenced in the first quarter of 2008. Work during the quarter included 13 diamond drill holes covering over 3,300 metres of core, mostly in the Thakadu area. The geological mapping of drill core from Thakadu has led to new geological interpretations of the area. Drilling was essentially completed in late April, but no assays have been received to date.

The Matsitama Project boasts a wealth of systematic multidisciplinary exploration data that indicate substantial areas of highly prospective terrain especially for sediment-hosted copper and zinc deposits. Recent compilation work undertaken by the Company has brought several prospects outside of the Mowana and Thakadu-Makala deposits into focus as locations deserving substantial additional exploration attention. These areas include:

- The Gaokae nickel-PGM anomaly
- Nakalakwana Hill copper-gold targets
- Phute copper anomaly
- The 75-kilometre Lepashe Snake copper anomaly

Recent work included 3,000 geochemical samples from the Nakalakwana Hill area that were submitted for analysis in late 2007. The last of these results are expected to be returned in May 2008 from the independent laboratory. Based on the results of previous drilling and the results of geophysical and geochemical surveys, a new drill programme is expected to be proposed for this area for the second half of 2008.

Also in the first quarter, extensive geochemical programmes were completed at Gaokae (Ni-PGM) and the Lepashe Snake (Cu) anomalies. A drill programme is expected to commence at Gaokae in late May 2008.

Additional information with respect to the Matsitama Project is contained in a technical report dated 30 March 2006 entitled "Technical Report on the Dukwe Copper Project and Matsitama Prospecting Licences, Botswana, Africa", which is available under the Company's profile on SEDAR at www.sedar.com

THE OUTLOOK FOR COPPER

Copper prices have been strong in 2008. While the demand for copper is being supported by strong growth in China and India, the industry is struggling to increase supply. Production forecasts worldwide for 2008 and beyond are being revised downwards because of project delays, falling ore grades, strikes, weather, shortages of sulphuric acid, changes in tax regimes and power shortages. With many of these factors having no short-term solutions long-term prices are being revised upwards and a number of market analysts are expecting that long-term prices will remain above their long-term average for the next few years.

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 result 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 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 Project 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. Mowana mine development and infrastructure costs comprise the largest component of the Company's non-current assets and as such the evaluation of impairment of these assets has a significant effect on the Company's financial statements. The assessment of the carrying value involves the study of geological and economic data (including resource estimates) and the reliance on a number of assumptions. These estimates of resources may change based on additional knowledge gained subsequent to the assessment. This may include additional data available from the continued development activities of the Mowana Mine 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.

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 31 March 2008 is £422,466. 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

For the three-month period ended 31 March 2008, the Company recorded a net loss of £1,055,656 (0.74p), compared with £179,234 (0.14p) in the year earlier first quarter. As evidenced in the following table, the increased loss was the result of lower bank interest receivable, higher Botswana administration costs and higher foreign exchange losses during the three-month period ended 31 March 2008 compared to three-month period ended 31 March 2007.

	Three-month period ended 31 March 2008 £	Three-month period ended 31 March 2007 £
Bank interest receivable	(474,632)	(703,675)
Corporate G&A, consultants, salaries and benefits	151,653	275,547
Botswana G&A, consultants, salaries and benefits	223,511	49,859
Insurance	8,307	35,842
Directors fees	16,900	16,950
Investor relations and public company administration	80,922	69,586
Travel, accommodation	83,568	44,306
Professional fees	151,924	76,261
Depreciation	-	16,330
Share based compensation	15,380	221,610
	732,165	806,291
Foreign exchange loss	798,123	76,618
Net loss	1,055,656	179,234

Bank interest receivable:

Bank interest receivable for the first quarter of fiscal 2008 decreased to £474,632 from £703,675 in the first quarter of fiscal 2007. The lower bank interest receivable related to lower average cash balances throughout the current year quarter compared to the previous year's first quarter as funds continued to be utilized for the Mowana Mine construction programme.

Corporate general and administration, consultants, salaries and benefits:

During the first quarter of fiscal 2008, the Company incurred a total of £151,653 (2007: £275,547) in corporate salaries, general and administrative expenses. The decrease was primarily related to a severance amount of £127,200 paid during the first quarter of fiscal 2007 to D. Jones pursuant to a termination agreement between the Company and D. Jones as part of the planned succession as D. Jones moved from the CEO role to Deputy Chairman, making way for J. Hamilton to move from the COO role to CEO.

Botswana general and administration, salaries and benefits:

During the first quarter of 2008, Botswana general administration and salary costs increased to £223,511 compared to £49,859 for the same period in 2007. In anticipation of commercial production commencing at the Mowana Mine, general and administration costs increased substantially. Expenditures on new people and infrastructure were incurred establishing finance, human resource and safety and health departments.

Investor relations and public company administration:

Investor relations and public company administration costs increased to £80,922 for the three-month period ended 31 March 2008 compared with £69,586 in the same period in 2007. Increased costs were incurred for a number of outside investor relations services during the first quarter of 2008.

Travel and accommodation:

Travel, accommodation, and conference costs increased to £83,568 during the first quarter of 2008 compared to £44,306 in the first quarter of 2007. The increases were the result of increased corporate activity and travel related to the development of the Mowana Mine.

Professional fees:

Professional fees increased to £151,924 during the three-month period ended 31 March 2008 compared to £76,261 in the previous year's quarter. The increase was primarily related to 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 31 March 2008 of £15,380 (2007: £221,610) are non-cash expenses and reflect the derived value of stock options vested during the quarter. An additional amount of £21,313 (2006: £106,737) was recorded during the first quarter of 2008 as a non-cash expenditure to deferred exploration costs as the grant of options was made to personnel whose compensation is capitalized to the relevant deferred exploration property. During the first quarter of 2008 no options were granted (2007: 200,000). The fair value calculated of stock options when granted is amortized to the Income Statement over the period in which the options vest.

Foreign exchange:
During the three-month period ended 31 March 2008, the Company recorded a foreign exchange loss of £798,123 compared to a loss of £76,618 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. As a result, the Company has exposure with respect to items denominated in foreign currencies.

The £798,123 foreign exchange loss recorded for the three-month period ended March 31, 2008 was primarily due to foreign exchange losses on foreign currency cash balances of Rand held to finance planned Rand denominated expenditures for the Mowana Mine development. During the first quarter of 2008 the Rand progressively weakened relative to Sterling. Based on rates provided by the Bank of England the Rand/Sterling exchange rate at 31 December 2007 was 13.6014 compared to 16.1633 at 31 March 2008.

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 31 March 2008 the foreign exchange translation gain recognized in shareholders' equity was £5 million compared to the translation loss of £0.8 million during the three-month period ended 31 March 2007. During the first quarter of 2008 the Pula weakened relative to Sterling. Based on rates provided by the First National Bank of Botswana the Pula/Sterling exchange rate at 31 December 2007 was 12.0023 compared to 13.1845 at 31 March 2008.

CAPITAL EXPENDITURES

The most significant ongoing investing activities during the three-month period ended 31 March 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 £9.6 million (2007:£3.7million) during the three-month period ended 31 March 2008. These expenditures were offset by depreciation of £69,467 and foreign exchange losses of £4.3 million. 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).

	For the Three-month period ended 31 March 2008 £'000	For the Three-month period ended 31 March 2007 £'000
Balance at beginning of period:	48,248	13,963
General yard and site work	818	2,720
Process plant	1,453	463
Owners cost	302	55
Geology	-	224
Mining	5,118	-
Capital WIP	324	-
Ancillary facilities	909	-
Share-based expenses	21	90
Fixed assets	549	170
Depreciation	(69)	(19)
Asset retirement obligation	83	-
Foreign exchange	(4,257)	(387)
Ending balance	**53,499**	**17,279**

Mowana Mine – deferred exploration expenditures

The Company spent £186,680 (2007: £78,490) during the three-month period ended 31 March 2008 on preparing an underground pr-feasibility study and exploration activities in the area surrounding the Mowana Mine in the Mowana prospecting licence area. Work during the quarter included diamond drilling at the prospect to the south (within the structure hosting mineralization), further compilation and interpretation of geophysical surveys, geochemical orientation surveys and surface prospecting in the vicinity of geochemical anomalies.

	For the Three-month period ended 31 March 2008 £'000	For the Three-month period ended 31 March 2007 £'000
Opening balance	413	28
Geological and geophysical	7	30
Drilling and Assay	94	-
Underground prefeasibility	90	-
Administration	9	29
Salaries	23	20
Foreign exchange	(36)	(1)
Ending balance	**600**	**106**

Matsitama Exploration Project – deferred exploration expenditures

The Company spent £226,653 (2007: £280,908) during the three-month period ended 31 March 2008 on exploration activities in the Matsitama prospecting licence area. The foreign exchange loss of £344,227 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 31 March 2008 £'000	For the Three-month period ended 31 March 2007 £'000
Beginning Balance	3,909	1,980
Drilling	76	65
Assay	9	24
Geological	-	20
Geophysical	-	93
Site management and logging	-	45
Depreciation capitalized	5	3
Administration	137	109
Share-based expenses	-	23
Foreign exchange	(344)	(103)
Ending balance	**3,792**	**2,261**

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:

	Q1 31 March 2008 (£)	Q4 31 Dec. 2007 (£)	Q3 30 Sept. 2007 (£)	Q2 30 June 2007 (£)
Interest revenues	(474,632)	(701,279)	(795,500)	(785,736)
Net loss /(gain)after tax	1,055,656	146,811	(393,693)	(49,761)
Basic loss/(earnings) per ordinary share	0.74p	0.11p	(0.28)p	(0.04)p
Diluted loss /(earnings) per ordinary share	0.74p	0.11p	(0.26)p	(0.04)p

	Q1 31 March 2007 (£)	Q4 31 Dec. 2006 (£)	Q3 30 Sept. 2006 (£)	Q2 30 June 2006 (£)
Interest revenues	(703,675)	(653,176)	(660,398)	(239,461)
Net loss /(gain)after tax	179,234	1,521,716	679,851	(254,523)
Basic loss/(earnings) per ordinary share	0.14p	1.17p	0.53p	(0.36p)
Diluted loss /(earnings) per ordinary share	0.14p	1.17p	0.53p	(0.36p)

Please review the discussion under the heading "Overall Financial Performance" in this MD&A for an explanation of the financial results and exchange gains/losses and related period-to-period changes for the three month period ended 31 March 2008.

Fluctuations in the Company's expenditures reflect increases in administrative costs and professional fees associated with seasonal corporate filing and regulatory activities. Specifically, the increased costs related to the preparation of year-end audit files and annual meeting materials, as well as the impact of year-end audit adjustments to financial statements.

LIQUIDITY AND CAPITAL RESOURCES

At 31 March 2008, the Company's main sources of liquidity until the Mowana Mine reaches commercial production and produces positive cash flow were its cash and cash equivalents of £18.3 million (31 December 2007 - £22.4 million), debt and project finance alternatives, equity markets and the possible exercise of share options.

On 4 April 2008, Messina Copper (Botswana) (Pty) Ltd ("**Messina**"), African Copper's 100% owned subsidiary, completed Pula 150.0 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. On 8 February 2008 the Company also raised approximately £5 million in additional equity as part of the finalization of a comprehensive off-take agreement for the Mowana Mine concentrates. To provide the Company with operational flexibility management has been considering the establishment of a revolving working capital and hedging facility for the Mowana Mine. Based on discussions with several Botswana institutions the Company is considering offering additional notes with similar terms to the Botswana Bond as an alternative to the working capital facility that requires the Company to commit to restrictive covenants and hedging requirements.

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 31 March 2008. In the event of cost overruns or delays, management believes the Company has adequate flexibility to manage expenditures.

Management intends to complete development of the open pit mining operations with the addition of a DMS plant to the processing plant (planned operational in 2010), further evaluate developing the underground portion of the mine at Mowana and continue with the Matsitama exploration project. With existing working capital and potential additional note offerings similar to the Botswana Bond, the Company does not anticipate that further equity financings will be required and anticipates that any future capital commitments for the underground project at the Mowana Mine may be met by project finance. Should project finance not be available to fund the underground project the Company would, however, consider raising capital in the equity markets based on current market conditions at the time, and, in any event, the Mowana open-pit mining operations can be operated without the underground project being pursued. The copper price on world markets is the single most important variable affecting the liquidity, cash flow and profitability of the Mowana Mine once it reaches commercial production.

The majority of the Company's current contractual obligations relate to commitments in respect of development expenditures for the completion of construction at the Mowana Mine and possible termination payments to the mining contractor at the Mowana Mine should the Company terminate the mining contract early. As described above, Messina was required to secure the Bank Guarantee in support of certain payment obligations in the mining contract. (See Note 5 of the 1st Quarter 2008 Financial Statements – Other Non-Current Assets).

At 31 March 2008, commitments under such agreements total £12 million:

Contractual Obligations	Total £'000	2008 £'000	2009 £'000	2010 £'000
Goods, services and equipment [(a)]	7,658	7,658	-	-
Mining contract [(b)]	3,055	3,055	-	-
Matsitama exploration licences [(c)]	1,062	885	176	1
Lease agreements [(d)]	228	145	55	28
	12,003	11,743	231	29

(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 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.

In conjunction with the off-take agreement signed for the Mowana Mine concentrates, MRI Trading AG 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.

At 31 March 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 £19,755 (2007 - £20,867) for the three-month period ended 31 March 2008 by the 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 31 March 2008 were £1,588 (2007 - £2,620). The services are provided under a one year contract that expires on 1 September 2008.

The Company entered into an agreement with Pickax International Corp. ("**Pickax**") and Joseph Hamilton on 1 July 2006 pursuant to which Pickax agreed to cause Joseph Hamilton to provide services to the Company, in the capacity of Chief Operating Officer. The agreement replaced an existing executive services agreement on materially the same terms and conditions and was subsequently amended to reflect Mr. Hamilton's appointment as Chief Executive Officer of the Company. During the term of the agreement, Pickax will be paid £164,800 per year. The Company was charged £41,200 (2007: £41,200) during the three-month period ended 31 March 2008 by Pickax. Pickax is a corporation controlled by Joseph Hamilton, the Chief Executive Officer and a director of the Company.

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.

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

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

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

The Company's revenues, if any, are expected to be derived from the extraction and sale of copper concentrate. The price of copper has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. In recent years, the price of copper has been affected by changes in the worldwide balance of copper supply and demand, largely resulting from economic growth and political conditions in China and other major developing economies. While this demand has resulted in higher prices for copper in recent years, if Chinese economic growth slows, it could result in lower prices for copper. The effect of these factors on the price of copper, and therefore the current or future economic viability of any of the Mowana Mine and any other of the Company's projects, cannot accurately be predicted. Any material decrease in the prevailing price of copper for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on the Company's results of operations and financial conditions, as well as the economic viability of the Projects.

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

In general, development projects have no operating history upon which to base estimates of future cash operating costs. For development projects such as the Mowana Mine, estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital costs and cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors.

Operating costs are dependent on the costs of various reagents, supplies, spares and labour. While open pit mining costs can sometimes be better estimated than underground mining costs, they are also very dependent on fuel, tyre and maintenance costs, foreign currency exchange rates and availability of skilled labour.

There can be no assurance that the Company will be able to complete the development of the Mowana Mine on time or on budget due to, among other things, changes in the economics, the scope of the pre-stripping and the size of the open pit, delays in the delivery and installation of plant and cost overruns.

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

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

There can be no assurance that final capital cost for the construction of the flotation concentrator and related facilities at the Mowana Mine will not be greater than estimated. In addition, there can be no assurance that the actual mining costs incurred by the Company will not be greater than estimated. Previous capital and operating cost estimates include supplies and inputs, the cost of which the Company has little control over. These include, but are not limited to, transportation and handling charges, the cost of fuel, the cost of electricity, labour costs, reagent costs, smelter charges, the price of construction materials including steel, and the cost of mining equipment and spares. A material increase in one or more of these supplies and inputs may materially increase the actual capital and/or operating costs incurred by the Company. Any material increase may cause the Mowana Mine to become economically unviable or delay the development of the project, either of which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

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

The Company may require additional financing for the addition of a DMS plant to the processing plant and to continue with the Matsitama exploration project. In addition, the Company will require additional financing for the development of the underground portion of the mine at Mowana. Failure to obtain such financing, and/or sufficient financing for continuing open pit operations, the exploration and development of the Matsitama Exploration Project, or the underground project or any future projects, may result in a suspension of operations or delay or indefinite postponement of exploration, development or production on such properties or even a loss of a property interest. The Company's only sources of additional funds currently available until the Mowana Mine reaches commercial production are its current cash balances, possible exercise of share options, project finance alternatives including additional notes on the same terms as the Botswana Bond and a working capital facility and the equity markets. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

The Company may not issue further notes on terms similar to the Botswana Bond or obtain a working capital and hedging facility

There is no assurance that the Company will be able to issue further notes on terms similar to the Botswana Bond or obtain a working capital facility as referred to in the "*Liquidity and Capital Resources*" section of this MD&A. In addition, if a working capital facility is established by the Company, or any similar debt or project financing is entered into by the Company, the Company expects that lenders will require that the Company commit to: restrictive covenants regarding its business and financial operations; hedge some or all of the production from the Mowana Mine; meet certain financial tests during the term of the working capital facility; provide security over all or substantially all of the assets of the Company, including its rights to the Mowana Mine and the proceeds of sales of copper and/or copper concentrate mined from the Mowana Mine deposit; and restrict cash distributions by the Company until such time as the principal amount of the working capital facility and related facilities, if any, is repaid in full; each of which will have a restrictive impact on the ability of the Company to manage its business, operations and cash flows, and will materially limit the Company's ability to pay dividends to holders of ordinary shares. The failure of the Company to comply with any such restrictions may result in a lender enforcing its security over the assets of the Company, which would have a material adverse impact on the Company. Such restrictions, including any hedging programme, may also limit the Company's ability to benefit from increases in the price of copper, which would have a material impact on the Company's cash flows and results of operations.

Future production will be subject to the normal risks of mining operations

The Company's future mining operations are subject to all of the hazards and risks normally incidental to exploration, development and the production of copper.

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

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

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

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

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

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

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

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

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

Government regulations may have an adverse effect on the Company

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

The Company's operations and its ability to hold various mineral rights require licences, permits and authorizations and, in some cases, renewals of existing licences, permits and authorisations from various governmental and quasi-governmental authorities. The Company believes that it currently holds or has applied for all necessary licences, permits and authorisations to carry on the activities that it is currently conducting and to hold the mineral rights it currently holds under applicable laws and regulations in effect at the present time, and also believes that it is complying in all material respects with the terms of such licences, permits and authorisations. However, the Company's ability to obtain, sustain or renew such licences, permits and authorisations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasigovernmental bodies and there can be no assurance that the Company will be able to obtain, sustain or renew any such licences, permits or authorisations on acceptable terms or at all.

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

Copper is sold throughout the world, principally in US Dollars. The Company's costs are incurred primarily in 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 will be exposed to exchange rate fluctuations which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

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

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

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

Insurance and uninsured risks

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

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

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

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

The success of current and future exploration activities cannot be assured

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

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

The Company may not be able to effectively manage its growth

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

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.

The Company has placed its cash and cash equivalents in short-term liquid deposits or investments which provide a revised rate of interest upon maturity.

DISCLOSURE 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	750,000	**11,215,000**

FORWARD-LOOKING STATEMENTS

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, including the anticipated production profile for the first five years of mining, the potential for future expansion of the Mowana Mine Project, estimations of the life of the Mowana Mine Project, the expected levels of ore on the stockpiles at the Mowana Mine Project, expected timing of the commissioning of the process plant, the expected success of exploration activities under the open pit at the Mowana Mine Project and in the Matsitama Belt, use of Mineral Resources underground at the Mowana Mine Project to supplement open-pit feed, the merit of an underground mine at the Mowana Mine Project, Botswana’s energy self-sufficiency, the potential of the Thakadu deposits, government regulation of mining operations and exploration, availability of notes with the same terms as the Botswana Bond and a working capital facility and project finance for the underground project at the Mowana Mine Project, expected number of employees and staff at the time of commercial production, expectations concerning the timing of concentrate, the timing of the completion of construction at the Mowana Mine project and hand-over from EPCM teams to operational teams, plans concerning the evaluation of mineral resource potential to the south of the open pit at the Mowana Mine Project, 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 existing credit facilities and capital markets to meet its future obligations, 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 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.

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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