



**AFRICAN COPPER PLC**

**UNAUDITED CONSOLIDATED FINANCIAL INFORMATION**

**Three and Six Months ended 30 June 2008**

**Expressed in Pounds Sterling**

The accompanying Financial Information for the three and six months ended 30 June 2008 and 30 June 2007 have not been audited nor reviewed by the Company's Auditors and has an effective date of 14 August 2008.

**African Copper Plc**  
**Consolidated Income Statement**  
**For the three and six month periods ended 30 June 2008**  
**(Unaudited)**

	Three Months Ended 30 June		Six Months Ended 30 June	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Administrative expenses	(873)	(551)	(1,590)	(1,119)
Loss on derivative financial instruments	(814)	-	(814)	-
Share based expenses	(28)	(217)	(44)	(439)
Depreciation	-	(25)	-	(41)
Exchange(loss)/gain	(38)	56	(836)	(20)
<b>Operating loss</b>	<b>(1,753)</b>	<b>(737)</b>	<b>(3,284)</b>	<b>(1,619)</b>
<b>Finance income</b>				
Bank interest receivable	581	786	1,056	1,489
Interest expense	(419)	-	(419)	-
<b>(Loss)/Profit before and after tax</b>	<b>(1,591)</b>	<b>49</b>	<b>(2,647)</b>	<b>(130)</b>
Basic (loss)/earnings per ordinary share	<b>(1.10)p</b>	0.04p	<b>(1.83)p</b>	(0.10)p
Diluted (loss)/earnings per ordinary share	<b>(1.10)p</b>	0.04p	<b>(1.83)p</b>	(0.10)p

The accompanying notes are an integral part of these consolidated financial statements.

**African Copper Plc**  
**Consolidated Balance Sheets**

	Note	As at 30 June (unaudited) 2008 £'000	As at 31 December audited 2007 £'000
<b>ASSETS</b>			
Property, plant and equipment	3	68,232	48,248
Deferred exploration costs	4	5,153	4,322
Other financial assets	5	3,757	4,167
<b>Total non-current assets</b>		<b>77,142</b>	<b>56,737</b>
<b>CURRENT ASSETS</b>			
Other receivables and prepayments		1,813	1,903
Inventories	6	905	-
Derivative financial assets	7	66	1,841
Cash and cash equivalents		12,836	22,428
<b>Total current assets</b>		<b>15,620</b>	<b>26,172</b>
<b>Total assets</b>		<b>92,762</b>	<b>82,909</b>
<b>EQUITY</b>			
Issued share capital	8	1,469	1,396
Share premium		81,973	76,947
Acquisition reserve		4,485	4,485
Foreign currency translation reserve		(7,211)	(1,207)
Hedging reserve		(1,773)	(812)
Retained losses		(7,418)	(4,843)
<b>Total equity</b>		<b>71,525</b>	<b>75,966</b>
<b>LIABILITIES</b>			
Interest bearing borrowings	10	11,186	-
Asset retirement obligation	11	1,486	464
<b>Total non-current liabilities</b>		<b>12,672</b>	<b>464</b>
Trade and other payables		8,565	6,479
<b>Total current liabilities</b>		<b>8,565</b>	<b>6,479</b>
<b>Total equity and liabilities</b>		<b>92,762</b>	<b>82,909</b>

The accompanying notes are an integral part of these consolidated financial statements.

**African Copper Plc**  
**Consolidated Statement of Changes in Shareholders' Equity**

	Share Capital £'000	Share Premium £'000	Acquisition Reserve £'000	Foreign Currency Translation Reserve £'000	Hedging Reserve £'000	Retained Loss £'000	Total Equity £'000
<b>Balance at 1 January 2007</b>	1,305	69,844	4,485	(1,979)	-	(5,687)	67,968
Foreign exchange adjustments	-	-	-	(1,089)	-	-	(1,089)
Fair value loss on cash flow hedge instruments	-	-	-	-	(1,196)	-	(1,196)
Loss for the period	-	-	-	-	-	(130)	(130)
Total recognised loss for the period	-	-	-	(1,089)	(1,196)	(130)	(2,415)
<b>Balance at 30 June 2007</b>	1,396	76,951	4,485	(3,068)	(1,196)	(5,179)	73,389
Foreign exchange adjustments	-	-	-	1,861	-	-	1,861
Fair value loss on cash flow hedge instruments	-	-	-	-	384	-	384
Total recognized income and expense recognized directly in equity	-	-	-	1,861	384	-	2,245
Profit for the period	-	-	-	-	-	336	336
Total recognized gain for the period	-	-	-	1,861	384	336	2,581
New share capital subscribed	-	-	-	-	-	-	-
Share issue costs	-	(4)	-	-	-	-	(4)
Credit arising on share options	-	-	-	-	-	-	-
<b>Balance at 31 December 2007</b>	1,396	76,947	4,485	(1,207)	(812)	(4,843)	75,966
Foreign exchange adjustments	-	-	-	(6,004)	-	-	(6,004)
Net loss on cash flow hedge	-	-	-	-	(1,096)	-	(1,096)
Net loss on cashflow hedge removed from equity and reported in the income statement	-	-	-	-	135	-	135
Total recognized expense recognized directly in equity	-	-	-	(6,004)	(961)	-	(6,965)
Loss for the period	-	-	-	-	-	(2,647)	(2,647)
Total recognized loss for the period	-	-	-	(6,004)	(961)	(2,647)	(9,612)
New share capital subscribed	73	5,026	-	-	-	-	5,099
Credit arising on share options	-	-	-	-	-	72	72
<b>Balance at 30 June 2008</b>	1,469	81,973	4,485	(7,211)	(1,773)	(7,418)	71,525

The accompanying notes are an integral part of these consolidated financial statements

**African Copper Plc**  
**Consolidated Cash Flow Statement**

	Three Months Ended 30 June		Six Months Ended 30 June	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Administration expenses	(873)	(551)	(1,590)	(1,119)
Share based expenses	(28)	(217)	(44)	(439)
Depreciation	-	(25)	-	(41)
Accrued interest	(419)	-	(419)	-
Operating loss from continuing operations	(1,320)	(793)	(2,053)	(1,599)
Decrease/(increase) in receivables	434	(414)	90	(251)
Increase in inventories	(905)	-	(905)	-
(Decrease)/increase in payables	(19)	(7)	13	2
Share based payment expense	28	217	44	439
Depreciation	-	25	-	41
Accrued interest	419	-	419	-
<b>Cash used in operating activities</b>	(1,363)	(972)	(2,392)	(1,368)
Interest received	581	786	1,056	1,489
Net cash (outflow)/inflow from operating activities	(782)	(186)	(1,336)	121
<b>Cash flows from investing activities</b>				
Payments to acquire property, plant and equipment	(4,223)	(5,058)	(11,688)	(9,016)
Payments of deferred exploration expenditures	(381)	(522)	(831)	(961)
Purchase of financial instruments	-	(3,060)	-	(3,060)
Net cash outflow from investing activities	(4,604)	(8,640)	(12,519)	(13,037)
<b>Cash flows from financing activities</b>				
Issue of equity upon exercise of options	-	-	-	163
Issue of equity share capital	-	7,035	5,099	7,035
Net cash inflow from financing activities	-	7,035	5,099	7,198
<b>Net decrease in cash and cash equivalents</b>	(5,386)	(1,791)	(8,756)	(5,718)
Cash and cash equivalents at beginning of the period	18,260	49,251	22,428	53,254
Exchange (loss)/profit	(38)	56	(836)	(20)
<b>Cash and cash equivalents at end of the period</b>	12,836	47,516	12,836	47,516

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

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

Following the appointment of Chris Fredericks as Chief Executive Officer in June 2008, the Company’s board of directors (the “Board”) directed management to review the initial mining plan and strategy. This review is focused on maximizing and optimizing the Mowana resources and process facilities and in particular reviewing the schedule for the possible integration of the underground mining of the Mowana sulphide resource. The review takes into account the expanded understanding of the Mowana deposit gained through open-pit mining operations, the current stockpiles and exposed ore along approximately 1,500m of strike within the pit. Based on its preliminary analysis, management has concluded that accessing the near-mine satellite open-pittable resources at Thakadu and mineralization recently identified 520 metres south of the Mowana Mine at Erasmus Winze (the “Southern Extension”) has the potential to increase the annual production profile over the next five years and to attain processing facility capacity utilization sooner than trial underground mining. Management is continuing to refine this revised mine plan and expects to complete it in the fourth quarter of 2008.

As part of the 5-year mining contract (the “Moolman Contract”) for the Mowana Mine, in August 2007 Pula 50 million (£3.8 million) was lodged by Messina Copper (Botswana) (Pty) Ltd (“Messina”) in favour of Moolman Mining Botswana (Pty) Ltd. (“Moolman”) as security for Messina’s obligations under the Contract. At the request of the Company, 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.

The Group’s operations are due to move into production during the third quarter of 2008. Industry wide cost escalation and delays in commissioning have resulted in increased costs of building and operating the Mowana Mine (see “*Capital and Operating Costs*” in the Company’s Management’s Discussion and Analysis for the period ended 30 June 2008). Based upon financial analysis of the preliminary revised mine plan, which takes into account the increases in capital and operating costs, the Directors have concluded that additional working capital and capital equipment financing will be required. In particular, the revised mine plan currently anticipates, among other things, (1) approximately £6.8 million to purchase additional plant and equipment for the DMS plant; (2) required development capital for Thakadu and the Southern Extension; and (3) the above £3.8 million required to be deposited as security in favour of Moolman for the duration of the Moolman Contract. Such funding requirement is currently estimated to be up to £20.0 million. This estimate will be finalized upon completion of the revised mine plan.

The Directors are taking steps to meet this current funding requirement and they intend to obtain such funding via secured project debt and equity. They believe that the funding requirement will be met within the next 12 months. On this basis, the Directors have concluded that the Company is a going concern. The financial information does not include any adjustments that would result if the Company was unable to continue as a going concern.

The address of African Copper’s registered office is 100 Pall Mall, St James’s London SW1Y 5HP. These consolidated financial statements have been approved for issue by the Board of Directors on 14 August 2008.

## 2. Basis of Preparation

### General Information

The financial information contained in this Interim Report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this Interim Report has not been audited by the auditors.

The statutory accounts for year ended 31 December 2007 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

The Group's consolidated financial information has been prepared in accordance with accounting policies consistent with those adopted in the financial statements for the year ended 31 December 2007 and has been drawn up in accordance with International Accounting Standard 34, "Interim Financial Reporting".

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended 31 December 2007.

### 3. Property, Plant and Equipment

	<b>Mine Development and Infrastructure £'000</b>	<b>Mine Plant and Equipment £'000</b>	<b>Other Assets £'000</b>	<b>Total £'000</b>
<b><u>Cost</u></b>				
Balance at 1 January 2007	13,259	387	467	14,113
Additions	32,376	-	2,204	34,580
Exchange adjustments	(150)	(5)	(6)	(161)
<b>Balance at 31 December 2007</b>	<b>45,485</b>	<b>382</b>	<b>2,665</b>	<b>48,532</b>
Balance at 1 January 2008	45,485	382	2,665	48,532
Additions	23,344	-	1,281	24,625
Exchange adjustments	(4,310)	(38)	(182)	(4,530)
<b>Balance at 30 June 2008</b>	<b>64,519</b>	<b>344</b>	<b>3,764</b>	<b>68,627</b>
<b><u>Depreciation and impairment losses</u></b>				
Balance at 1 January 2007	-	-	(149)	(149)
Depreciation charge for the year	-	-	(137)	(137)
Exchange adjustments	-	-	2	2
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>(284)</b>	<b>(284)</b>
Balance at 1 January 2008	-	-	(284)	(284)
Depreciation charge for the period	(4)	-	(133)	(137)
Exchange adjustments	-	-	26	26
<b>Balance at 30 June 2008</b>	<b>(4)</b>	<b>-</b>	<b>(391)</b>	<b>(395)</b>

<b>Carrying amounts</b>				
Balance at 1 January 2007	13,259	387	318	13,964
Balance at 31 December 2007	45,485	382	2,381	48,248
Balance at 1 January 2008	45,485	382	2,381	48,248
<b>Balance at 30 June 2008</b>	<b>64,515</b>	<b>344</b>	<b>3,373</b>	<b>68,232</b>

#### 4. Deferred Exploration Costs

	<b>£'000</b>
<b>Cost</b>	
Balance at 1 January 2007	2,007
Additions	2,347
Exchange adjustments	(32)
Balance at 31 December 2007	4,322
Balance at 1 January 2008	4,322
Additions	1,248
Exchange adjustments	(417)
<b>Balance at 30 June 2008</b>	<b>5,153</b>

#### Impairment loss

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

#### 5. Other Non-Current Assets

	<b>30 June 2008 £'000</b>	<b>31 December 2007 £'000</b>
Bank guarantee	3,757	4,167

As part of the Moolman Contract for the Mowana Mine, in August 2007 Botswana Pula 50 million was lodged by Messina in favour of Moolman as security for Messina's obligations under the Contract. At the request of the Company, 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

#### 6. Inventories

	<b>30 June 2008 £'000</b>	<b>31 December 2007 £'000</b>
Stockpile Inventories	638	-
Consumables	267	-
<b>Total Inventories</b>	<b>905</b>	<b>-</b>

## 7. Derivative Financial Assets

	30 June 2008 £'000	31 December 2007 £'000
Copper put contracts designated as a cash flow hedge	66	1,383
Copper put contracts designated as fair value through income statement	-	458
<b>Total Derivative Financial Assets</b>	<b>66</b>	<b>1,841</b>

## 8. Share Capital

	No. of shares	£'000
Authorised		
At 31 December 2005 and 31 December 2006		
Ordinary shares of 1p each	495,000,000	4,950
Redeemable preference shares of £1 each	50,000	50
Issued:		
Balance at 1 January 2007	130,507,185	1,305
Ordinary shares issued on private placement	8,367,772	84
Ordinary shares issued on exercise of options	700,000	7
Balance at 31 December 2007	139,574,957	1,396
Ordinary shares issued on Private placement	7,284,000	73
<b>Balance at 30 June 2008</b>	<b>146,858,957</b>	<b>1,469</b>

### Shares issued

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

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

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

### 9. Share based payments

African Copper has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a

period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p.

As at 30 June 2008, ordinary share options held by directors and employees were as follows:

<b>Exercise price (£)</b>	<b>Outstanding Number of Options</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Exercisable Number of Options</b>
0.35	500,000	6.48	500,000
0.76	2,505,000	6.84	2,485,000
0.775	8,210,000	8.39	6,923,331
	11,215,000		9,908,331

During the periods ended 2008 and 2007, director and employee stock options were granted, exercised and cancelled as follows:

	<b>Weighted average exercise price in £ per share</b>	<b>Options</b>
At 1 January 2007	0.73	13,319,872
Granted	0.775	200,000
Forfeited	0.77	(1,404,872)
Exercised	0.23	(700,000)
At 31 December 2007	0.76	11,415,000
Granted	-	-
Forfeited	0.775	(200,000)
Exercised	-	-
At 30 June 2008	0.75	11,215,000
Exercisable at the end of the period	0.75	9,908,331

The total expense in respect of share based payments for the period was £72,491(2007: £637,967), of which £43,686 (2007:£439,012) was recorded as an expense in the income statement and £28,805 (2007: £198,955) was capitalised as part of deferred exploration costs.

## 10. Interest bearing borrowings

On 4 April 2008 Messina, the Company's wholly-owned subsidiary, completed the private placement of Botswana Pula 150 million (£11.2 million) of fixed rate unsecured notes. The notes have been priced at 14.0 percent annual interest with a maturity of 7 years

## 11. Asset retirement obligations

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 June 2008 is £1,486,243 (2007 - £464,078). The estimate is based on the estimated 7 year open pit mine life, Botswana inflation estimate of 10% 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 Botswana Pula.

Under the terms of the Mining Licence, by the end of the first financial year in which copper is produced and sold, the Company must establish a trust fund to provide for rehabilitation of the Mowana Mine site once the mine closes. The Company will annually make contributions to this fund over the life of the mine so that these capital contributions together with the investment income earned will cover the anticipated

costs. At the end of each financial year the Company will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions accordingly.

## 12. Commitments

The majority of the Company's contractual obligations relate to commitments in respect of development expenditures for the completion of construction at the Mowana Mine and termination payments to the mining contractor at the Mowana Mine should the Company terminate the mining contract early. In respect of this mining contract, the Company's subsidiary was required to obtain a bank guarantee in support of certain payment obligations in the mining contract. (See Note 5 – Other Non-Current Assets). At 30 June 2008 the Company's subsidiary holds a bank guarantee of £3.8 million (50 million Botswana Pula) in respect of these payment obligations.

At 30 June 2008, commitments under such agreements total £8.9 million:

<b>Contractual Obligations</b>	<b>Total</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Goods, services and equipment <sup>(a)</sup>	4,556	4,101	455	-
Mining contract <sup>(b)</sup>	3,085	3,085	-	-
Matsitama exploration licences <sup>(c)</sup>	1,052	876	176	-
Lease agreements <sup>(d)</sup>	227	104	85	38
	<b>8,920</b>	<b>8,166</b>	<b>716</b>	<b>38</b>

(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 5 November 2010.

### 13. Related party transactions

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

	Six Months Ended		Balance Outstanding at	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	31 Dec 2007 £'000
Amount paid to Summit Resource Management Limited, a company controlled by D Jones, for the provision of fully serviced office accommodation in Canada and reimbursed expenses	38	40	2	4
On 1 July 2006 the Company entered into an agreement with Pickax International Corporation ("Pickax") to provide the services of Mr. Joseph Hamilton, a director and Chief Executive Officer of the Company. On 12 June 2008 the Company signed a Leaving Agreement (the "Agreement") with Pickax and Joseph Hamilton who resigned as a director and CEO of the Company and was paid £173,040 (inclusive of Canadian Goods & Services Tax) for compensation of loss of office and termination	233	82	-	-
Amount paid to Aegis Instruments, Micromine and MGE Consulting, companies controlled by a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and reimbursed expenses	68	-	67	-