



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Period Ended 30 June 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 six months ended 30 June 2008 compared with 30 June 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 Pounds Sterling unless otherwise indicated and the information is current to 14 August 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.

UPDATED BUSINESS OVERVIEW AND STRATEGY

African Copper is an international exploration and development company focused on 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

Completion of the commissioning of the processing facility at the open-pit Mowana Mine in Botswana has been delayed and it is expected to complete the ramp up to commercial production in the fourth quarter of 2008. This overrun was caused by, among other things, delays in delivery of component parts and unexpected equipment failures of primary crusher components, delays in the supply of fabrication materials and the integration of electrical and instrumentation reticulation, contributing to late automation of process controls being achieved. Hot commissioning of the crusher and mill facility has been completed. First concentrate production occurred at the end of July and concentrate shipment is scheduled to start by the end of August.

Revised Mine Plan

Following the resignation of Joseph Hamilton as Chief Executive Officer and the appointment of Chris Fredericks as his replacement, 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 the 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 the trial underground mining programme envisaged by the initial mining plan. This strategy would require the addition of Dense Media Separation ("DMS") equipment in the first quarter of 2009 rather than in 2010 as envisaged in the initial mine plan. Management is continuing to refine this revised mine plan and expects to complete it in the fourth quarter of 2008. The previously announced pre-feasibility study in respect of the viability of an underground mine at Mowana will be completed after the revised mine plan is finalized.

Industry wide cost escalation and delays in commissioning have resulted in increases in the costs of building and operating the Mowana Mine (see "*Capital and Operating Costs*" on page 3 below). In addition, under the proposed revised mining plan, the commissioning of DMS equipment will be accelerated along with development expenditures for both the Thakadu and the Southern Extension areas. As a result, the Company has determined that it will require additional working capital and capital equipment financing (see "*Liquidity and Capital Resources*" on page 12 below).

MOWANA PROJECT DEVELOPMENT

Revised Production Strategy:

The Mowana pit has an estimated seven-year mine life in the open pit and it offers African Copper further near-term strike potential to the north and south. African Copper intends to exploit this open pit reserve while continuing to pursue exploration potential around and under the open pit, and in the Matsitama Belt. The revised mine plan and production strategy will be aimed at providing and maintaining a high grade direct feed stream and a DMS grade stream to attain maximum mill input.

The revised production strategy envisages the following identified growth opportunities:

1. Introduction of a 300 tonne per hour ("tph") DMS facility, scheduled to be operational in the second quarter of 2009.
2. Supplement the highest grade available ore from Mowana through the dual oxide-sulphide floatation concentrator with additional high grade direct feed material sourced from a satellite open pit operation at Thakadu, subject to permitting and granting of the requisite mining licence. As described in the press release dated 25 July 2007, independent consultant RSG Global Consulting ("RSG") has completed a resource estimate at Thakadu. RSG reported an estimated indicated mineral resource of 4.715 million tonnes grading 1.72% copper and an estimated inferred mineral resource of 0.961 million tonnes at 1.29% copper. In each case, estimated mineral resources represent a mineralized envelope based on a 0.25% copper cut-off utilizing ordinary kriging. Contained within this estimate was an indicated silver resource of 3.558 million tonnes grading 16 g/t silver. These mineral resource estimates were SAMREC, JORC and NI 43-101 compliant. RSG's technical report respecting this resource estimate is dated 24 July 2007 and entitled "Database Review, Geological Modelling and Grade Estimation of the Thakadu Copper Project" and is available on the Company's website at www.africancopper.com and under the Company's profile on SEDAR at www.sedar.com.
3. Supplement Mowana open pit feed with additional DMS feed mined from the Southern Extension.
4. Integrate underground access at Mowana – at this time greater than 70% of the known estimated mineral resource base at Mowana lies outside of the open-pit boundary. The exploitation of near surface resources at Thakadu and the mineralization in the Southern Extension is believed to be less capital intensive in the short-term and provides more rapid access to mineralization than the previously considered development of an underground trial mining section. A pre-feasibility study will be completed on underground access once the final revised mine plans have been completed, which is expected to be in the fourth quarter of 2008. The pre-feasibility study will consider the effective utilisation of near surface potential to optimise the future underground mining strategy, which may see multiple access points into

the significant strike length of deeper sulphide mineralisation from the lower level elevations developed during open pit extraction.

Open Pit Mining Operations:

Following the successful mobilization of the mining contractor in 2007 and the commissioning of the truck and shovel fleet in the first quarter 2008, the production from Mowana pit has ramped up to the required/budgeted output volumes of approx 600,000 bench cubic metres per month. Pit infrastructure is in place and fully integrated into mine design including establishment of surface facilities, access roads, waste dumps and ore stockpiles.

Management believes excellent progress has been made in the preparation of the open-pit for commercial mining activity with the load and haul operations in 2008 dropping the pit to 20m below surface. Development is progressing on schedule on the upper benches with the 1000ml and 990ml benches complete and current operations focused on 980ml bench. The mining level developed has exposed ore along approximately 1,500m of strike within the pit enabling the required ore stockpile to be built up prior to plant commissioning. Ore volumes exposed to date within the pit are consistent with prior ore body modeling. The tenor of mineralisation exposed shows encouraging signs of increased levels of supergene exposure within the southern portion of the pit. As a result of the above, at 8 August 2008 stockpiles at Mowana consisted of approximately 807,100 tonnes of ore at approximately 1% Cu%, including approximately 250,000 tonnes grading 1.73% Cu% on the high grade stockpile.

The initial shortfall in monthly production caused by the delay in commissioning is expected to be largely recouped in 2008, based on the grades of material on the current stockpile that will be processed immediately, and will be supplemented with similar tenor from ore exposed in the south of the pit for the balance of 2008. Management anticipates that approximately 5,000 tonnes of copper in concentrate will be produced in 2008, representing a 9% decrease from the initial estimate.

Mine staffing has progressed well during the quarter and all senior staff positions have been filled. The mine's organisational structure is in place and functioning well. Shop floor and management systems are complete and in place. Processing plant operator training has commenced which together with the cold and hot commissioning process will prepare operators and staff for ramp up to commercial production in the fourth quarter.

Processing:

Further metallurgical test work has been carried out during the quarter. Laboratory scale tests have indicated the potential for improved oxide copper recoveries through the use of a hydroxamate based reagent suite compared with the standard sulphidization process adopted in the present plant process flow sheets. Further test work on hydroxamates at pilot plant scale was completed, however these results were inconclusive. It is envisaged that this test work programme will be revisited at plant scale once a stable plant operating environment is achieved.

Capital and Operating Costs:

Capital:

Industry wide cost escalation and delays in commissioning have resulted in increases in the costs of building the Mowana plant. In addition, certain design modifications were incorporated during the Mowana construction period to improve the operational flexibility of the Mowana plant. African Copper is now estimating that the total capital costs of the Mowana Mine, excluding mining fleet costs, will be ZAR534.8 million (£36.3 million). The design changes total ZAR 31.1 million (£2.1 million) and include the introduction of a stockpile prior to secondary crushing, moving the ROM crushing area to a new position, realignment of the Botswana Power Corporation servitude as well as the inclusion of a full brick built metallurgical facility. Taking into account the effect of the £2.1 million cost of the design changes referred to above, the total capital cost estimate has increased 8.6% over the previous estimate of ZAR 464.6 million (£31.5 million). As discussed above, the Company is in the process of developing a revised mine plan which is designed to increase production. Based on its preliminary analysis, management believes that additional funding will be required for the revised

mine plan, including funding for development of Thakadu and the Southern Extension and related infrastructure and the acquisition of the 300 tph DMS plant.

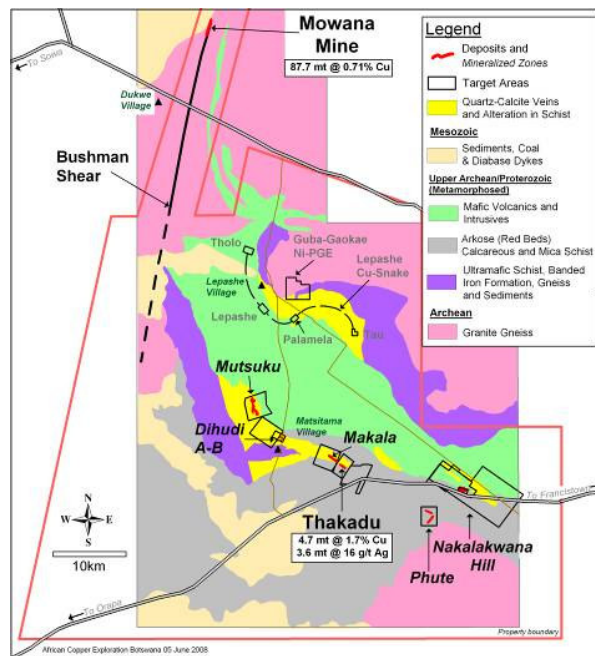
Operating costs:

The following components of the costs which were contained in the report entitled “National Instrument 43-101 Technical Report on the Mowana Mine Botswana” dated November 2007 by Read, Swatman and Voight (Pty) Ltd 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; and transportation costs which have increased from \$US100 to \$US282 per tonne. A substantial portion of the mining cost increase relates to increased diesel fuel costs as well as increased consumable costs such as spares, tyres and explosives and drilling costs. 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

The beginning of the third quarter of 2008 saw copper touching a new record high of \$8,930/tonne. Although technical factors and a perceived shortage of supply and lack of replacement projects were contributory factors, this is a notable achievement given the weakness in the global economy and a recent decline in Chinese demand. This would suggest good upside when the Chinese decide to restock inventories. Given the additional factors of a very tight concentrate market and ongoing money flows into commodities in general, management believes there is scope for another rally in copper prices towards the end of the year or in early 2009. On the supply side forecasts have generally seen downward revisions amid ongoing problems, disruptions and shortages at the mine stage of the supply chain that will keep refined output constrained for the next few years. Recent production reports and comments from major producers justify this pessimistic view on copper supply growth. However, despite this bullish longer term trend, the short term outlook has become increasingly bearish due to a seasonal build-up in inventories, a lack of Chinese buying and supply concerns. Consensus would seem to indicate that prices could fall in the short term followed by a possible rally that could sustain and support historically high copper prices over the medium to longer 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.

Work in the second quarter of 2008 continued on the three main 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 (Ni-PGM) Formations.

Results for the Regional Soil Sampling (12,000 samples) and the Nakalakwana Area (3,000 samples) were received during the period and are currently being interpreted. The Regional Soil Sampling covers the southern extension of the Bushman Shear, the west part of the Lepashe Cu-Snake Corridor and western Sebotha (Ni-PGM) Formation. The Nakalakwana Area includes the Nakalakwana Hill prospect.

Most of the 2008 diamond drilling has tested Titan I.P. geophysical targets and soil geochemical anomalies on grids in the Thakadu-Mutsuku Corridor. In addition to the eight holes drilled on the Thakadu Extension Grid in the Q1, another eight holes were drilled on the Thakadu (2-holes), Makala (2-holes), Dihudi (2-holes) and Mutsuku (2-holes) grids. Two geochemical anomalies on the Guba-Gaokae Grid (1-hole) in the Mosupe Formation and on the Palamela Grid (1-hole) in the Lepashe Cu-Snake Corridor were also drill-tested.

Within the Thakadu-Mutsuku Corridor, the Thakadu deposit represents an advanced exploration project now being integrated into the revised mine plan with a view to supplementing Mowana Mine production. Exploration efforts have therefore been focused on the unexplored geophysical and geochemical anomalies within 10 kilometres of the Thakadu deposits.

The third quarter of 2008 will involve the detailed compilation of the soil data, interpretation and prioritization of targets. To date 23,103 samples have been sent to the laboratory and 58 anomalies drilled with encouraging results. A structural report from the drilling of the Cu-Au Nakalakwana Hill prospect is currently being completed by RSG. On the recommendations of RSG and SRK International a structural foliation/vegetation trace map from satellite and air-photos has been started in order to aid in structural and anomaly interpretation. This will add to the geological base map which is constantly being updated from trench mapping and drilling.

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. 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 30 June 2008 is £1,486,244. The estimate is based on the anticipated seven year open-pit mine life, Botswana inflation 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 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 June £		Six months ended 30 June £	
	2008	2007	2008	2007
Bank interest receivable	(581,024)	(785,736)	(1,055,656)	(1,489,411)
Corporate G&A, consultants, salaries and benefits	312,052	147,938	458,782	423,485
Botswana G&A, consultants, salaries and benefits	275,637	134,937	494,320	184,796
Insurance	8,408	46,667	16,715	82,509
Directors fees	16,900	16,950	33,800	33,900
Investor relations	34,550	45,429	71,794	72,785
Public company administration	23,319	35,338	69,630	77,568
Travel, accommodation	43,842	35,672	134,058	79,978
Professional fees	158,638	87,271	311,032	163,532
Depreciation	-	24,731	-	41,061
Share based compensation	28,306	217,402	43,686	439,012
Interest expense	418,742	-	418,742	-
	1,320,394	792,335	2,052,559	1,598,626
Foreign exchange loss/(gain)	37,576	(56,360)	835,699	20,258
Hedging loss	814,340	-	814,340	-
Net loss/(gain)	1,591,286	(49,761)	2,646,942	129,473

Three Months Ended 30 June 2008

For the three-month period ended 30 June 2008, the Company recorded a net loss of £1,591,286 (1.10p), compared with a net gain £49,761 (0.04p) in the year earlier second quarter. As evidenced in the above table, the increased loss during the current quarter compared to the previous year's quarter was the result of lower bank interest receivable, higher corporate and Botswana administration costs, increased professional fees and interest and related fees in respect of the Botswana Note Programme as described below.

Bank interest receivable:

Bank interest receivable for the second quarter of fiscal 2008 decreased to £581,024 from £785,736 in the second 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 second quarter of fiscal 2008, the Company incurred a total of £312,052 (2007: £147,938) in corporate salaries, general and administrative expenses. The increase was primarily related to a severance amount of £173,040 paid during the second quarter of fiscal 2008 to Joseph Hamilton pursuant to a leaving and termination agreement between the Company, Mr. Hamilton and Mr. Hamilton's company Pickax International Corporation. See "Transactions with Related Parties". On 12 June 2008 Mr. Hamilton resigned as Chief Executive Officer and from the Board of Directors.

Botswana general and administration, salaries and benefits:

During the second quarter of 2008, Botswana general administration and salary costs increased to £275,637 compared to £134,937 for the same period in 2007. In anticipation of commercial production commencing at the Mowana Mine, general and administration costs increased substantially with expenditures incurred for hiring of new people and establishing infrastructure and systems.

Insurance:

The insurance expense for the three months ended 30 June 2008 reflected the cost of directors' and officers' insurance for the period. The insurance cost for the comparative three months ended 30 June 2007 of £46,667 was higher based on insurance advisory and review costs of the Mowana Mine construction and delay insurance coverage.

Investor relations:

Investor relations costs decreased to £34,550 for the three-month period ended 30 June 2008 compared with £45,429 in the same period in 2007. The decrease was primarily due to costs paid to a public relations firm during the three months ended 30 June 2007 which were not required during the current year's quarter.

Public company administration:

Public company administration costs decreased to £23,319 for the three-month period ended 30 June 2008 compared with £35,338 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.

Travel and accommodation:

Travel, accommodation, and conference costs increased to £43,842 during the second quarter of 2008 compared to £35,672 in the first quarter of 2007. The increase during the current year's quarter was the result of the timing of registration expenditures for future conferences the Company plans to attend and increased Botswana based travel costs.

Professional fees:

Professional fees increased to £158,638 during the three-month period ended 30 June 2008 compared to £87,271 in the previous year's quarter. The increase costs during the three months ended 30 June 2008 was related to three primary reasons: (1) legal fees incurred with respect to the leaving and termination agreement respecting Joseph Hamilton (2) an 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 June 2008 of £28,306 (2007: £217,402) are non-cash expenses and reflect the derived value of stock options vested during the quarter. An additional amount of £7,492 (2007: £92,219) was recorded during the second 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 second 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 (£11.2 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 Note Programme Interest Expense of £8,939 for the three months ended 30 June 2008. In addition, interest expense on the Botswana Bond for the three months ended 30 June 2008 totalled £409,803.

Hedging loss:

The Company realized a hedging loss of £814,340 during the period ended 30 June 2008 on put contracts settled prior to the anticipated start of commercial production as these contracts ceased to be classified as effective hedges. Accordingly, the losses on the April, May, June and July 2008 put contracts were expensed in the Consolidated Profit and Loss Statement. 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.

Foreign exchange:

During the three-month period ended 30 June 2008, the Company recorded a foreign exchange loss of £37,576 compared to a gain of £56,360 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 £37,576 foreign exchange loss recorded for the three-month period ended June 30, 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 second quarter of 2008 the Rand weakened relative to Sterling. Based on rates provided by the Bank of England the Rand/Sterling exchange rate at 31 March 2008 was 16.16330 compared to 15.58050 at 30 June 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 30 June 2008 the foreign exchange translation loss recognized in shareholders' equity was £1 million compared to the translation loss of £0.3 million during the three-month period ended 30 June 2007. During the second 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 March 2008 was 13.4470 compared to 13.3125 at 30 June 2008.

Six Months Ended 30 June 2008

For the six months ended 30 June 2008, the Company recorded a net loss of £2,646,942 (1.83p per share) compared to a loss of £129,473 (0.10p per share) for the six months ended 30 June 2007. As evidenced in the table above, the increased loss for the current six month period compared to the six months ended 30 June 2008 was the result of lower bank interest receivable and increased costs related to Botswana administration, travel, professional fees, interest, and foreign exchange and hedging losses.

The £835,699 foreign exchange loss recorded for the six-month period ended June 30, 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 six months ended 30 June 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 15.58050 at 30 June 2008.

CAPITAL EXPENDITURES

The most significant ongoing investing activities during the three and six month periods ended 30 June 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 £14.7 million during the three months ended 30 June 2008 and £24.60 million during the six months ended 30 June 2008. These expenditures were offset by depreciation of £137,057 and foreign exchange losses of £4.6 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 30 June 2008 £'000	For the Six-month period ended 30 June 2008 £'000
Balance at beginning of period:	53,499	48,248
General yard and site work	567	1,385
Process plant	4,261	5,715
Owners cost	345	647
Geology	-	-
Mining	6,235	11,353
Capital WIP	24	347
Ancillary facilities	872	1,781
Share-based expenses	2	23
Fixed assets	1,646	2,195
Depreciation	(68)	(137)
Asset retirement obligation	1,212	1,294
Foreign exchange	(362)	(4,619)
Ending balance	68,232	68,232

Mowana Mine – deferred exploration expenditures

The Company spent £368,434 (2007: £107,342) during the three months ended 30 June 2008 and £555,141 (2007: £185,832) during the six months ended 30 June 2008 on preparing an underground pre-feasibility study and exploration activities in the area surrounding the Mowana Mine in the Mowana prospecting licence area. 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 June 2008 £'000	For the Six-month period ended 30 June 2008 £'000
Opening balance	600	413
Geological and geophysical	45	53
Drilling and Assay	117	211
Underground prefeasibility	198	288
Administration	3	11
Salaries	17	40
Foreign exchange	(12)	(48)
Ending balance	968	968

Matsitama Exploration Project – deferred exploration expenditures

The Company spent £392,672 (2007: £494,439) during the three months ended 30 June 2008 and £643,976 (2007: £775,347) during the six months ended 30 June 2008 on exploration activities in the Matsitama prospecting licence area. The foreign exchange loss of £368,878 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 June 2008 £'000	For the Six-month period ended 30 June 2008 £'000
Beginning Balance	3,792	3,909
Drilling	100	176
Assay	85	95
Geophysical	2	2
Site management and logging	-	-
Depreciation capitalized	4	9
Administration	226	363
Foreign exchange	(24)	(369)
Ending balance	4,185	4,185

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:

	Q2 30 June 2008 (£)	Q1 31 March 2008 (£)	Q4 31 Dec. 2007 (£)	Q3 30 Sept. 2007 (£)
Interest revenues	(581,024)	(474,632)	(701,279)	(795,500)
Net loss /(gain) after tax	1,591,286	1,055,656	146,811	(393,693)
Basic loss/(earnings) per ordinary share	1.10p	0.74p	0.11p	(0.28)p
Diluted loss /(earnings) per ordinary share	1.10p	0.74p	0.11p	(0.26)p

	Q2 30 June 2007 (£)	Q1 31 March 2007 (£)	Q4 31 Dec. 2006 (£)	Q3 30 Sept. 2006 (£)
Interest revenues	(785,736)	(703,675)	(653,176)	(660,398)
Net loss /(gain) after tax	(49,761)	179,234	1,521,716	679,851
Basic loss/(earnings) per ordinary share	(0.04)p	0.14p	1.17p	0.53p
Diluted loss /(earnings) per ordinary share	(0.04)p	0.14p	1.17p	0.53p

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 and six month periods ended 30 June 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 those two periods 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 and during the second quarter of 2008 a loss of £814,340 was recognized as hedging losses.

LIQUIDITY AND CAPITAL RESOURCES

At 30 June 2008, the Company's main sources of liquidity were its cash and cash equivalents of £12.8 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 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 (£3.8 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. 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.

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*" on page 3 above). In addition, under the proposed revised mining plan DMS equipment will be accelerated along with development expenditures for both the Thakadu and the Southern Extension areas. As a result, the Company has determined that it will require additional working capital and capital equipment financing.

Based upon financial analysis of the preliminary revised mine plan, which take into account the increases in capital and operating costs, additional working capital and capital equipment financing will be required. In particular, the revised mine plan currently anticipates, among other things, the following expenditures: (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. Management of the Company intends to obtain such funding via secured project debt and equity. 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. As the Mowana Mine is unencumbered, management believes that the Company will be able to provide security to support any secured project debt.

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 Moolman should Messina terminate the Moolman Contract early. As described above, Messina was required to lodge Pula 50 million as security in favour of Moolman in support of certain payment obligations in the mining contract. (See Note 5 of the 2nd Quarter 2008 Financial Statements – Other Non-Current Assets).

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

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

(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 £2.6 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.

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 30 June 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 £18,270 (2007 - £19,501) for the three months ended 30 June 2008 and £38,373 (2007 - £40,368) for the six months ended 30 June 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 30 June 2008 were £1,588 (2007 - £3,676). The services are provided under a one year contract that expires on 1 September 2008.

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 termination and 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) for compensation of loss of office and termination. Including the Leaving Agreement payment, the Company paid £192,267 (2007: £41,200) during the three months ended 30 June 2008 and £233,467 (2007: £82,400) during the six months ended 30 June 2008 to Pickax.

The Company was charged £68,137 (2007 - £nil) for the three months ended 30 June 2008 and £68,137 (2007 - £nil) for the six months ended 30 June 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 June 2008 were £66,819 (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.

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.

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 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, working capital and financial conditions, as well as the economic viability of the Company’s 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 and commence commercial production 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, delays caused by equipment breakdown, cost overruns and availability of power from South Africa. Any additional failure to meet development targets or other operational delays 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 additional capital, if required, will be available at all or available on terms acceptable to the Company

The Company will require additional financing for working capital and capital equipment finance (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 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 or 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 of £12.8 million (31 December 2007 - £22.4 million), 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.

The Company may not obtain a project debt facility

If a project debt facility is obtained 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 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 revised mining plan may not maximize or optimize the Mowana resources and processing facilities

There can be no assurance that the revised mining plan will maximize or optimize the Mowana resources and processing facilities. There can be no assurance that mineralization at the Southern Extension will be economic, failing which such material will not be available for mining under the revised mining plan. Any delay in completing the revised mine 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 revised mining 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 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, 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 will be 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 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.

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	<u>750,000</u>	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 revised 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 and mineralization at Thakadu, the Southern Extension and/or underground at the Mowana Mine project to supplement open-pit feed, the timing of

obtaining a mining licence and other required permits to exploit the resources at Thakadu, the merit of the revised mine plan and/or an underground mine at the Mowana Mine project, Botswana's energy self-sufficiency, government regulation of mining operations and exploration, availability of project finance for the revised mine plan, 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, the Company's expected ramp up to commercial production, as well as its annual production profile of the Mowana Mine over the next 5 years, the expected date of the pre-feasibility study, completion of a NI 43-101 report regarding additional DMS feed mined at Mowana, 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 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 to identify mineral resources in the Southern Extension of sufficient grade and quantity to support the revised mine plan, 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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