

**AFRICAN COPPER PLC**

**UNAUDITED CONSOLIDATED FINANCIAL INFORMATION**

**Three and Six Months ended 30 June 2009**

**Expressed in Pounds Sterling**

The accompanying Financial Information for the three and six months ended 30 June 2009 and 30 June 2008 have not been audited and have been reviewed by the Company's Auditors and has an effective date of 13 August 2009.

See Note 1 - Nature of operations, going concern and adequacy of project finance

**African Copper Plc**  
**Statement of Comprehensive Income**

	Three Months Ended 30 June		Six Months Ended 30 June	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Continuing operations</b>				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Foreign exchange gain/(loss)	1,206	(38)	1,204	(836)
Administrative expenses	(1,661)	(873)	(2,398)	(1,590)
Share based payment	(9)	(28)	(18)	(44)
Loss on derivative financial instruments	-	(814)	-	(814)
Reversal of Impairment	29,638	-	29,638	-
<b>Operating profit/(loss)</b>	<b>29,174</b>	<b>(1,753)</b>	<b>28,426</b>	<b>(3,284)</b>
Investment income	6	581	13	1,056
Finance costs	(287)	(419)	(748)	(419)
Share of profit of associates and joint ventures	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>28,893</b>	<b>(1,591)</b>	<b>27,691</b>	<b>(2,647)</b>
Income tax expense	-	-	-	-
<b>Profit/(loss) for the period from continuing operations attributable to equity shareholders</b>	<b>28,893</b>	<b>(1,591)</b>	<b>27,691</b>	<b>(2,647)</b>
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	(27)	(999)	578	(6,004)
Net loss on cash flow hedge	-	304	-	(1,096)
Net loss on cashflow hedge removed from equity and reported in the income statement	-	-	-	135
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(27)</b>	<b>(695)</b>	<b>578</b>	<b>(6,965)</b>
<b>Total comprehensive income/(loss) for the period attributable to equity shareholders</b>	<b>28,866</b>	<b>(2, 286)</b>	<b>28,269</b>	<b>(9,612)</b>
Basic earnings/(loss) per ordinary share	9.75p	(1.08)p	9.34p	(1.83)p
Diluted earnings/(loss) per ordinary share	9.75p	(1.08)p	9.34p	(1.83)p

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

		30 June 2009 (unaudited) £'000	As At 31 December 2008 (audited) £'000	30 June 2008 (unaudited) £'000
	Note			
<b>ASSETS</b>				
Property, plant and equipment	3	42,000	12,628	68,232
Deferred exploration costs	4	86	-	5,153
Other financial assets	5	191	197	3,757
<b>Total non-current assets</b>		<b>42,277</b>	<b>12,825</b>	<b>77,142</b>
Inventories	6	869	795	905
Other receivables and prepayments		775	1,186	1,813
Derivative financial assets		-	-	66
Cash and cash equivalents	7	5,998	1,763	12,836
<b>Total current assets</b>		<b>7,642</b>	<b>3,744</b>	<b>15,620</b>
<b>Total assets</b>		<b>49,919</b>	<b>16,569</b>	<b>92,762</b>
<b>EQUITY</b>				
Issued share capital	8	8,234	1,469	1,469
Share premium		81,973	81,973	81,973
Acquisition reserve		4,485	4,485	4,485
Foreign currency translation reserve		7,213	6,635	(7,211)
Hedging reserve		-	-	(1,773)
Accumulated losses		(79,739)	(107,453)	(7,418)
<b>Total equity</b>		<b>22,166</b>	<b>(12,891)</b>	<b>71,525</b>
<b>LIABILITIES</b>				
Asset retirement obligation	12	2,250	2,426	1,486
<b>Total non-current liabilities</b>		<b>2,250</b>	<b>2,426</b>	<b>1,486</b>
Trade and other payables		2,030	13,551	8,565
Due to Zambia Copper Investments Limited	10	23,473	-	-
Interest bearing borrowings	11	-	13,483	11,186
<b>Total current liabilities</b>		<b>25,503</b>	<b>27,034</b>	<b>19,751</b>
<b>Total equity and liabilities</b>		<b>49,919</b>	<b>16,569</b>	<b>92,762</b>

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

**African Copper Plc**  
**Consolidated statement of changes in equity**

	Share Capital £'000	Share Premium £'000	Acquisition Reserve £'000	Foreign Currency Translation Reserve £'000	Hedging Reserve £'000	Accumulated Loss £'000	Total Equity £'000
<b>Balance at 1 January 2008</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 recognised income and expense recognized directly in equity	-	-	-	(6,004)	(961)	-	(6,965)
Loss for the year	-	-	-	-	-	(2,647)	(2,647)
Total recognised income and expense for the year	-	-	-	(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
Foreign exchange adjustments	-	-	-	13,846	-	-	13,846
Fair value gain on cash flow hedge instruments	-	-	-	-	3,530	-	3,530
Net loss on cashflow hedge removed from equity and reported in the income statement	-	-	-	-	(1,757)	-	(1,757)
Total recognized income and expense recognised directly in equity	-	-	-	13,846	1,773	-	15,619
Loss for the year	-	-	-	-	-	(100,062)	(100,062)
Total recognised income and expense for the year	-	-	-	13,846	1,773	(100,062)	(84,443)
Credit arising on share options	-	-	-	-	-	27	27
<b>Balance at 31 December 2008</b>	1,469	81,973	4,485	6,635	-	(107,453)	(12,891)
Foreign exchange adjustments	-	-	-	578	-	-	578
Total recognized income and expense recognised directly in equity	-	-	-	578	-	-	578
Profit for the period	-	-	-	-	-	27,691	27,691
Total recognised income and expense for the period	-	-	-	578	-	27,691	28,269
New share capital subscribed	6,765	-	-	-	-	-	6,765
Credit arising on share options	-	-	-	-	-	23	23
<b>Balance at 30 June 2009</b>	8,234	81,973	4,485	7,213	-	(79,739)	22,166

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

	Three Months Ended 30 June		Six Months Ended 30 June	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Administration expenses	(1,661)	(873)	(2,398)	(1,590)
Share based expenses	(9)	(28)	(18)	(44)
Finance costs	(287)	(419)	(748)	(419)
Reversal of Impairment	29,638	-	29,638	-
Operating loss from continuing operations	27,681	(1,320)	26,474	(2,053)
Decrease/(increase) in receivables	(473)	434	416	90
Increase in inventories	(142)	(905)	(73)	(905)
(Decrease)/increase in payables	(5,337)	(19)	(5,432)	13
Share based payment expense	9	28	18	44
Accrued interest	287	419	748	419
Reversal of Impairment	(29,638)	-	(29,638)	-
<b>Cash used in operating activities</b>	(7,613)	(1,363)	(7,487)	(2,392)
Interest received	6	581	13	1,056
Other income	-	-	-	-
Net cash (outflow)/inflow from operating activities	(7,607)	(782)	(7,474)	(1,336)
<b>Cash flows from investing activities</b>				
Payments to acquire property, plant and equipment	1,207	(15,409)	(74)	(22,874)
Payments of deferred exploration expenditures	(38)	(381)	(86)	(831)
Net cash outflow from investing activities	1,169	(15,790)	(160)	(23,705)
<b>Cash flows from financing activities</b>				
Issue of equity share capital, net of issue	6,765	-	6,765	5,099
Payment /Proceeds from interest bearing	(13,483)	11,186	(13,483)	11,186
Proceeds from bridge loan	-	-	1,065	-
Repayment of bridge loan	(1,065)	-	(1,065)	-
Proceeds from Zambia Copper Investments Limited	17,382	-	17,382	-
Net cash inflow from financing activities	9,599	11,186	10,664	16,285
<b>Net decrease in cash and cash equivalents</b>	3,161	(5,386)	3,030	(8,756)
Cash and cash equivalents at beginning of the period	1,630	18,260	1,763	22,428
Exchange profit/(loss)	1,207	(38)	1,205	(836)
<b>Cash and cash equivalents at end of the period</b>	5,998	12,836	5,998	12,836

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

African Copper Plc ("**African Copper**" or the "**Company**") is a public limited company incorporated and domiciled in England and is listed on the AIM market of the London Stock Exchange 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 holds permits in exploration properties 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.

The Group has only one business segment, namely copper exploration and development in Botswana. This is considered to be the primary reporting segment of the Group.

### Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

On 9 May 2009 the Company announced it had entered into agreements pursuant to which Zambia Copper Investments Limited ("ZCI") agreed to provide the Company and its stakeholders with a comprehensive financing package which was subsequently amended by further agreements with effective dates of 12 May 2009, 18 May 2009, 21 May 2009 and 18 June 2009 (the "**Financing Package**").

The ZCI Financing Package comprises:

- a secured bridge loan facility (the "**Initial Bridge Loan**") of US\$7 million. The Initial Bridge Loan was made available to Messina Copper (Botswana) Proprietary Limited ("**Messina**") on 13 May 2009;
- a second secured US\$25.4 million bridge loan facility (the "**Second Bridge Loan**") bearing interest at a rate of 12 per cent. per annum. The Second Bridge Loan was made available to Messina on 18 May 2009;
- a share subscription by ZCI for 676,570,500 new ordinary shares ("**New Ordinary Shares**") at an issue price of 1 pence per share (the "**Share Subscription**") for gross proceeds to the Company of approximately US\$9.9 million. The Share Subscription was completed on 22 May 2009;
- a four year secured part convertible credit facility (the "**Convertible Loan Facility**") of US\$31,129,100 comprising a convertible tranche of US\$8,379,100 with a coupon of 12 per cent. per annum ("**Tranche A**") and a tranche that is not convertible of US\$22,750,000 with a coupon of 14 per cent. per annum ("**Tranche B**"). Tranche A of the Convertible Loan Facility is convertible into ordinary shares of 1p each in African Copper at a conversion price of 1p per share. The Convertible Loan Facility agreement was signed on 18 June 2009.

The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions precedent including that ZCI's shareholders have approved the Convertible Loan Facility and security over Messina's assets, including the Mowana Mine, has become effective. The approval of ZCI's shareholders is expected to occur in September 2009 and security is expected to become effective during August 2009.

The Initial Bridge Loan and the Second Bridge Loan will be refinanced out of the proceeds of the Share Subscription and the Convertible Loan Facility. If the Convertible Loan Facility is not completed, the Initial Bridge Loan and the Second Bridge Loan become repayable on 30 September 2009, (or earlier if there has been a default by Messina under the relevant agreements). If the Company is unable to complete the Convertible Loan Facility, the Directors believe the Company would be unable (in the absence of immediate alternative funding) to avoid formal insolvency proceedings, and in such event it is unlikely that there will be any assets available for distribution to shareholders.

In addition, ZCI entered into binding debt assignment agreements with three of Messina's largest creditors (the "**Large Creditors**") pursuant to which the Large Creditors assigned their respective debts totalling US\$10.72 million to ZCI (the "**Debt Acquisitions**") at a price payable by ZCI equal to 50 per cent. of the face value. As a consequence of the Debt Acquisitions and when the Convertible Loan Facility is completed, the Group will be indebted to ZCI in an aggregate amount of US\$41.85 million.

ZCI has agreed with African Copper that it will not initiate any insolvency proceedings against the Company or any of its subsidiaries on the basis of the Debt Acquisitions prior to the earlier of receipt of approval by the ZCI shareholders of the Convertible Loan Facility and 30 September 2009.

The Group's ability to continue as a going concern is dependent upon its ability to finalize the Convertible Loan Facility and subsequently generate positive cashflows from operations at the Mowana Mine. The directors have a reasonable expectation that the Convertible Loan Facility will be completed. The mine plans at Mowana have been reviewed with senior managers of ZCI and preparations are ongoing for recommencing operations at the Mowana Mine by the end of August 2009. Based on the mining and processing strategies that are being implemented the Directors anticipate that the Financing Package provides the necessary funding that will be required for production to be recommenced at the Mowana Mine. On this basis these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

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 13 August 2009.

## **2. Basis of Preparation**

### General Information

The financial information contained in this Interim Report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. 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 the year ended 31 December 2008 have been audited and have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Group's interim financial information for the period has been prepared in accordance with accounting policies consistent with those adopted in the financial statements for the year ended 31 December 2008, 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 2008.

### 3. Property, Plant and Equipment

Group	Mine Development and Infrastructure £'000	Mine Plant and Equipment £'000	Other Assets £'000	Total £'000
<b><u>Cost</u></b>				
Balance at 1 January 2008	45,485	382	2,665	48,532
Additions	51,620	-	1,688	53,308
Exchange adjustments	3,737	34	163	3,934
<b>Balance at 31 December 2008</b>	<b>100,842</b>	<b>416</b>	<b>4,516</b>	<b>105,774</b>
Balance at 1 January 2009	100,842	416	4,516	105,774
Additions	8	-	43	51
Exchange adjustments	(58)	-	(38)	(96)
<b>Balance at 30 June 2009</b>	<b>100,792</b>	<b>416</b>	<b>4,521</b>	<b>105,729</b>
<b><u>Depreciation and impairment losses</u></b>				
Balance at 1 January 2008	-	-	<b>(284)</b>	<b>(284)</b>
Depreciation charge for the year	(56)	-	(346)	(402)
Impairment of property, plant and equipment	(88,660)	(365)	(3,413)	(92,438)
Exchange adjustments	-	-	(22)	(22)
<b>Balance at 31 December 2008</b>	<b>(88,716)</b>	<b>(365)</b>	<b>(4,065)</b>	<b>(93,146)</b>
Balance 1 January 2009	(88,716)	(365)	(4,065)	(93,146)
Depreciation charge for the year	(56)	-	(185)	(241)
Exchange adjustments	20	-	-	20
Reversal of Impairment	29,638	-	-	29,638
<b>Balance at 30 June 2009</b>	<b>(59,114)</b>	<b>(365)</b>	<b>(4,250)</b>	<b>(63,729)</b>
<b><u>Carry amounts</u></b>				
Balance at 1 January 2008	45,485	382	2,381	48,248
Balance at 31 December 2008	12,126	51	451	12,628
<b>Balance at 30 June 2009</b>	<b>41,678</b>	<b>51</b>	<b>271</b>	<b>42,000</b>

#### Impairment Review

As detailed in the accounting policies in the financial statements for the year ended 31 December 2008 the Directors are required to undertake a review for impairment at least annually and in particular where events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

In such situation the assets carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use). However, should indications dictate that a previously recognized impairment loss no longer exist or has decreased then the Directors should estimate the recoverable amount and determine whether an impairment reversal is appropriate.

For the year ended 31 December 2008 the Directors undertook a review of all mining assets in light of the then current economic events and associated declines in metal prices and the Group's working capital deficit and immediate need to raise at least \$US15 million in financing. The Directors assessed the impairment of property, plant and equipment by reference to fair value less costs to sell. The determination of fair value less costs to sell was based on the estimated amount that would be obtained from sale in an arm's length transaction between knowledgeable and willing parties. This estimate was derived from the terms of the US\$15 million Natasa Mining Limited financing transaction (the "**Natasa Transaction**") that was subject to shareholder's approval at an Extraordinary Shareholders Meeting ("**EGM**") held on 7 May 2009. At the EGM the requisite level of shareholder approval for the Natasa Transaction was not received so accordingly the Natasa Transaction did not proceed to completion.

For the six months ended 30 June 2009 the Directors undertook a further review of mining assets in light of certain indicators that the previously recognized impairment loss had decreased including the significant impact of the Company completing the ZCI Financing Package. In performing their review the Directors considered each of the Group's exploration and development assets on a project-by-project basis. Three general cash generating units were considered for the purpose of this assessment. These are:

- The Mowana mine itself including pre-operating cost, exploration expenditures on establishing the current resource base, buildings and plant and machinery associated with the mining operations. Includes resources processed from the Thakadu deposit.
- Exploration expenditures on areas within the Mowana environs but which have not yet been exploited and do not form part of the current declared resources.
- Exploration expenditures on the Matsitama tenements.

Following this review and making estimates of the value in use of the Mowana mine and taking into account the failure of the Natasa Transaction and the finalization of the ZCI Financing Package, the Directors have concluded that a portion of the recognized impairment loss recognized in 2008 on the Mowana mine unit no longer exists and that a partial impairment reversal is appropriate. The estimated value in use of the Mowana mine is estimated at £42 million compared with a carrying value of the assets of £13.6 million at 31 March 2009.

No impairment reversal has been made in respect of any of the other cash generating units.

In deriving an estimate for the value in use in respect for the Mowana mine the Directors' have calculated a Net Present Value of the projected cash flow to be derived from the Mowana mine based on the adopted five (5) year mining plan.

The Net Present Value calculation used the following key assumptions:

Commencement of operations:	August 2009
Copper price:	
Years 1 to 4	US \$ 2.25
Year 5	US \$ 2.00
Exchange rate: Pula to US\$	6.93 (Exchange rate at 30 June 2009)
Discount factor:	14%
Production period:	5 years
Combined ore production from Mowana and Thakadu deposits:	
5 year ore mined	8.4 million tonnes @1.5% Cu
5 year ore milled	5.1 million tonnes @ 2.23% Cu*

*\*Milled tonnage reflects the impact of the proportion of the Mowana feed which will be treated via the application of Dense Media Separation techniques.*

It is estimated that the effect of adverse changes in key assumptions would result in the following decreases in the estimated value in use:

Decrease in copper price by 12.5%	£15.3 million
Increase in all OPEX and CAPEX estimates by 10%	£ 9.2 million
Appreciation of Pula:US\$ exchange rate by 10% to Pula 6.24=US\$1	£ 9.5 million
Increase in discount rate by 2%	£ 2.0 million

As required by IAS 36 no benefit has been recognized for any additional value that could be generated from the assets through improving the performance of the assets through additional cash outflows, from the development of underground workings or from production beyond the five year mine plan.

#### 4. Deferred exploration costs

<b>Group</b>	<b>£'000</b>
<b>Cost</b>	
Balance at 1 January 2007	2,007
Additions	2,347
Exchange adjustments	(32)
<b>Balance 31 December 2007</b>	<b>4,322</b>
Additions	2,137
Exchange adjustments	375
Impairment of deferred exploration	(6,834)
<b>Balance 31 December 2008</b>	<b>Nil</b>
Additions	86
<b>Balance 30 June 2009</b>	<b>86</b>

#### 5. Other Financial Assets

	<b>30 June 2009 £'000</b>	<b>31 December 2008 £'000</b>
<b>Group</b>		
Bank guarantee	191	197

The bank guarantee relates to a payment guarantee to Botswana Power Corporation in respect of the Mowana Mine.

#### 6. Inventories

	<b>30 June 2009 £'000</b>	<b>31 December 2008 £'000</b>
Stockpile inventories	-	59
Consumables	869	736
<b>Total Inventories</b>	<b>869</b>	<b>795</b>

## 7. Cash and cash equivalents

Group	30 June 2009 £'000	31 December 2008 £'000
Cash at bank	-	-
Short-term bank deposits	5,998	1,763
Cash and cash equivalents in the statement of cashflows	5,998	1,763

## 8. Share Capital

	No. of shares	£'000
Authorised:		
Ordinary shares of 1p each	495,000,000	4,950
Redeemable preference shares of £1 each	50,000	50
At 31 December 2008		5,000
Ordinary shares authorized at Extraordinary General Meeting	1,000,000,000	10,000
At 30 June 2009	1,495,050,000	15,000
Issued:		
Balance at 1 January 2007	130,507,185	1,305
Ordinary shares issued on Botswana private placement	8,367,772	84
Ordinary shares issued on exercise of options	700,000	7
Balance at 31 December 2007	139,574,957	1,396
Ordinary shares issued on private placement	7,284,000	73
Balance at 31 December 2008	146,858,957	1,469
Ordinary shares issued on 28 April 2009	43	-
Ordinary shares issued on 22 May 2009	676,570,500	6,765
Balance at 30 June 2009	823,429,500	8,234

### Shares issued

On 8 February 2008, a total of 7,284,000 ordinary shares were issued at a price of £0.70 per ordinary share, 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.

On 28 April 2009 43 new ordinary shares of 1p were issued by the Company in connection with the Company's consolidation of share capital announced on 9 April 2009 as part of the proposed Natasa Transaction. The Natasa Transaction necessitated a reorganisation of the Company's share capital resulting in a consolidation of the Company's existing ordinary shares. One new Ordinary Share of 10p was proposed to be created for every 100 existing ordinary shares. At the EGM the requisite level of shareholder approval for the Natasa Transaction was not received so accordingly the Natasa Transaction did not proceed to completion.

As part of the ZCI Financing Package completed on 22 May 2009, a total of 676,570,500 ordinary shares were issued at a price of £0.01 per ordinary share, raising total net proceeds of £6,765,705.

### Acquisition reserve

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

### Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Botswana foreign subsidiaries that have a different functional currency from the presentation currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

### Dividends

The directors do not recommend the payment of a dividend.

## 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 2004 options were granted at 35p and 76p, in 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p. No options were granted in 2008 or for the six months ending 30 June 2009.

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

	<b>30 June 2009 Weighted average exercise price in £ per share</b>	<b>Options</b>	<b>30 June 2008 Weighted average exercise price in £ per share</b>	<b>Options</b>
At 1 January	75p	11,215,000	76p	11,415,000
Granted		-	-	-
Forfeited	-	(3,750,000)	77.5p	(200,000)
Exercised		-	-	-
At 30 June	75p	7,465,000	75p	11,215,000
Exercisable at the end of the period	75p	6,848,331	75p	9,908,331

The total expense in respect of share based payments for the period was £23,457 (2008:£72,491) of which £18,117 (2008:£43,686) was recorded as an expense in the income statement and £5,340 (2008: £28,805) was capitalised as part of deferred exploration costs.

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

Expiry date	Exercise price in £ per share	Shares	
		30 June 2009	30 June 2008
2014	59p	1,175,000	1,175,000
2015	76p	330,000	1,830,000
2016	77.5p	5,960,000	8,210,000
	75p	7,465,000	11,215,000

#### 10. Due to ZCI

	30 June 2009 £'000	31 December 2008 £'000
Due to ZCI	23,473	-

On 9 May 2009 the Company announced it had entered into agreements pursuant to which ZCI agreed to provide the Company the Financing Package which was subsequently amended by further agreements with effective dates of 12 May 2009, 18 May 2009, 21 May 2009 and 19 June 2009.

#### The ZCI Financing Package comprises:

- the Initial Bridge Loan facility of US\$7 million. The Initial Bridge Loan was made available to Messina on 13 May 2009.
- the Second Bridge Loan facility of US\$25.4 million. The Second Bridge Loan was made available to Messina on 18 May 2009;
- the Share Subscription for gross proceeds to the Company of approximately US\$9.9 million. The Share Subscription was completed on 22 May 2009 and the New Ordinary Shares were admitted to AIM. Following the Share Subscription, the Company had 823,429,500 ordinary shares in issue and ZCI had an interest in 82.16 per cent. of the issued ordinary share capital of the Company;
- the Convertible Loan Facility comprising a convertible Tranche A of US\$8,379,100 with a coupon of 12 per cent. per annum and Tranche B that is not convertible of US\$22,750,000 with a coupon of 14 per cent. per annum. The Convertible Loan Facility was signed on 18 June 2009. Tranche A of the Convertible Loan Facility is convertible into ordinary shares of African Copper at a conversion price of 1p per share. The maximum aggregate number of new ordinary shares which may be issued pursuant to the conversion rights attaching to Tranche A is 556,307,263 new ordinary shares (subject to usual adjustments), which would, were Tranche A to be converted in full, increase ZCI's interest in the enlarged issued share capital of the Company from 82.16 per cent. to 89.36 per cent.

Both Tranche A and Tranche B are repayable four years following the date upon which the Convertible Loan Facility becomes effective unless Messina is in default under the agreement in which event the Convertible Loan Facility will become immediately due and repayable. The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions precedent including that ZCI's shareholders have approved the Convertible Loan Facility and security over Messina's assets, including the Mowana Mine, has become effective. The approval of ZCI's shareholders is expected to occur in September 2009 and security is expected to become effective during July 2009. ZCI's right of

conversion in relation to Tranche A is conditional upon the Company having sufficient authorised but unissued share capital and the directors of the Company having been granted the necessary authorities by the Company's shareholders to allot and issue ordinary shares to ZCI upon any exercise of such right of conversion. The Initial Bridge Loan and the Second Bridge Loan will be refinanced out of the proceeds of the Share Subscription and the Convertible Loan Facility. The Convertible Loan Facility may only be used for this purpose. The Convertible Loan Facility contains typical covenants, warranties and events of default for an agreement of this nature. The Convertible Loan Facility has been guaranteed by African Copper and all other African Copper group companies and will be secured over Messina's assets including a share pledge over the shares of Messina.

### **ZCI Debt Acquisitions**

On 11 May 2009, the Company and ZCI entered into a binding debt assignment agreement with Moolman pursuant to which Moolman assigned its 60 million Pula plus VAT (approximately US\$8 million at an exchange rate of US\$1/7.5 Pula) outstanding debt of Messina (the "**Moolman Debt**") to ZCI at a price equal to 50 per cent. of the face value of the Moolman Debt plus the full amount of invoiced VAT. The amount of the VAT will be refunded by the Company to ZCI upon recovery by the Company.

On 12 May 2009, the Company's engineering procurement contractor Senet CC ("**Senet**") entered into an agreement with ZCI, pursuant to which Senet assigned its ZAR 17,002,545 (approximately US\$2 million at an exchange rate of US\$1/ZAR8.44) outstanding debt of Messina (the "**Senet Debt**") to ZCI at a price equal to 50 per cent. of the face value of the Senet Debt.

On 21 May 2009, ZCI completed a compromise agreement with Read Swatman & Voigt (Pty) Limited ("**RSV**") pursuant to which RSV was paid in cash 50 per cent of monies of the total of ZAR 4,537,525 owed directly to RSV and 100 per cent of the total ZAR 1,509,374 owed to RSV sub contractors, being payment of a total of ZAR 3,777,836 (approximately US\$448,141.87 at an exchange rate of US\$1/ZAR8.43) in full and final settlement of debts due from the Company and its subsidiaries. Pursuant to the compromise agreement the full amount of the RSV Debt, ZAR 6,046,899 (approximately US\$717,307 at an exchange rate of US\$1/ZAR8.43) (the "**RSV Debt**") was assigned to ZCI.

Each of the Moolman Debt, the Senet Debt and the RSV Debt are currently due and payable. ZCI and African Copper have agreed that the Company will cause the full amounts of the Senet Debt and RSV Debt to be repaid to ZCI in the short term and that the Moolman Debt will be repaid to ZCI as and when sufficient levels of working capital are available to the Company.

ZCI has agreed with African Copper that it will not initiate any insolvency proceedings against the Company or any of its subsidiaries on the basis of the Moolman Debt, Senet Debt or RSV Debt acquired by it prior to (save in the event of default), the earlier of receipt of approval by the ZCI shareholders of the Convertible Loan Facility and 30 September 2009.

As a consequence of the Initial Bridge and Second Bridge Loan and the ZCI Debt Acquisitions, the Group is indebted to ZCI at 30 June 2009 in an aggregate amount of approximately US\$40.04 million.

### **Natasa's Debt Acquisitions**

On 15 May 2009 the Company announced that Natasa had acquired (i) bonds issued by Messina with a face value of BWP 149.6 million (approximately US\$20.4 million); and (ii) other indebtedness of Messina amounting to approximately US\$2.1 million. The Company subsequently received a demand from Natasa calling for the immediate repayment of the entire principal amount of the Bonds on the basis of alleged defaults under the terms of the Bonds. On 15 May 2009, Natasa lodged the Liquidation Petition with the High Court of Botswana to seek an order for the provisional liquidation of Messina.

On 3 June 2009 the Company settled in full all the claims of Natasa against its subsidiaries Messina and Matsitama and Natasa withdrew its petition for the provisional liquidation of Messina filed at the Botswana High Court.

### Use of Proceeds of the Share Subscription and Convertible Loan Facility

The use of proceeds of the US\$9.9 million Share Subscription and the US\$31.1 million Convertible Loan Facility which total approximately US\$41.00 million was, or are expected to be, as follows;

	US\$ (millions)
Repayment of Natasa Bridge Loan	1.51
Payment to ZCI of the ZCI Debt Acquisitions*	10.72
Purchase from Natasa the Bonds	20.40
Payment to Natasa of the Natasa Debt Acquisitions	2.10
Working Capital	6.27
<b>Total Financing Package</b>	<b>41.00</b>

\* ZCI and ACU have agreed that the Company will cause the full amounts of each of the Senet Debt and the RSV Debt to be repaid to ZCI in the short term and that the Moolman Debt will be repaid to ZCI as and when sufficient levels of working capital are available to the Company.

### 11. Interest bearing borrowings

	30 June 2009 £'000	31 December 2008 £'000
Unsecured 14% fixed rate Pula bond	-	13,483

On 4 April 2008 Messina, the Company's wholly-owned subsidiary, completed the private placement of £13.6 million (Botswana Pula 150 million) of fixed rate unsecured notes (the "**Botswana Bond**"). The notes have been priced at 14.0 percent annual interest with a maturity of 7 years. On 2 April 2009 Messina did not pay the required interest payment due on the Botswana Bond which was an event of default under the Botswana Bond.

On 15 May 2009 the Company announced that Natasa had acquired the Botswana Bond and that Natasa had lodged a petition with the High Court of Botswana to seek an order for the provisional liquidation of Messina. As part of the ZCI Financing Package (See Note 10 – Due to ZCI) the Second Bridge Loan was made available to the Group with the primary portion of this amount made available for the purpose of repaying in full the Botswana Bond owing to Natasa. At 3 June 2009 the Botswana Bond owing to Natasa was paid in full.

### 12. Asset retirement obligations

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 June 2009 is £2,250,316 (2008 - £2,426,000). 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.

### 13. Commitments

At 30 June 2009, commitments total to £2.56 million:

Contractual Obligations	Total	2009	2010	2011	2012	2013 and thereafter
	£'000	£'000	£'000	£'000	£'000	£'000
Goods, services and equipment <sup>(a)</sup>	1,080	1,080	-	-	-	-
Exploration licences <sup>(b)</sup>	1,309	383	593	333	-	-
Mining licence	7	1	1	1	4	-
Lease agreements <sup>(c)</sup>	171	65	71	35	-	-
	2,567	1,529	665	369	4	-

- 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.
- b) Under the terms of the Company's prospecting licences Matsitama is obliged to incur certain minimum expenditures.
- c) The Company has entered into agreements for lease premises for various periods until 5 November 2010.

### 14. 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 as at	
	30 June 2009	30 June 2008	30 June 2009	31 Dec 2008
	£'000	£'000	£'000	£'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	37	38	-	-
Amount paid to Aegis Instruments, company controlled by a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and reimbursed expenses	-	68	-	27
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	-	233	-	-

Due to ZCI (see Note 10 and 15)	23,473	-	23,473	-
	23,510	339	23,473	27

### 15. Ultimate Controlling Party

The directors regard ZCI, a company registered in Bermuda, as the Company's immediate parent undertaking.

The Company's ultimate controlling party is The Copperbelt Development Foundation.

### 16. Financial instruments

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

From time-to-time the Group may use derivative transactions by purchasing copper put contracts to manage fluctuations in copper prices in the Group's underlying business operations. The use of derivatives is based on established practices and parameters which are subject to the oversight of the Board of Directors.

All of the Group's and Company's financial liabilities are measured at amortised cost and all of the Group's and Company's financial assets are classified as loans and receivables.

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are market risk including interest rate risk, foreign exchange risk and commodity price risk and liquidity risk each of which is discussed below.

The Group and Company's activities are exposed to a variety of financial risks, which include interest rate risk, foreign exchange risk, commodity price risk and liquidity risk.

#### (a) Market Risk

##### (i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cashflows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. Interest bearing borrowings comprise a fixed rate note and variable rate vehicle lease obligations. Variable lease obligations are not considered material.

As at 30 June 2009, with other variables unchanged, a plus or minus 1% change in interest rates, on investments and borrowings whose interest rates are not fixed, would affect the loss for the period by plus or minus £30,000 for the period.

##### (ii) Foreign exchange risk

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

The Group has not used forward exchange contracts to manage the risk relating to financial assets, future transactions or foreign borrowings. Fluctuations in financial assets, future transactions or foreign borrowings are recognised directly in profit or loss. During 2007 and 2008 the Group purchased South African Rand from time to time to match known future South African Rand transactions relating to the development and construction of the Mowana Mine.

As a result of the Group's main assets and subsidiaries being held in Botswana and having a functional currency different than the presentation currency, the Group's balance sheet can be affected significantly by movements in the Pound Sterling to the Botswana Pula. During 2007 and 2008 the Group did not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with these Botswana subsidiary assets and liabilities as the effective portion of foreign currency gains or losses arising are recorded through the translation reserve.

Foreign currency risk sensitivity analysis:

	Profit/Loss		Equity	
	30 June 2009 £'000	31 December 2008 £'000	30 June 2009 £'000	31 December 2008 £'000
If there was a 10% weakening of Pula against Sterling with all other variables held constant – increase/(decrease)	-	-	950	(7,474)
If there was a 10% strengthening of Pula against Sterling with all other variables held constant – increase/(decrease)	-	-	(2,417)	9,134
If there was a 10% weakening of Rand against Sterling with all other variables held constant – increase/(decrease)	(181)	179	(181)	179
If there was a 10% strengthening of Rand against Sterling with all other variables held constant – increase/(decrease)	221	(219)	221	(219)

### Commodity price risk

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

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

### (b) Credit risk

The Group is exposed to credit risk on its cash and cash equivalents and other receivables which also represent the maximum exposure to credit risk. The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

### **(c) Liquidity Risk**

As at 30 June, 2009 the Company had £6.0 million in cash and cash equivalents, £0.7 million in other receivables and prepayments and £23 million due to ZCI.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of committed credit facilities. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

### **Fair value of financial instruments**

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

### **17. Subsequent Events**

#### **Board of Directors Changes**

On 30 July 2009 David Jones, Deputy Chairman, did not stand for re-election to the Board of Directors.

## **INDEPENDENT REVIEW REPORT TO AFRICAN COPPER PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009 which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules of the London Stock Exchange and Canadian securities legislation.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union, UK company law and applicable accounting standards ("UK GAAP"). The condensed set of financial statements included in this half-yearly report has been prepared using accounting policies consistent with those to be applied in the next annual financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

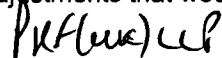
### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange, Canadian securities legislation and International Accounting Standard 34 as adopted by the European Union.

### **Emphasis of matter – Going concern**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group had current liabilities at 30 June 2009 which exceeded current assets by £14,403,000. As explained in note 1 project finance has been agreed in principle but the conditions precedent have not yet been achieved and there remains uncertainty over the completion of these conditions. In addition the group needs to implement the plans for the Mowana mine utilising the working capital that is currently available and there are various factors which may mean that the working capital available is not sufficient

requiring further funds to be raised. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial information does not include the adjustments that would result if the group was unable to continue as a going concern.



PKF (UK) LLP  
London, UK

13 August 2009