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AIM: ACU
BSE: African Copper



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period ended 30 June 2009

*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 2009 compared with the three and six months ended 30 June 2008. The MD&A should be read in conjunction with the 31 December 2008 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 basis or the fair value basis for certain financial instruments and in accordance with International Financial Reporting Standards ("**IFRS**") (see Note 2: Summary of Significant Accounting Policies). All amounts herein are expressed in British Pounds Sterling unless otherwise indicated and the information is current to 13 August 2009.*

*David De'ath, BSc (Hons), MSc, GDE-Mining and MIMMM, the Company's Manager Geology of the Mowana Mine and a "**qualified person**" as such term is defined in Canadian National Instrument 43-101, has reviewed and approved the technical information in this MD&A relating to the Company's mineral properties.*

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.

DESCRIPTION OF BUSINESS

African Copper is incorporated in England and Wales, and its ordinary shares are listed on the AIM market of the London Stock Exchange ("**AIM**") and the Botswana Stock Exchange ("**BSE**"). The ordinary shares trade on AIM under the symbol "ACU" and on the BSE under the symbol "African Copper". On 20 May 2009 the Company announced it had voluntarily delisted its shares from the Toronto Stock Exchange ("**TSX**"). The delisting was a condition of the closing of the funding by Zambia Copper Investments Limited ("**ZCI**") (as disclosed in the Company's and ZCI's press release on 11 May 2009 and described in this MD&A below under the heading Overall Performance).

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 Company has a 100 per cent. interest in the Matsitama exploration concession that covers a large area of prospective mineral holdings. Additional information relating to the Company, including a technical report on the Mowana Mine by RSV entitled "National Instrument, 43-101 Technical Report on the Mowana Mine, Botswana" dated 26 November 2007, can be found on the Company's website or under the Company's profile on SEDAR at www.sedar.com.

OVERALL PERFORMANCE

During the second quarter of 2009 the Company concluded agreements with ZCI in finalizing a comprehensive \$US 41 million financing package (the "**ZCI 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 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;

- 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 African Copper at a conversion price of 1p per share. The Convertible Loan Facility was signed on 18 June 2009. 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 August 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. On 30 July 2009, at the Company's Annual General Meeting, shareholders approved the necessary authorities to allot and issue ordinary shares to ZCI should ZCI exercise the conversion right. 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 that 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 Messina's previous mining contractor, Moolman Mining Botswana (Pty) Limited ("**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 ZAR4,537,525 owed directly to RSV and 100 per cent of the total ZAR1,509,374 owed to RSV sub contractors (the "**RSV Debt**"), being payment of a total of ZAR3,777,836 (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, ZAR6,046,899 (approximately US\$717,307 at an exchange rate of US\$1/ZAR8.43) was assigned to ZCI.

Each of the Moolman Debt, the Senet Debt and the RSV Debt are current liabilities. 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 the Company 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 debts arising from the ZCI Financing Package 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 Mining Limited ("Natasa") 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\$20.40 million) (the "**Bonds**"); 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 a petition with the High Court of Botswana to seek an order for the provisional liquidation of Messina (the "**Liquidation Petition**").

On 3 June 2009 the Company settled in full all the claims of Natasa against its subsidiaries Messina and Matsitama Minerals (Proprietary) Limited ("**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 of ZCI Debt Acquisitions*	10.72
Purchase of Bonds	20.40
Payment of Natasa Debt Acquisitions	2.10
Working Capital	6.27
Total Financing Package	41.00

* ZCI and African Copper 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.

Conclusion of the ZCI Financing Package has secured the required working capital finance to enable the Company to bring the Mowana mine back into production. Upon receiving the funding from ZCI the Company and ZCI initiated an immediate strategic review of the existing 5 year operating plan with the goal of commencing production as soon as practical, optimizing metal production and ramping up to sustainability in copper output. The anticipated plans and activities completed since the funding include:

1. Organizational restructuring including the integration of ZCI expertise and resources into the organization. A detailed review of the Company and its subsidiary staffing levels and capabilities is being completed and acted upon with the primary focus of rightsizing senior management positions to be consistent with the planned operational strategy. From a general workforce perspective Messina was successful in retaining a significant portion of its general workforce and skillbase as it avoided wholesale retrenchments during the period the Mowana mine was on care and maintenance. This has provided Messina the ability to re-commence operations in a timely manner.
2. Mowana mine operations – At the time of placing the Mowana mine on care and maintenance on 21 January 2009 the open pit had been mined over a 1.5km strike length with ore exposed to at least 20m below surface and a 700,000 tonne stockpile had been accumulated. This accumulated mining experience has provided a greater understanding of the geology, structure and mineralogy of the Mowana deposit. In addition, the amount of pre-strip mining completed has provided an open pit foot print that is amenable to mining at a lower strip ratio and the accumulated stockpile provides flexibility and an opportunity to adjust the short-term mining rate while the balance between the size of the stockpile and the processing rate is being correctly balanced. Resumption of mining activities at Mowana commenced in early August 2009 and the plant is scheduled to resume operations in late August 2009. The initial plan is to access the highest grade ore in the exposed ore zone strike at Mowana Mine with smaller scale interim pits. The design offers the opportunity to reduce the mining equipment configuration and size thereby lowering the cost of the mining but still allowing the ability to scale up operations at times when the copper price warrants.
3. Thakadu deposit – plans are being made to secure a mining licence at Thakadu to access the higher grade Thakadu mineral resources as a low-cost opportunity. The outcrop exposure at Thakadu and the possible initial boxcut design lends itself to a small scale operation with low pre-strip mining requirements, limited overheads and the full support of the Mowana Mine infrastructure and management. The possible significant silver credit associated with Thakadu could also be factored into the costs associated with getting run of mine ore to the Mowana Plant which is 70 km away. The Company has commenced work on the Environmental Impact Study and Archaeological Impact Assessment which are required to achieve a mining licences for Thakadu. It is planned to achieve the necessary permitting and apply for a mining licence during the first quarter of 2010.
4. Operating and capital expenditures have been approved and are being spent to initiate the start-up of Mowana mine plant operations planned for by the end of August 2009. Prior to re-commencing operations at the Mowana Mine the Company and ZCI personnel have performed a detailed review and evaluation of the crushing, milling and floatation circuits based on experience gained during the initial start-up in late 2008. Modifications and optimizations including modifications to the primary crushing facility, minor modifications and repairs to the secondary and tertiary crushing infrastructure and replacement of mill liners are nearly complete in advance of mine start-up.
5. Dense media separation (“DMS”) – recent test work including the bulk processing of Mowana run-of-mine ores at the Bond Equipment (Pty) Limited DMS facility in South Africa has supported the applicability of implementing a DMS within the Mowana circuit. Board approval is being sought to immediately order a 50 tonne-per-hour DMS plant to integrate into the production stream.
6. Recovery rates – significant focus has been placed on increasing recovery rates of copper through the dual circuit concentrator by optimizing the grade recovery for oxide and sulphide ores. A new metallurgical team is in place supported by experienced ZCI personnel.

Based on the work completed to date in progressing the Mowana mine back towards production and the mining and processing strategies that are being planned the Directors anticipate that the ZCI Financing Package provides the necessary working capital that will be required for production to be recommenced at the Mowana mine. However, if ramp-up to commercial production is delayed or, after commercial production re-commences any material reduction in tonnages, grades and/or recovery rates and overruns

in operating costs are experienced, these factors could have a material adverse effect on the Company's business and require a need for further working capital. The Directors expect that such funding may be provided by ZCI but the terms of any further funding will be subject to separate commercial negotiations between the Company and ZCI once the mine plans have been completed and/or the timing and amount of such necessary funds is known. 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 further dilution to existing shareholders.

Delisting from the Toronto Stock Exchange ("TSX")

On 20 May 2009 the Company announced that the TSX had accepted the Company's application to voluntarily delist its ordinary shares from the TSX. The application for delisting was a condition of the closing of the ZCI Financing Package. The delisting of the ordinary shares from the TSX took place as of the close of trading on 20 May 2009. The Company's ordinary shares continue to be listed on AIM and the BSE.

Board of Directors Changes

On 22 May 2009 the Company announced the appointment of two new directors to the Board of the Company, David Rodier and Jordan Soko. In addition, it was announced that Michael Evans had resigned from the Board and Roy Corrans had stepped down from his current role of Chairman but will remain on the Board. Mr. Rodier was appointed as the new Chairman of the Board. On 18 June 2009 the Company announced that Anthony Williams had resigned from the Board. On 30 July 2009 David Jones, the Company's Deputy Chairman, did not stand for re-election at the Company's Annual General Meeting.

TRENDS

Throughout the fourth quarter of 2008, and continuing into early 2009, global financial and commodity markets were characterized by volatility and falling copper prices. However by early August 2009 copper prices had rebounded to their highest levels since October 2008 on optimism about growth in China, the world's top consumer of industrial metals, and possible signs of a U.S. housing market recovery. Until the world's economic outlook becomes clearer and signs that the current global recession is ending mining companies will likely continue to encounter possible economic adversities including:

- Constraints on liquidity making it difficult to raise new capital;
- Fluctuations in energy and resource prices; and
- Currency volatility

As a result of these trends, which were severe at the beginning of fiscal 2009 and delays in shipping first concentrate resulting from the delays in commissioning of the Mowana Mine, African Copper was unable to generate anticipated cashflow and obtain the required working capital finance for continued operations.

During the second quarter of 2009 the Company was successfully refinanced with the completion of the comprehensive ZCI Financing Package including the finalization with Messina's large creditors and bondholders regarding compromise of debts. In addition, the Company focused on an organizational restructuring including the integration of ZCI expertise and resources into the organization. A detailed review of the Company and its subsidiary staffing levels and capabilities is being completed and acted upon with the primary focus of rightsizing senior management positions and the cost structure of the Mowana mine to successfully operate within the current economic climate.

With continued market volatility anticipated, the Company's strategy is to re-commence operations at the Mowana Mine as quickly as possible. Management intends to utilize mining methods and processing parameters that are designed to maximize the short and longer term potential of the Mowana Mine while remaining flexible to adapt to anticipated volatility in the copper price over the next year.

MINERAL PROPERTIES

The Company's wholly-owned subsidiary Messina holds the Dukwe Project comprising exploration licence PL 33/2005, with an area of 139.6 km², and within the exploration licence a mining licence 2006/53L of

32.7 km² valid until end 2031. To the north of PL 33/2005 an additional licence was applied for and awarded during 2008; this licence 180/2008 covers an area of 114.4 km². The Dukwe Project with its associated licences encompasses the Mowana Mine and all current estimated mineral resources and reserves associated with the mine; together with north and south extensions of mineralization that lie outside of the Mowana Mine licence area.

The Company's wholly-owned subsidiary Matsitama holds the Matsitama Project, which is comprised of the Matsitama Licences. In the Matsitama Project area African Copper holds five prospecting licences which are contiguous with the Mowana Mine deposit. All the licences are valid and contain prospective areas of mineralization. All the licences contain prospective and/or known areas of mineralization.

Mowana Mine

At its Mowana Mine, open pit proven (10.82 million tonnes at 1% copper) and probable (3.98 million tonnes at 1.4% copper) reserves have been estimated for a total of 14.8 million tonnes grading 1.11 per cent. copper. Construction of the project began in 2006 and significant progress was made in 2007. The first copper concentrate was produced at the end of July 2008 and the first shipment occurred at the end of October 2008. On 21 January 2009, in response to the Company's then current working capital deficit and immediate need to raise up to US\$15 million for its working capital needs and the then current severe reduction in the demand and price for copper worldwide, the Company's Mowana Mine in Botswana was placed on care and maintenance pending the finalisation of negotiations to obtain the required financing.

The key drivers that will impact the success of the Mowana Mine will be:

- re-commencing operations at the Mowana Mine which is currently expected by the end of August 2009. See *"Risk Factors - The development of the Mowana Mine into a commercial operation and its economic viability cannot be guaranteed"*;
- achieving commercial production rates on a sustained basis without delays; and
- attaining future profitable operations from the Mowana Mine. See *"Risk Factors - The Company has little operating history and a history of losses and there can be no assurance that the Company will ever be profitable."*

Mowana Mine - mining development and infrastructure and mine plant and equipment

	Three months ended 30 June 2009 £'000	Six months ended 30 June 2009 £'000
Balance at beginning of period:	13,606	12,628
General yard and site work	156	150
Process plant	-	63
Owners' cost	(7)	(7)
Preproduction, processing and stockpile handling	(880)	-
Mining	-	-
Capital WIP	(194)	(182)
Ancillary facilities	36	81
Share-based expenses	5	5
Housing development and other assets	(7)	43
Depreciation	(119)	(242)
Asset retirement obligation	(172)	(101)
Foreign exchange	(62)	(76)
Reversal of Impairment	29,638	29,638
Ending balance	42,000	42,000

On 21 January 2009 the Company's Mowana Mine was placed on care and maintenance pending completion of financing. As a result, expenditures on Mowana infrastructure and mine plant and

equipment were controlled to a minimum. In addition, Messina negotiated final debt settlement agreements with its large trade creditors including its mining contractor and EPCM contractors. As part of these negotiations detailed reconciliations were completed for each account to finalize outstanding amounts. These reconciliations and agreements resulted in the reduction of certain expenditures reported during the three and six months ended 30 June 2009. Expenditures were also offset by depreciation of £242,042 and foreign exchange loss of £75,894 during the six month period ended 30 June 2009. 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 for the Three and Six Months Ended 30 June 2009 section of this MD&A).

The primary addition to Mowana Mine Mining Development and Infrastructure and Mine Plant and Equipment related to a partial reversal of the impairment provision recognized in fiscal 2008. 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 \$US 15 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 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.

As at 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 £42.0 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 that would result in the following decreases in 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.

Mowana Mine – deferred exploration expenditures

The Company incurred deferred exploration costs of £17,174 during the three and six months ended 30 June 2009.

	Three months ended 30 June 2009 £'000	Six months ended 30 June 2009 £'000
Opening balance	Nil	Nil
Geological and geophysical	(5)	(5)
Drilling and assay	(2)	(2)
Underground prefeasibility	8	8
Administration	16	16
Salaries	-	-
Foreign exchange	-	-
Ending balance	17	17

Matsitama Project

In line with the market conditions at the end of fiscal 2008 and management's need to aggressively reduce overheads until working capital finance was secured, exploration activity was curtailed at the Matsitama Project with the majority of the exploration team's employment contracts terminated during the fourth quarter of fiscal 2008. Since the completion of the ZCI Financing Package the first priority has been commencing operations at the Mowana mine as soon as practical. The Company and ZCI are currently reviewing the Matsitama tenement areas and work completed to date with the objective of establishing internal programmes or seeking joint venture finance opportunities to expand the geological knowledge related to the Matsitama properties and to pursue the development of mineralization, if discovered, that is economically significant.

Under mineral legislation in Botswana a prospecting licence may be renewed for subsequent periods but upon renewal the prospecting licence area must be reduced in size to not more than half the area at the end of the prior period of the licence. In February 2009 the Group applied to the Geological Survey of Botswana to renew Matsitama exploration licences 014/2004, 015/2004, 016/2004, 017/2004 which were due to expire on 30 June 2009. As part of this application the Group designated a reduction of 43% of the total area of these exploration licences, retaining the exploration ground deemed by management to be the most prospective (or already hosting known mineralization) based on exploration work completed in and prior to 2008. On 15 July 2009 the Geological Survey of Botswana renewed the Matsitama exploration licences for a period of two (2) years.

Matsitama Project – deferred exploration expenditures

The Company spent £9,895 (2008: £392,672) during the three months ended 30 June 2009 and £68,962 (2008: £643,976) during the six months ended 30 June 2009 primarily on administrative expenses activities in the Matsitama prospecting licence area.

	Three months ended 30 June 2009 £'000	Six months ended 30 June 2009 £'000
Beginning Balance	59	-
Drilling	-	-
Assay	-	-
Geophysical	-	-
Depreciation capitalized	-	-
Administration	10	69
Foreign exchange	-	-
Ending balance	69	69

OVERALL FINANCIAL PERFORMANCE

	Three months ended 30 June £		Six months ended 30 June £	
	2009	2008	2009	2008
Bank interest receivable	(6,332)	(581,024)	(12,652)	(1,055,656)
Corporate G&A, consultants, salaries and benefits	129,498	312,052	249,920	458,782
Botswana G&A, consultants, salaries and benefits	503,094	275,637	802,215	494,320
Insurance	7,350	8,408	14,700	16,715
Directors fees	17,741	16,900	65,124	33,800
Investor relations and public company admin	63,900	57,869	95,498	141,424
Travel, accommodation	12,842	43,842	33,490	134,058
Professional fees	662,671	158,638	862,176	311,032
Share based compensation	9,059	28,306	18,117	43,686
Interest expense	287,168	418,742	748,473	418,742
Deferred bond raising fees	264,025	-	274,168	-
	1,957,349	1,320,394	3,163,882	2,052,559
Foreign exchange (gain)/loss	(1,205,651)	37,576	(1,203,833)	835,699
Hedging loss	-	814,340	-	814,340
Reversal of Impairment of property, plant and equipment	(29,638,461)	-	(29,638,461)	-
Net (gain)/loss	(28,893,095)	1,591,286	(27,691,061)	2,646,942

Three months ended 30 June 2009

The Company recorded a net gain for the three months ended 30 June 2009 of £28.89 million (9.75p per ordinary share), compared with a net loss of £1.59 million (1.10p per ordinary share) during the three months ended 30 June 2008. As evidenced in the table above, the gain for the current three month period compared to the loss for the three months ended 30 June 2008 was primarily related to the £29.6 million partial reversal of the Mowana Mine property, plant and equipment impairment provision of £99.2 million that was recognized in fiscal 2008.

Bank interest receivable:

Bank interest receivable for three months ended 30 June 2009 decreased to £6,332 from £581,024 for the same period in 2008. The lower bank interest receivable related to lower average cash balances and interest rates throughout the current quarter compared to the previous year's quarter.

Corporate and Botswana general and administration, consultants, salaries and benefits:

During three months ended 30 June 2009, the Company incurred a total of £129,498 (2008: £312,052) in corporate salaries, general and administrative expenses. The decrease was, in part, due to a reduction in fees associated with the change in Chief Executive Officer position in June 2008.

Botswana general and administration, salaries and benefits

During three months ended 30 June 2009, Botswana general administration and salary costs increased to £503,094 compared to £275,637 for the same period in 2008. The increase was, in part, due to the result of certain termination and vacation pay provisions relating to a reduction in staff numbers due to placing the Mowana Mine on care and maintenance on 21 January 2009.

Professional fees:

Professional fees increased to £662,671 during the three months ended 30 June 2009 compared to £158,638 for the same period in 2008. The increase is due to legal and related professional fees in respect of the Natasa Transaction, Natasa debt acquisitions and completing the ZCI Financing Package and other attempted financing initiatives.

Share-based compensation:

Share based compensation expenses of £9,059 (2008: £28,306) are non-cash expenses and reflect the derived value of stock options vested during the period. During the second quarter of 2009 no options were granted (2008: 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 and Deferred Bond Raising Fees:

On 4 April 2008, Messina completed the placing of Pula 150.0 million (£11.85 million) notes with local Botswana institutions (the "**Botswana Bond**"). The Botswana Bond was denominated in Pula and was an unsecured fixed rate note with interest at 14.0% per annum. A fee of 2% (£250,286) of the total principal amount of the Botswana Bond was paid to the placing agents (the "**Bond Raising Fee**") and was capitalized as a reduction of Interest Bearing Borrowings.

On 15 May 2009 the Company announced that Natasa had acquired the Botswana Bond. The Company subsequently received a demand from Natasa calling for the immediate repayment of the entire principal amount of the Botswana Bond on the basis of alleged defaults under the terms of the Botswana Bond. On 15 May 2009, Natasa lodged the Liquidation Petition.

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

The £287,168 interest expense for the three months ended 30 June 2009 relates to interest charges on the Botswana Bond. The Deferred Bond Raising Fees includes the full write-off of the Bond Raising Fee since the Botswana Bond was paid on 3 June 2009.

Foreign exchange:

During three months ended 30 June 2009, the Company recorded a foreign exchange gain of £1,205,651 compared to a loss of £37,576 in the comparative quarter in 2008. The Company has foreign currency exposure with respect to items denominated in foreign currencies. The Company holds and transacts business in multiple currencies, the most significant of which are British Pounds Sterling ("**Sterling**"), Botswana Pula ("**Pula**"), South African Rand ("**Rand**"), Canadian Dollar and US Dollar.

The Pula is considered the functional currency for the Company's Botswana subsidiaries. Accordingly, assets and liabilities of the Botswana subsidiaries are translated into Sterling using the exchange rates in effect at the balance sheet dates. Translation gains and losses are included in a separate component of shareholders' equity. During three months ended 30 June 2009 the foreign exchange translation loss

recognized in shareholders' equity was £26,827 compared to the translation loss of £0.99 million during the same period in 2008.

Six Months Ended 30 June 2009

The Company recorded a net gain for the six months ended 30 June 2009 of £27.69 million (9.34p per ordinary share), compared with a net loss of £2.65 million (1.83p per ordinary share) during the six months ended 30 June 2008. As evidenced in the table above, the gain for the current six month period compared to the loss for the six months ended 30 June 2008 was primarily related to the partial reversal of the Mowana Mine property, plant and equipment impairment provision that was recognized in fiscal 2008.

Bank interest receivable:

Bank interest receivable for six months ended 30 June 2009 decreased to £12,652 from £1,055,656 for the same period in 2008. The lower bank interest receivable related to lower average cash balances and interest rates throughout the current quarter compared to the previous year's quarter.

Corporate and Botswana general and administration, consultants, salaries and benefits:

During six months ended 30 June 2009, the Company incurred a total of £249,920 (2008: £458,782) in corporate salaries, general and administrative expenses. The decrease was, in part, due to a reduction in fees associated with the change in Chief Executive Officer position in June 2008.

Botswana general and administration, salaries and benefits

During six months ended 30 June 2009, Botswana general administration and salary costs increased to £802,215 compared to £494,320 for the same period in 2008. The increase was, in part, due to the result of certain termination and vacation pay provisions relating to retrenchments of staff due to placing the Mowana Mine on care and maintenance on 21 January 2009.

Directors' Fees:

During six months ended 30 June 2009, the Company incurred a total of £65,124 (2008: £33,800) in director fees. The Directors' fees of £65,124 include an amount of £32,233 payable to UK HM Revenue and Customs ("HMRC") in respect of a UK Pay As You Earn ("PAYE") audit. An additional amount of £4,383 interest payable to HMRC on late payment is accounted in the interest expense.

Investor relations and public company administration:

Investor relations and public company administration costs decreased to £95,498 compared with £141,424 for the same period in 2008. Due to the Company's need to raise working capital during the current year's period, investor relations costs were significantly reduced in an effort to save funds.

Travel, accommodation:

Travel and accommodation costs decreased to £33,490 during the six months ended 30 June 2009 compared with £134,058 for the same period in 2008. Due to a lack of working capital during the six months ended 30 June 2009 all discretionary travel costs were suspended in an effort to save funds.

Professional fees:

Professional fees increased to £862,176 during the six months ended 30 June 2009 compared to £311,032 for the same period in 2008. The increase is due to legal and related professional fees in respect of the Natasa Transaction, Natasa debt acquisitions and completing the ZCI Financing Package and other attempted financing initiatives.

Share-based compensation:

Share based compensation expenses of £18,117 (2008: £43,686) are non-cash expenses and reflect the derived value of stock options vested during the period. During the six months ended 30 June 2009 no options were granted (2008: 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 and Deferred Bond Raising Fees:

Interest expense increased to £748,473 during the six months ended 30 June 2009 compared to £418,742 for the same period in 2008. The increase relates to an increased number of days the Botswana Bond was outstanding in the 2009 period compared to the same period in 2008. In addition, Deferred

Bond Raising Fees for the six months ended 30 June 2009 includes the full write-off of the Bond Raising Fee since the Botswana Bond was paid on 3 June 2009.

Foreign exchange:

During six months ended 30 June 2009, the Company recorded a foreign exchange gain of £1,203,833 compared to a loss of £835,699 in the comparative quarter in 2008. The Company has foreign currency exposure with respect to items denominated in foreign currencies. The Company holds and transacts business in multiple currencies, the most significant of which are British Pounds Sterling (“**Sterling**”), Botswana Pula (“**Pula**”), South African Rand (“**Rand**”), Canadian Dollar and US Dollar.

The Pula is considered the functional currency for the Company’s Botswana subsidiaries. Accordingly, assets and liabilities of the Botswana subsidiaries are translated into Sterling using the exchange rates in effect at the balance sheet dates. Translation gains and losses are included in a separate component of shareholders’ equity. During six months ended 30 June 2009 the foreign exchange translation gain recognized in shareholders’ equity was £0.58 million compared to the translation loss of £6.0 million during the same period in 2008.

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:

Three Months Ended	Net Revenues	Net Loss/ (Income)		Diluted loss/(gain) per share
		Total	Loss/(gain) per share	
		(£)	(£)	
30 June 2009	-	(28,893,095) ⁽¹⁾	(9.75)p	(9.75)p
31 March 2009	-	1,202,011 ⁽²⁾	0.82p	0.82p
31 December 2008	-	56,907,340 ⁽³⁾	39.05p	39.05p
30 September 2008	-	43,154,703 ⁽⁴⁾	29.69p	29.69p
30 June 2008	-	1,591,286 ⁽⁵⁾	1.10p	1.10p
31 March 2008	-	1,055,656 ⁽⁶⁾	0.74p	0.74p
31 December 2007	-	146,811 ⁽⁷⁾	0.11p	0.11p
30 September 2007	-	(393,693) ⁽⁸⁾	(0.26)p	(0.28)p
30 June 2007	-	(49,761) ⁽⁹⁾	(0.04)p	(0.04)p

- (1) Please review the discussion under the heading “Overall Performance for the three months ended 30 June 2009” in this MD&A for an explanation of the financial results, and exchange gains/losses and related period-to-period changes for the three months ended 30 June 2009.
- (2) Net loss of £1.2 million comprised primarily of interest expense of £471K, professional fees of £200K and administration costs of £420K.
- (3) Net loss of £56.9 million principally relates to a provision during the fourth quarter of 2008 for impairment of long-lived assets of £57.6 million including £50.8 million for Mowana Mine property, plant and equipment, £1.3 million Mowana Mine deferred exploration and £5.5 million Matsitama Project deferred exploration.
- (4) Net loss of £43.2 million principally relates to a provision during the third quarter of 2008 for impairment of Mowana Mine property, plant and equipment of £41.6 million.
- (5) A principal component of the net loss of £1.6 million during the second quarter of 2008 related to a £814,340 hedging loss 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 statement.
- (6) A principal component of the net loss of £1.1 million during the first quarter of 2008 related to a foreign currency loss of £798,123 on fluctuations in the value of Sterling to South African Rand. The Company held Rand to finance planned Rand denominated expenditures for the Mowana Mine Development.
- (7) A component of the net loss of £146,811 during the fourth quarter of 2007 related to a foreign currency gain of £253,175 that was recognized on fluctuations in the value of Sterling to Rand. In addition a loss £406,231 was realized during the quarter as a result of hedging losses incurred on copper put contracts.

- (8) During the third quarter of 2007 the Company recognized a profit of £393,693 as a result of interest income of £795,500 exceeding operating expenditures for the period.
- (9) During the second quarter of 2007 the Company recognized a profit of £49,761 as a result of interest income of £785,736 exceeding operating expenditures for the period. However, the profit was decreased by a stock based compensation charge of £217,402 compared to stock based compensation recorded in the third quarter of 2007 of £25,505.

LIQUIDITY AND CAPITAL RESOURCES

At 30 June 2009, the Company had cash and cash equivalents of £6.0 million (31 December 2008 - £1.76 million) and a working capital deficit of £17.86 million compared to a working capital deficit of £23.29 million at 31 December 2008.

On 9 May 2009 the Company announced it had entered into agreements pursuant to which 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 19 June 2009.

The ZCI Financing Package comprises:

- a US\$7 million Initial Bridge Loan facility which was made available to Messina on 13 May 2009;
- a US\$25.4 million Second Bridge Loan facility which was made available to Messina on 18 May 2009;
- a US\$9.9 million Share Subscription that was completed on 22 May 2009;
- a US\$31.1 million four-year Convertible Loan Facility that was signed on 18 June 2009. Subject to shareholder approval 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. Please review the discussion under the heading "Overall Performance" in this MD&A for details of the terms of the Convertible Loan Facility.

The Initial Bridge Loan, the Second Bridge Loan and the Convertible Bridge Loan Facility have 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

ZCI entered into binding debt assignment agreements with Moolman, Senet and RSV (the "**Large Creditors**") pursuant to which the Large Creditors assigned their respective debts owed by Messina to ZCI at a price equal to 50 per cent. of the face value of the Messina debts which totalled US\$10.72 million. As a consequence of the ZCI Financing Package, and the ZCI Debt Acquisitions, the Group is indebted to ZCI at 30 June 2009 in an aggregate amount of US\$40.04 million.

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 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.

Natasa's Debt Acquisitions

On 15 May 2009 the Company announced that Natasa had acquired (i) the Bonds and (ii) other indebtedness of Messina amounting to approximately US\$2.1 million. On 15 May 2009, Natasa lodged a 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. The Company used proceeds from the Financing Package to settle the Natasa Debts.

Use of Proceeds of the ZCI Financing Package

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 ZCI Debt Acquisitions*	10.72
Purchase of Bonds	20.40
Payment to Natasa of Natasa Debt Acquisitions	2.10
Working Capital	6.27
Total Financing Package	41.00

* 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.

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 Company's ability to continue as a going concern is dependent upon all of the conditions precedent to the advance of funds under the Convertible Loan Facility being satisfied (including ZCI's shareholders approving the Convertible Loan Facility and perfection of security over Messina's assets) and the Company subsequently generating positive cashflows from operations at the Mowana Mine. The Directors have a reasonable expectation that the conditions to the advance of funds under the Convertible Loan Facility will be satisfied. The mine plans at Mowana have been finalized with senior managers of ZCI and preparations are at an advanced stage for recommencing operations at the Mowana Mine with a planned date by the end of August 2009. Based on the mining and processing strategies that have been agreed to the Directors anticipate that the ZCI Financing Package provides the necessary funding that will be required for production to be recommenced at the Mowana Mine. However, if ramp-up to commercial production is delayed or, after commercial production re-commences any reduction in tonnages, grades and/or recovery rates and overruns in operating costs are experienced these factors could have a material adverse effect on the Company's business and require a need for further working capital. The Directors expect that such funding may be provided by ZCI but the terms of any further funding will be subject to separate commercial negotiations between the Company and ZCI once the mine plans have been completed and/or the timing and amount of such funds necessary is known. 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 further dilution to existing shareholders.

CONTRACTUAL OBLIGATIONS

At 30 June 2009, the Group's contractual obligations aggregated £2.54 million:

Contractual Obligations	Total	2009	2010	2011	2012	2013 and thereafter
	£'000	£'000	£'000	£'000	£'000	£'000
Goods, services and equipment ^(a)	1,080	1,080	-	-	-	-
Exploration licences ^(b)	1,309	383	593	333	-	-
Mining licence	7	1	1	1	4	-
Lease agreements ^(c)	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 exploration 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.

At 30 June 2009, outstanding share options and underwriter's options represented a total of 7,465,000 ordinary shares issuable for maximum aggregate proceeds of £5,563,050 if and when exercised.

PROPOSED TRANSACTIONS

As described above under the Liquidity and Capital Resources section of this MD&A, on 9 May 2009 the Company announced it had entered into agreements pursuant to which 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 19 June 2009. The Company's ability to complete the ZCI Financing Packages is dependent upon all of the conditions precedent to the advance of funds under the Convertible Loan Facility being satisfied, including ZCI's shareholders approving the Convertible Loan Facility and perfecting security over Messina's assets. The Directors have reasonable expectation that the conditions to the advance of funds under the Convertible Loan Facility will be satisfied.

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 (2008 - £18,270) for the three months ended 30 June 2009 and £36,540 (2008 - £38,373) for the six months ended 30 June 2009 by Summit Resource Management Limited, a company controlled by D. Jones, a director and the Deputy Chairman of the Company, for the provision of fully-serviced office accommodation in Canada and reimbursed expenses. Accounts payable at 30 June 2009 were £103 (2008 - £1,588). The services are provided under a one year contract that expires on 1 September 2009.

This related party transaction was in the normal course of operations and was measured at the exchange amount.

As a consequence of the debts arising from the ZCI Financing Package 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. See Note 10 and 15 of the consolidated Financial Statements for the three and six months ended 30 June 2009.

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 accounting 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.

For the six months ended 30 June 2009 the Directors undertook a 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, 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 £42.0 million compared with a carrying value of the assets of £13.6 million at 31 March 2009. See the section entitled "*Mineral Properties – Mowana Mine*" presented in this MDA for further information on the assumption used in calculating the value in use of the Mowana Mine.

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 2009 is £2,250,316. The estimate is based on the anticipated seven year open-pit mine life, Botswana inflation of 13% and a discount factor of 14% being the coupon on the Botswana

interest bearing borrowings. Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site at 24.3 million Pula (£2.2 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 its 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 Statement of Comprehensive 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 transferrable. 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.

RISKS

The following risk factors should be considered in assessing the Company's activities. Should any one or more of these risks occur, it could have a material adverse effect on the business, prospects, assets, financial position or operating results of the Company. The risks noted below do not necessarily comprise all those faced by the Company. Additional risks not currently known to the Company or that the Company currently deems would not likely influence an investor's decision to purchase securities of the Company may also impact the Company's business, prospects, assets, financial position or operating results.

Risks Associated with Working Capital Deficit and Completing the Financing Package

The Company's ability to meet its obligations and continue as a going concern is dependent on its ability to complete the Financing Package and subsequently generate positive cashflow from operations at the Mowana Mine.

The Initial Bridge Loan, the Second Bridge Loan and the Share Subscription have been completed. As a result of the completion of the Share Subscription, ZCI owns 82.16 per cent. of the issued ordinary share capital of the Company. The Initial Bridge Loan and the Second Bridge Loan are proposed to be refinanced by the Share Subscription and the Convertible Loan Facility. The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions precedent, including the approval of the Convertible Loan Facility by ZCI's shareholders and the perfection of security over the Messina assets.

If the conditions precedent to the advance of funds under the Convertible Loan Facility are not satisfied, and 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) the Group would, in the absence of alternative sources of funds, have insufficient funds to repay the Initial Bridge Loan and the Second Bridge Loan. If ZCI calls for repayment the Group would, in the absence of alternative sources of funds, have insufficient funds to repay the loans and would thereby be unable to avoid formal insolvency proceedings.

The Company is controlled by ZCI

ZCI owns 82.16 per cent. of the issued share capital of the Company and upon completion of the Convertible Loan Facility will have security over the Company's principal assets including the Mowana Mine. Accordingly, ZCI is able to indirectly control the direction and operations of the Company. ZCI is able to pass any and all resolutions which it is entitled to vote on under applicable laws at shareholder meetings of the Company without the support of any other shareholders. This means that ZCI could (subject to applicable laws and the rules of any stock exchange on which the Company's securities are listed), inter alia:

- change the constitution of the Company and the capital structure of the Company;
- issue further shares to itself at a price to be determined by ZCI which may be significantly dilutive to Shareholders' interests;
- dispose of the Company's assets;
- cancel the Company's trading facility on AIM and the BSE.

Financial support from ZCI

The Group is currently indebted to ZCI pursuant to the ZCI Financing Package and the ZCI Debt Acquisitions for a total indebtedness of US\$40.04 million. The Bridge Loan and Second Bridge Loan are currently repayable on 30 September 2009 or earlier if shareholders of ZCI do not approve the Convertible Loan Facility. Assuming satisfaction of the conditions precedent to the advance of funds under the US\$ 31.13 million Convertible Loan Facility and proceeds from the Share Subscription, the Bridge Loan and the Second Bridge will be repaid to ZCI. The Convertible Loan Facility is a longer term debt repayable in approximately four years time. The balance of the US\$10.72 million ZCI Debt Acquisitions will remain short term debt repayable on demand. As at 13 August 2009, the Group has no income (save for interest earned on cash balances). The Group will accordingly remain dependent upon the continuing support of ZCI not to call for the repayment of amounts owed to it. If ZCI calls for repayment, the Group would, in the absence of alternative sources of funds, have insufficient funds to repay the loans and would thereby be unable to avoid formal insolvency proceedings.

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

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

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

Although the Mowana Mine has recently been commissioned, the ramp-up into commercial production is not complete. On 21 January 2009 the Mowana Mine was placed on care and maintenance pending raising of additional financing to meet its working capital deficit and fund future operations. The Company has completed the ZCI Financing Package and the anticipated timing scheduled for the resumption of operations at the Mowana mine is in late August 2009

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

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

There can be no assurance that the Company will re-commence commercial production by the end of August 2009 or that future cash operating costs will equal estimates due to, among other things, actual tonnages and grades, recovery rates, changes in the economics, delays caused by equipment breakdown, cost overruns and availability of power from South Africa. The continued shut down of the Mowana Mine or, after commercial production re-commences any reduction in tonnages, grades and/or recovery rates and overruns in operating costs could have a material adverse effect on the Company's business, working capital and financial condition.

There can be no assurance that the personnel, systems, procedures and controls currently operated by the existing management team or established by the new operating team after completion of the Financing Package, as applicable, will be adequate to support the Company's operations.

The capital, operating cost estimates and mining and processing plans anticipated for the Mowana Mine, including the key assumptions used by the Company in calculating the partial reversal of the impairment charge recognized in 2008, are estimates only and may not reflect the actual capital, operating costs and mine and processing incurred by the Company

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. Also there can be no assurance that the current mining and processing plan will be maintained and executed upon under the control of ZCI. 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.

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

The Company's revenues, if any, will be derived from the extraction and sale of copper concentrate. The Company sold its existing put contracts on 12 November 2008 and has not entered into any further hedge agreements in respect of copper at this time. Such contracts would mitigate gains and losses in situations when the price changes. The price of copper has fluctuated widely in recent years and has recently been under severe pressure as the global credit crisis has impacted changes in the worldwide balance of copper supply and demand, largely resulting from slower current and forecasted economic growth and weaker consumption, including by China which had in the recent past supported higher copper prices due to its economic growth during such time. The price of copper is affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of copper, and therefore the current or future

economic viability of the Mowana Mine and any other of the Company's projects, cannot accurately be predicted. The potential profitability of the Company and the Company's ability to continue as a going concern are both significantly affected by the price of copper and any further decreases in the prevailing price of copper for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on the Company's results of operations, working capital and financial conditions, as well as the economic viability of the Company's projects.

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

The Company's future mining operations, if re-commenced, will be 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 also 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, if any, will be in the form of copper concentrate which will need to be treated at third-party smelters. The availability of smelter capacity is not guaranteed and costs of such treatment including related transportation cost to the smelter may adversely affect the economic viability of such production.

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

The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Company has entered into employment agreements with certain of its key executives. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management and the loss of one or more could have a materially adverse effect on the Company. Given the recent acquisition of a controlling interest by ZCI no assurance can be made that current key personnel will remain or be kept employed.

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 or plans on conducting and to hold the mineral rights it currently holds under applicable laws and regulations in effect at the present time, and also believes that it is complying in all material respects with the terms of such licences, permits and authorisations. However, the Company's ability to obtain, sustain or renew such licences, permits and authorisations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasigovernmental bodies and there can be no assurance that the Company will be able to obtain, sustain or renew any such licences, permits or authorisations on acceptable terms or at all.

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

Copper is sold throughout the world, principally in US Dollars. The Company's costs are incurred primarily in Botswana Pula, and to a lesser extent in British Pounds Sterling, South African Rand and Canadian Dollars. Changes in the currency exchange rates of the US Dollar against the any of these currencies may affect the actual capital and operating costs of the Projects and will affect the results presented in the Company's financial statements and cause its financial position to fluctuate. As well, such fluctuations may affect the cash flow that the Company hopes to realise from its operations. Accordingly, the Company is exposed to exchange rate fluctuations which could have a material adverse effect on the Company's business, financial condition, working capital, results of operations and prospects.

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

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

The per capita incidence of the HIV/AIDS virus in Botswana has been estimated as being very high, 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.

Allegations made by Natasa

On 18 May 2009, the Company received from Natasa a letter before action alleging breach of contract in relation to the documentation entered into by the Company and its subsidiaries with Natasa in connection with the Natasa Transaction.

Natasa has not quantified its claims. The Company has been advised that the allegations are without merit and, accordingly, in the event that any claim is pursued by Natasa it will be vigorously defended by the Company and its subsidiaries.

If Natasa proceeds with its claims, and succeeds, the Company may not have sufficient funds to pay Natasa, which may result in an event of default under the Convertible Loan Facility.

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

The Company's ability to meet its obligations and continue as a going concern is dependent on its ability to complete the ZCI Financing Package, recommence production at the Mowana Mine and subsequently generate positive cashflow from operations at the Mowana Mine. The Company has no mineral properties from which any ore has ever been extracted and sold at commercial levels and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future.

The success of current and future exploration activities cannot be assured

Due to the Company's financial position, all exploration on the Company's properties has been curtailed and the majority of the exploration team has been retrenched. 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.

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, 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 used copper put contracts to manage financial risks associated with its underlying business activities. On 12 November 2008 the Company exercised and sold the 2007 Puts generating total proceeds of £3.3 million (US\$4.75 million). Based on the put exercise price of \$US3.00 per pound the Company realized a net hedging gain of £346,670 for the twelve months ended 31 December 2008. Hedging losses had previously been recognized during fiscal 2007 and the nine months ended 30 September 2008 when copper was trading in excess of the put exercise price of \$US 3.00 per pound.

In April 2008 Messina completed the Botswana Bond as described above under the heading Overall Financial Performance – Interest Expense. The Botswana Bond was denominated in Pula and was an unsecured fixed rate note bearing interest at 14.0% per annum with a bullet maturity repayment in 7 years. Messina was required to make semi-annual interest payments on 2 April and 2 October of each year. On 2 October 2008 the required semi-annual interest payment was made. Due to Group’s working capital deficit at 31 December 2008, Messina was in technical breach of the Botswana Bond. As a result the Botswana Bond, totalling £13.5 million, was reclassified to current liabilities from non-current liabilities. The Botswana Bond was repaid in full on 3 June 2009 out of the proceeds of the ZCI Financing Package.

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the period beginning on 1 January 2009 and ending on 30 June 2009 there were no changes in the Company’s internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting and decisions regarding required disclosure.

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-				
Opening Balance 1 January 2009			146,858,957	
Shares issued on 28 April 2009			43	
Shares issued on 22 May 2009			676,570,500	823,429,500
Share purchase options				
	23 September 2014	£0.35	500,000	
	12 November 2014	£0.76	675,000	
	14 March 2015	£0.76	90,000	
	12 November 2015	£0.76	240,000	
	1 August 2016	£0.775	4,610,000	
	11 September 2016	£0.775	400,000	
	30 November 2016	£0.775	200,000	
	29 December 2016	£0.775	750,000	7,465,000

FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information”. Forward-looking information includes, but is not limited to, statements concerning mineral resource and reserve estimates, the anticipated dilution which would result from the conversion of the Convertible Loan Facility, the Company’s expectation that the ZCI shareholders will approve the Convertible Loan Facility, the Company’s expectation that ZCI will not require immediate repayment of the Moolman Debt, Senet Debt or the RSV Debt, the Company’s expectation that ZCI will not initiate any insolvency proceedings against the Company or any of its subsidiaries on the basis of the Moolman Debt, Senet Debt or the RSV Debt prior to the date ZCI fails to

obtain shareholder approval of the Convertible Loan Facility or 30 September 2009 (if earlier), the Company's expected use of proceeds of the Share Subscription and the Convertible Loan Facility, the Company's and ZCI's goals and plans with respect to recommencing operations at the Mowana Mine, including the anticipated timing scheduled for the resumption of operations in late August 2009, the Company's overall strategy, the Company's expectations to continue the reduced fixed and variable costs programme following recommencement of operations at the Mowana Mine, the Company's plans with respect to obtaining mining licences for Thakadu, including with respect to the anticipated timing thereof, the Company's plans with respect to the exploration of the Matsitama Project, the type of and timing for the security being given by the Company to ZCI with respect to the Initial Bridge Loan, the Second Bridge Loan and the Convertible Loan Facility, the estimated total discounted amount of cash flows required to settle the Company's asset retirement obligations, the Company's critical accounting estimates, including the partial reversal of the impairment charge recognized in 2008, the Company's estimated amounts used to determine that a partial reversal of the impairment charge recognized in 2008 is appropriate, the Company's strategy with respect to the use of financial instruments and derivative positions, estimated working capital costs, 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 ZCI Financing Package providing the necessary working capital that will be required for production to be recommenced at the Mowana Mine, any further financing required for additional working capital being provided by ZCI, the mining methods and processing parameters designed maximizing the short and longer term potential of the Mowana Mine, the key drivers required for success at the Mowana Mine, the net present value calculations underlying the Company's determination that a partial reversal of the impairment charge recognized in 2008 is appropriate, the satisfaction of the conditions precedent to the advancement of funds under the Convertible Loan Facility, the recovery of mineral properties, estimated useful lives of capital assets, stock appreciation and financial instruments valuation, the Company's ability to access debt and capital markets to meet its immediate and future funding requirements, the regulatory framework in Botswana with respect to, among other things, permits, licenses, authorizations, royalties, taxes and environmental matters, and the Company's ability to obtain and retain 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, the Company not being able to repay any interest or principal payments when due under the Financing Package, ZCI failing to obtain shareholder approval of the Convertible Loan Facility, the Financing Package being insufficient to meet the Company's necessary working capital requirements for production to be recommenced at the Mowana Mine, ZCI not providing any further financing required for additional working capital on terms acceptable to the Company or at all or the Company being unable to obtain any such financing from alternative investors and/or lenders, the mining methods and processing parameters designed failing to maximize the short and longer term potential of the Mowana Mine, any delay in the ramp-up to commercial production is experience or, after commercial production resumes, any material reduction in tonnages, grades and/or recovery rates and overruns in operating costs are experienced, any of the conditions precedent to the advancement of funds under the Convertible Loan Facility failing to be satisfied or waived, ZCI requiring immediate repayment of the Moolman Debt, Senet Debt or the RSV Debt, ZCI initiating insolvency proceedings against the Company or any of its subsidiaries on the basis of the Moolman Debt, Senet Debt or the RSV Debt, adverse changes in any of the key assumptions of the Company regarding the net present value calculations underlying the Company's determination that a partial reversal of the impairment charge recognized in 2008 is appropriate, 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, the possibility that actual circumstances will differ from the estimates and assumptions used in the current mining plan for

the Mowana Mine (even if operations at the Mowana Mine recommence, there is no certainty that the production schedule, recoveries and/or operating costs will ever be achieved) future prices of copper, unexpected increases in capital or operating costs, possible variations in mineral resources, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations or financing or in the completion of development or construction activities, political risks arising from operating in Africa, changes to regulations affecting the Company, uncertainties relating to the availability and costs and availability of financing needed immediately and in the future, changes in the debt and equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and uninsured risks, as well as those factors discussed under "Risks" in this MD&A.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein, unless stated otherwise, is made as of the date of this MD&A and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

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

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

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