

AFRICAN COPPER PLC

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Three Months ended 31 March 2009

Expressed in Pounds Sterling

The accompanying Financial Information for the three months ended 31 March 2009 and 31 March 2008 have not been audited nor reviewed by the Company's Auditors and has an effective date of 20 June 2009.

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

See Note 3 - Delay in Filing Interim Financial Statements and MD&A

African Copper Plc
Consolidated income statement

	Three Months ended 31 March	
	2009	2008
	£'000	£'000
Normal administrative expenses	(745)	(733)
Exchange loss	(2)	(798)
Total Administrative Expenses	(747)	(1,531)
Bank interest receivable	6	475
Other income	-	-
Interest expense	(461)	-
Loss before and after tax	(1,202)	(1,056)
Basic loss per ordinary share	(0.82p)	(0.74)p
Diluted loss per ordinary share	(0.82p)	(0.74)p

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

African Copper Plc
Balance Sheets

	Note	As At	
		31 March 2009 (unaudited) £'000	31 December 2008 (audited) £'000
ASSETS			
Property, plant and equipment	5	13,606	12,628
Deferred exploration costs	6	48	-
Other financial assets	7	192	197
Total non-current assets		13,846	12,825
Other receivables and prepayments		301	1,186
Inventories	8	727	795
Cash and cash equivalents	9	1,630	1,763
Total current assets		2,658	3,744
Total assets		16,504	16,569
EQUITY			
Issued share capital	10	1,469	1,469
Share premium		81,973	81,973
Acquisition reserve		4,485	4,485
Foreign currency translation reserve		7,240	6,635
Retained losses		(108,643)	(107,453)
Total equity		(13,476)	(12,891)
LIABILITIES			
Asset retirement obligation	14	2,435	2,426
Total non-current liabilities		2,435	2,426
Trade and other payables		13,357	13,551
Bridge loan	12	1,065	-
Interest bearing borrowings	13	13,123	13,483
Total current liabilities		27,545	27,034
Total equity and liabilities		16,504	16,569

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

African Copper Plc
Consolidated statement of changes in equity

	Share Capital £'000	Share Premium £'000	Acquisition Reserve £'000	Foreign Currency Translation Reserve £'000	Hedging Reserve £'000	Retained Loss £'000	Total Equity £'000
Balance at 1 January 2008	1,396	76,947	4,485	(1,207)	(812)	(4,843)	75,966
Foreign exchange adjustments	-	-	-	(5,004)	-	-	(5,004)
Fair value loss on cash flow hedge	-	-	-	-	(1,400)	-	(1,400)
Total recognised income and expense recognized directly in equity	-	-	-	(5,004)	(1,400)	-	(6,404)
Loss for the year	-	-	-	-	-	(1,056)	(1,056)
Total recognised income and expense for the year	-	-	-	(5,004)	(1,400)	(1,056)	(7,460)
New share capital subscribed	73	5,026	-	-	-	-	5,099
Credit arising on share options	-	-	-	-	-	37	37
Balance at 31 March 2008	1,469	81,973	4,485	(6,211)	(2,212)	(5,862)	73,641
Foreign exchange adjustments	-	-	-	12,846	-	-	12,846
Fair value gain on cash flow hedge instruments	-	-	-	-	3,969	-	3,969
Net loss on cashflow hedge removed from equity and reported in the income statement	-	-	-	-	(1,757)	-	(1,757)
Total recognized income and expense recognised directly in equity	-	-	-	12,846	2,212	-	15,058
Loss for the year	-	-	-	-	-	(101,690)	(101,690)
Total recognised income and expense for the year	-	-	-	12,846	2,212	(101,690)	(86,632)
Credit arising on share options	-	-	-	-	-	99	99
Balance at 31 December 2008	1,469	81,973	4,485	6,635	-	(107,453)	(12,891)
Foreign exchange adjustments	-	-	-	605	-	-	605
Total recognized income and expense recognised directly in equity	-	-	-	605	-	-	605
Loss for the period	-	-	-	-	-	(1,202)	(1,202)
Total recognised income and expense for the period	-	-	-	605	-	(1,202)	(597)
Credit arising on share options	-	-	-	-	-	12	12
Balance at 31 March 2009	1,469	81,973	4,485	7,240	-	(108,643)	(13,476)

African Copper Plc
Consolidated cash flow statement

	Three Months Ended 31 March	
	2009 £'000	2008 £'000
Cash flows from operating activities		
Administration expenses	(749)	(733)
Accrued interest	(457)	-
Operating loss from continuing operations	(1,206)	(733)
Decrease/(Increase) in receivables	891	(345)
Decrease in inventories	68	-
(Decrease)/Increase in payables	(96)	34
Share based payment expense	9	15
Accrued interest	457	-
Cash used in operating activities	123	(1,029)
Interest received	6	475
Other income	-	-
Net cash inflow/(outflow) from operating activities	129	(554)
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(1,277)	(7,466)
Payments of deferred exploration expenditures	(48)	(449)
Receipts to other financial assets	-	-
Net cash outflow from investing activities	(1,325)	(7,915)
Cash flows from financing activities		
Issue of equity share capital, net of issue costs	-	5,099
Proceeds from interest bearing borrowings	-	-
Proceeds from bridge loan	1,065	-
Net cash inflow from financing activities	1,065	5,099
Net (decrease) in cash and cash equivalents	(131)	(3,370)
Cash and cash equivalents at beginning of the period	1,763	22,428
Exchange loss	(2)	(798)
Cash and cash equivalents at end of the period	1,630	18,260

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

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

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Group is committed to commencing operations at the Mowana Mine and the exploration of the Matsitama Project, however, both projects have been placed on care and maintenance pending the completion of raising funding and subsequent optimisation of mine and exploration plans.

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 18 June 2009 (the "**Financing Package**").

The ZCI Financing Package comprises:

- a secured bridge loan facility (the "**Initial Bridge Loan**") of US\$7 million. The Initial Bridge Loan was made available to Messina Copper (Botswana) Proprietary Limited ("**Messina**") on 13 May 2009.
- a second secured US\$25.4 million bridge loan facility (the "**Second Bridge Loan**") bearing interest at a rate of 12 per cent. per annum. The Second Bridge Loan was made available to Messina on 18 May 2009;
- a share subscription by ZCI for 676,570,500 new ordinary shares ("**New Ordinary Shares**") at an issue price of 1 pence per share (the "**Share Subscription**") for gross proceeds to the Company of approximately £5.7 million (US\$9.9 million). The Share Subscription was completed on 22 May 2009;
- a four year secured part convertible credit facility (the "**Convertible Loan Facility**") of US\$31,129,100 comprising a convertible tranche of US\$8,379,100 with a coupon of 12 per cent. per annum ("**Tranche A**") and a tranche that is not convertible of US\$22,750,000 with a coupon of 14 per cent. per annum ("**Tranche B**"). Tranche A of the Convertible Loan Facility is convertible into ordinary shares of 1p each in African Copper at a conversion price of 1p per share. The Convertible Loan Facility agreement was signed on 18 June 2009.

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

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

assets available for distribution to shareholders.

In addition, ZCI entered into binding debt assignment agreements with three of Messina's largest creditors (the "**Large Creditors**") pursuant to which the Large Creditors assigned their respective debts totalling US\$10.72 million to ZCI (the "**Debt Acquisitions**") at a price payable by ZCI equal to 50 per cent. of the face value. As a consequence of the Debt Acquisitions and when the Convertible Loan Facility is completed, the Group will be indebted to ZCI in an aggregate amount of US\$41.85 million (see Note 18 – Subsequent Events)

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

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

The address of African Copper's registered office is 100 Pall Mall, St James's London SW1Y 5HP. These consolidated financial statements have been approved for issue by the Board of Directors on 20 June 2009.

2. Market Conditions and Impairment

The Directors, as a result of current market conditions, the Group's working capital deficit and other potential impairment indicators, deemed it appropriate as part of the preparation of the audited consolidated financial statements at 31 December 2008 to make a provision in respect of the carrying value of the Mowana Mine in the financial statements. At 31 March 2009 the Directors have insufficient information available to them at this time, particularly related to the impact of the Financing Package and current market conditions on possible long-term alternative mining plans at the Mowana Mine, to perform an impairment review, in accordance with the relevant International Accounting Standards, with any certainty to conduct a further impairment review. The Directors intend to instruct management to complete another full impairment review as part of the preparation of the half-year financial statements at 30 June 2009 to determine the appropriate carrying value for financial reporting purposes.

3. Delay in Filing Interim Financial Statements and MD&A

On 15 May 2009 the Company announced a delay in filing its interim financial statements (the "**First Quarter Financial Statements**") and related Management's Discussion and Analysis ("**MD&A**") for the three-month period ended 31 March 2009, as required by Canadian securities legislation National Instrument 51-102 - Continuous Disclosure Obligations. The delay resulted from the Company's inability to complete the financing with Natasa Mining Limited ("**Natasa**") that was announced by the Company on 16 March 2009 (the "**Natasa Transaction**") as a result of receiving less than the requisite level of shareholder approval required to proceed with completing the Natasa Transaction at the Company's extra-ordinary general meeting (the "**EGM**") held on 7 May 2009 (See Note 18 – Subsequent Events). Prior to the EGM, virtually all closing conditions to the Natasa Transaction were satisfied (except for shareholder approval) and management efforts had been predominantly focused on moving towards the successful completion of the Natasa Transaction and the necessary transitions thereafter. Following the unexpected results of the vote at the EGM, despite their best efforts and in light of the significant resources required to be devoted to negotiating the ZCI Financing Package, management was not

able to prepare the First Quarter Financial Statements and MD&A in time to meet the 15 May 2009 filing deadline.

The Company applied to the applicable securities commissions or regulators for a management cease trade order ("MCTO") relating to the Company's securities held by the Chief Executive Officer and Chief Financial Officer to be imposed until the First Quarter Financial Statements and MD&A were filed (instead of a general cease trade order ("CTO") being imposed against all securities of the Company). However, as a result of the subsequent delisting of the Company's ordinary shares from the TSX (See Note 18 – Subsequent Events), the Company was not eligible for an MCTO and, accordingly a CTO was imposed effective 26 May 2009.

4. Basis of Preparation

General Information

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

The statutory accounts for the year ended 31 December 2008 have been audited but have not yet been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain statement under section 237(2) or 237(3) of the Companies Act 1985.

The Group's interim financial information for the period has been prepared in accordance with accounting policies consistent with those adopted in the financial statements for the year ended 31 December 2008, except as explained in Note 2 – Market Conditions and Impairment, and has been drawn up in accordance with International Accounting Standard 34, "Interim Financial Reporting".

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements except as explained in Note 2 – Market Conditions and Impairment. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended 31 December 2008.

5. Property, Plant and Equipment

Group	Mine Development and Infrastructure £'000	Mine Plant and Equipment £'000	Other Assets £'000	Total £'000
<u>Cost</u>				
Balance at 1 January 2008	45,485	382	2,665	48,532
Additions	51,620	-	1,688	53,308
Exchange adjustments	3,737	34	163	3,934
Balance at 31 December 2008	100,842	416	4,516	105,774
Balance at 1 January 2009	100,842	416	4,516	105,774
Additions	1,065	-	50	1,115
Exchange adjustments	(4,206)	-	-	(4,206)

Balance at 31 March 2009	97,701	416	4,566	102,683
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Depreciation and impairment losses

Balance at 1 January 2008	-	-	(284)	(284)
Depreciation charge for the year	(56)	-	(346)	(402)
Impairment of property, plant and equipment	(88,660)	(365)	(3,413)	(92,438)
Exchange adjustments	-	-	(22)	(22)
Balance at 31 December 2008	(88,716)	(365)	(4,065)	(93,146)

Balance 1 January 2009	(88,716)	(365)	(4,065)	(93,146)
Depreciation charge for the year	(28)	-	(95)	(123)
Exchange adjustments	4,192	-	-	4,192
Balance at 31 March 2009	(84,552)	(365)	(4,160)	(89,077)

Carry amounts

Balance at 1 January 2008	45,485	382	2,381	48,248
Balance at 31 December 2008	12,126	51	451	12,628
Balance at 31 March 2009	13,149	51	406	13,606

Impairment loss

In the fourth quarter of 2008 general conditions in the credit markets deteriorated substantially, which had a serious impact on the global economy and contributed to a significant and rapid decline in the demand and selling price for copper. Average base metal prices were down significantly from average prices in the fourth quarter of 2007 with the Group's major product, copper, down 45%.

Long-lived assets including property, plant and equipment and deferred exploration costs are initially recognised in the financial statements in accordance with the Group's accounting policies set out in Note 2 of the Company's consolidated financial statements for the year ended 31 December 2008. These long-lived assets are also tested for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. At 31 March 2009 the Directors have insufficient information available to them, particularly related to the impact of the Financing Package (See Note 18 – Subsequent Events) and current market conditions on possible long-term alternative mining plans at the Mowana Mine, to perform an impairment review, in accordance with the relevant International Accounting Standards, with any certainty to conduct a further impairment review. The Directors intend to instruct management to complete another full impairment review as part of the preparation of the half-year financial statements at 30 June 2009 to determine the appropriate carrying value for financial reporting purposes.

6. Deferred exploration costs

Group	£'000
<u>Cost</u>	
Balance at 1 January 2007	2,007
Additions	2,347
Exchange adjustments	(32)

Balance 31 December 2007	4,322
Additions	2,137
Exchange adjustments	375
Impairment of deferred exploration	(6,834)
Balance 31 December 2008	Nil
Additions	48
Balance 31 March 2009	48

Impairment loss

The impairment write-down of deferred exploration costs at the Mowana Mine and Matsitama Project followed adverse changes in assumptions about future prices and stage of development of the exploration properties.

7. Other Non-Current Assets

	31 March 2009 £'000	31 December 2008 £'000
Group		
Bank guarantee	192	197

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

8. Inventories

	31 March 2009 £'000	31 December 2008 £'000
Stockpile inventories	57	59
Consumables	670	736
Total Inventories	727	795

9. Cash and cash equivalents

Group	31 March 2009 £'000	31 December 2008 £'000
Cash at bank	-	-
Short-term bank deposits	1,630	1,763
Cash and cash equivalents in the statement of cashflows	1,630	1,763

10. Share Capital

	No. of shares	£'000
Authorised:		
Ordinary shares of 1p each	495,000,000	4,950
Redeemable preference shares of £1 each	50,000	50
At 31 December 2008		5,000

Ordinary shares authorized at Extraordinary General Meeting	1,000,000,000	10,000
At 31 March 2009		15,000
Issued:		
Balance at 1 January 2007	130,507,185	1,305
Ordinary shares issued on Botswana private placement	8,367,772	84
Ordinary shares issued on exercise of options	700,000	7
Balance at 31 December 2007	139,574,957	1,396
Ordinary shares issued on private placement	7,284,000	73
Balance at 31 December 2008 and 31 March 2009	146,858,957	1,469

Shares issued

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

Acquisition reserve

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

Foreign currency translation reserve

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

Merger reserve

As permitted by the Companies Act 1985, the merger reserve represents the premium on shares issued to acquire the share capital of Mortbury Limited.

Dividends

The directors do not recommend the payment of a dividend.

Capital Management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. During 2006 and 2007 the Group's capital was sourced from equity (ie ordinary share and share premium). During 2008 the Group's strategy changed to increase the debt-to-adjusted capital ratio resulting primarily from the increase in net debt that occurred on 28 March 2008 from the Botswana Pula

150 million Note Programme.

	At 31 March 2009 £'000	At 31 December 2008 £'000
Total interest bearing debt	13,123	13,483
Total equity	(13,476)	(12,891)
Debt-to-equity ratio	-	-

11. Share based payments

African Copper has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p. No options were granted in 2008.

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

	31 March 2009 Weighted average exercise price in £ per share	Options	31 March 2008 Weighted average exercise price in £ per share	Options
At 1 January	75p	11,215,000	76p	11,415,000
Granted		-	-	-
Forfeited	-	-	77.5p	(200,000)
Exercised		-	-	-
At 31 March	75p	11,215,000	75p	11,215,000
Exercisable at the end of the year	75p	10,598,331	75p	9,908,331

The total expense in respect of share based payments for the period was £12,063 (2008:£36,693) of which £9,058 (2008:£15,380) was recorded as an expense in the income statement and £3,005 (2008: £21,313) was capitalised as part of deferred exploration costs.

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

Expiry date	Exercise price in £ per share	Shares	
		31 March 2009	31 March 2008
2014	59p	1,175,000	1,175,000
2015	76p	1,830,000	1,830,000
2016	77.5p	8,210,000	8,210,000
	75p	11,215,000	11,215,000

12. Bridge Loan

	31 March 2009 £'000	31 December 2008 £'000
Bridge loan	1,065	-

As part of the Natasa Transaction a US\$1.5 million bridge loan facility was provided to the Group on 13 March 2009 which constituted an advance on a proposed \$US 8.5 million loan facility. On 7 May 2009 an EGM was held for the purposes of seeking shareholder approval for the Natasa Transaction. The result of the EGM was that shareholder approval was not received and the Natasa Transaction did not proceed to completion thereby causing the bridge loan to become due and payable. As part of the ZCI Financing Package (See Note 18 – Subsequent Event) an initial tranche of up to \$US7 million has been made available to the Group with a portion of this amount made available for the purpose of repaying in full the indebtedness owing to Natasa including the \$US1.5 million bridge loan facility. At 3 June 2009 the Bridge Loan owing to Natasa was paid in full.

13. Interest bearing borrowings

	31 March 2009 £'000	31 December 2008 £'000
Unsecured 14% fixed rate Pula bond	13,123	13,483

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

On 15 May 2009 the Company announced that Natasa had acquired the Botswana Bond and that Natasa had lodged a petition with the High Court of Botswana to seek an order for the provisional liquidation of Messina. As part of the ZCI Financing Package (See Note 18 – Subsequent Event) the Second Bridge Loan was made available to the Group with the primary portion of this amount made available for the purpose of repaying in full the Botswana Bond owing to Natasa. At 3 June 2009 the Botswana Bond owing to Natasa was paid in full.

14. Asset retirement obligations

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 March 2009 is £2,435,436 (2008 - £422,466). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula.

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

mine so that these capital contributions together with the investment income earned will cover the anticipated costs. At the end of each financial year the Company will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions accordingly.

15. Commitments

At 31 March 2009, commitments total to £2.98 million:

Contractual Obligations	Total	2009	2010	2011	2012	2013 and thereafter
	£'000	£'000	£'000	£'000	£'000	£'000
Goods, services and equipment ^(a)	2,044	2,044	-	-	-	-
Mining contract bank guarantee ^(b)	-	-	-	-	-	-
Exploration licences ^(c)	648	472	88	88	-	-
Mining licence	7	1	1	1	4	-
Lease agreements ^(d)	282	154	94	34	-	-
	2,981	2,671	183	123	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) As part of the 5-year mining contract (the “**Moolman Contract**”) for the Mowana Mine, in August 2007 Pula 50 million (£3.95 million) was lodged by Messina in favour of Moolman as security for Messina’s obligations under the Moolman Contract. At the request of Messina, on 29 July 2008, Moolman released such funds and Messina agreed to re-instate such security by 30 June 2009. In consideration for the release of such funds, Messina granted Moolman a lien over the run of mine ore, ore stockpiles and copper concentrate at the Mowana site (the “**Lien**”). On 12 May 2009 ZCI entered into a binding debt assignment agreement with Moolman pursuant to which Moolman assigned the Moolman Debt to ZCI. As part of this agreement, all agreements between the Company and its subsidiaries and Moolman were terminated, including the mining contract in relation to the Mowana Mine and the Lien. As a result of ZCI purchasing the Moolman Debt the contractual obligation at 31 March 2009 for Messina to lodge a £4.4 million bank guarantee for the benefit of Moolman is not required.
- c) .Under the terms of the Company’s prospecting licences Matsitama is obliged to incur certain minimum expenditures.
- d) The Company has entered into agreements for lease premises for various periods until 5 November 2010.

16. Related party transactions

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

	Three months ended		Balance Outstanding as at	
	31 March 2009	31 March 2008	31 March 2009	31 Dec 2008
	£'000	£'000	£'000	£'000
Amount paid to Summit Resource Management Limited, a company controlled by D Jones, for the provision of fully serviced office accommodation in Canada and reimbursed expenses	18	20	-	-
Amount paid to Aegis Instruments, company controlled by a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and	-	-	27	27

reimbursed expenses

On 1 July 2006 the Company entered into an agreement with Pickax International Corporation (“**Pickax**”) to provide the services of Mr. Joseph Hamilton, a director and Chief Executive Officer of the Company. On 12 June 2008 the Company signed a Leaving Agreement (the “**Agreement**”) with Pickax and Joseph Hamilton who resigned as a director and CEO of the Company and was paid £173,040 (inclusive of Canadian Goods & Services Tax) for compensation of loss of office

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17. Financial instruments

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

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

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

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

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

(a) Market Risk

(i) Interest rate risk

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

As at 31 March 2009, with other variables unchanged, a plus or minus 1% change in interest rates, on investments and borrowings whose interest rates are not fixed, would affect the loss for the year by plus or minus £18,000 for the year.

(ii) Foreign exchange risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency

risk as a result of financial assets, future transactions, foreign borrowings, and investments in foreign companies denominated in Botswana Pula.

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

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

Foreign currency risk sensitivity analysis:

	Profit/Loss		Equity	
	31 March 2009 £'000	31 December 2008 £'000	31 March 2009 £'000	31 December 2008 £'000
If there was a 10% weakening of Pula against Sterling with all other variables held constant – increase/(decrease)	-	-	1,300	(7,474)
If there was a 10% strengthening of Pula against Sterling with all other variables held constant – increase/(decrease)	-	-	(1,589)	9,134
If there was a 10% weakening of Rand against Sterling with all other variables held constant – increase/(decrease)	169	179	169	179
If there was a 10% strengthening of Rand against Sterling with all other variables held constant – increase/(decrease)	(207)	(219)	(207)	(219)

Commodity price risk

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

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

(b) Credit risk

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

(c) Liquidity Risk

As at 31 March, 2009 the Company had £1.8 million in cash and cash equivalents, £0.3 million in other receivables and prepayments and £14.2 million in interest bearing borrowings and bridge loan.

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

The Group commenced initiatives focused on significantly reducing costs and expenditures. These initiatives included: placing the Mowana Mine on care and maintenance until a fundraising was completed, terminating the Moolman Contract, curtailment of all but essential capital spending, suspension of all exploration activity, cutting operating and administrative costs to the minimum to support essential operations and negotiating a compromise of debts with major creditors and bondholders. The Group requires additional funding in order to pay its current obligations and commence operations at the Mowana Mine. As part of the Natasa Transaction a \$US1.5 million bridge loan facility was provided to the Group on 13 March 2009 which constituted an advance on a proposed \$US 8.5 million loan facility. On 7 May 2009 an EGM was held for the purposes of seeking shareholder approval for the Natasa Transaction. The result of the EGM was that shareholder approval was not received and the Natasa Transaction did not proceed to completion thereby causing the bridge loan to become due and payable. As part of the ZCI Financing Package (See Note 18 – Subsequent Event) the Initial Bridge Loan and Second Bridge Loan have been made available to the Group with a portion of this amount made available for the purpose of repaying in full the indebtedness owing to Natasa including the US\$1.5 million bridge loan facility. At 3 June 2009 the Bridge Loan owing to Natasa was paid in full.

Due to Messina's working capital deficit at 31 March 2009, Messina is in technical breach of the Botswana Bond (see Note 12 – Interest Bearing Borrowings). On 15 May 2009 the Company announced that Natasa had acquired the Botswana Bond and that Natasa had lodged a petition with the High Court of Botswana to seek an order for the provisional liquidation of Messina. As part of the Financing Package (See Note 18 – Subsequent Event) the Second Bridge Loan was made available to the Group with the primary portion of this amount made available for the purpose of repaying in full the Botswana Bond owing to Natasa. At 3 June 2009 the Botswana Bond owing to Natasa was paid in full.

Fair value of financial instruments

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

18. Subsequent Events

On 7 May 2009 an EGM was held for the purposes of seeking shareholder approval for the Natasa Transaction. The result of the EGM was that the requisite level of shareholder approval for the Natasa Transaction was not received, as the Natasa Transaction did not proceed to completion.

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

The ZCI Financing Package comprises:

- the Initial Bridge Loan facility of US\$7 million. The Initial Bridge Loan was made available to Messina on 13 May 2009.
- the Second Bridge Loan facility of US\$25.4 million. The Second Bridge Loan was made available to

Messina on 18 May 2009;

- the Share Subscription for gross proceeds to the Company of approximately £5.7 million (US\$9.9 million). The Share Subscription was completed on 22 May 2009 and the New Ordinary Shares were admitted to AIM. Following the Share Subscription, the Company had 823,429,500 ordinary shares in issue and ZCI had an interest in 82.16 per cent. of the issued ordinary share capital of the Company;

- the Convertible Loan Facility comprising a convertible Tranche A of US\$8,379,100 with a coupon of 12 per cent. per annum and Tranche B that is not convertible of US\$22,750,000 with a coupon of 14 per cent. per annum. The Convertible Loan Facility was signed on 18 June 2009. Tranche A of the Convertible Loan Facility is convertible into ordinary shares of African Copper at a conversion price of 1p per share. The maximum aggregate number of new ordinary shares which may be issued pursuant to the conversion rights attaching to Tranche A is 556,307,263 new ordinary shares (subject to usual adjustments), which would, were Tranche A to be converted in full, increase ZCI's interest in the enlarged issued share capital of the Company from 82.16 per cent. to 89.36 per cent.

Both Tranche A and Tranche B are repayable four years following the date upon which the Convertible Loan Facility becomes effective unless Messina is in default under the agreement in which event the Convertible Loan Facility will become immediately due and repayable. The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions precedent including that ZCI's shareholders have approved the Convertible Loan Facility and security over Messina's assets, including the Mowana Mine, has become effective. The approval of ZCI's shareholders is expected to occur in September 2009 and security is expected to become effective during July 2009. ZCI's right of conversion in relation to Tranche A is conditional upon the Company having sufficient authorised but unissued share capital and the directors of the Company having been granted the necessary authorities by the Company's shareholders to allot and issue ordinary shares to ZCI upon any exercise of such right of conversion. The Initial Bridge Loan and the Second Bridge Loan will be refinanced out of the proceeds of the Share Subscription and the Convertible Loan Facility. The Convertible Loan Facility may only be used for this purpose. The Convertible Loan Facility contains typical covenants, warranties and events of default for an agreement of this nature. The Convertible Loan Facility has been guaranteed by African Copper and all other African Copper group companies and will be secured over Messina's assets including a share pledge over the shares of Messina.

ZCI Debt Acquisitions

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

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

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

US\$717,307 at an exchange rate of US\$1/ZAR8.43) (the “RSV Debt”) was assigned to ZCI.

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

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

As a consequence of the Convertible Loan Facility and the ZCI Debt Acquisitions, the Group is indebted to ZCI in an aggregate amount of approximately US\$41.85 million.

Natasa’s Debt Acquisitions

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

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

Use of Proceeds of the Share Subscription and Convertible Loan Facility

The use of proceeds of the Share Subscription and Convertible Loan Facility which total approximately US\$41.85 million are expected to be as follows;

	US\$ (millions)
Repayment of Natasa Bridge Loan	1.51
Payment to ZCI of the ZCI Debt Acquisitions*	10.72
Purchase from Natasa the Bonds	20.40
Payment to Natasa of the Natasa Debt Acquisitions	2.10
Working Capital	7.12
Total Financing Package	41.85

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

The mine plans at Mowana are currently being reviewed with senior managers of ZCI with the goal of recommencing operations at the Mowana Mine as soon as practical. Based on the possible mining and processing strategies that have been considered to date the Directors anticipate that the Financing Package provides the necessary working capital that will be required for production to be recommenced at the Mowana Mine. However, depending on the mining and processing plan that is ultimately adopted further capital may be required. In addition, 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

On 20 May 2009 the Company announced that the Toronto Stock Exchange (the "**Exchange**") had accepted the Company's application to voluntarily delist its ordinary shares from the Exchange. The application for delisting was a condition of the closing of the Financing Package. The delisting of the ordinary shares from the Exchange took place as of the close of trading on Wednesday, 20 May 2009. The Company's ordinary shares continue to be listed on AIM under the symbol "ACU" and on the Botswana Stock Exchange under the symbol "African Copper".

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.