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AIM: ACU

BSE: African Copper

African Copper Plc (“African Copper” or the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the fifteen month period ended 31 March 2010

The following management discussion and analysis (“MD&A”) should be read in conjunction with the Company’s audited consolidated financial statements for the 15 months ended 31 March 2010 (the “Financial Statements”). The Financial Statements are presented in US dollars following a management decision to change the reporting currency from Pounds Sterling during the period. The change has been made to reflect the profile of the Group’s revenue which as a result of commencing commercial production at the Mowana mine in Botswana has now started to be generated in US dollars. All comparative information has been restated into US dollars. The Company’s financial statements have been prepared under the historical cost basis or, for certain financial instruments, the fair value basis, and in accordance with International Financial Reporting Standards (“IFRS”). The information in this MD&A is current to 29 June 2010.

David De’ath, BSc (Hons), MSc, GDE-Mining, MIMM and MAusIMM 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, and has approved such estimates. Mr. De’ath has verified the technical information disclosed in this MD&A, including the sampling, analytical and test data underlying such information, in accordance with industry practices determined by the Company to be appropriate in the circumstances

All amounts are expressed in US dollars (“\$”) unless otherwise indicated. Certain financial information originates in British Pounds Sterling (“£”), Botswana Pula (“Pula”), South African Rand (“ZAR”) and Canadian Dollars (“\$CAD”), and has been translated into \$ based on prevailing exchange rates and in accordance with Note 2 to the Financial Statements

Additional information relating to the Company, including its Annual Information Form, is available at www.africancopper.com or under the Company’s profile on the SEDAR website at www.sedar.com.

OVERVIEW

Operations

This was an important and active year for African Copper. The Company took some major steps forward, in particular by recommencing production at its Mowana Mine in August 2009. However, it also experienced setbacks, delaying the achievement of full commercial production levels at Mowana. Management is making solid progress on its plan to address these challenges, and looks forward with excitement both to establishing more stable operations at Mowana in the foreseeable future, and to stepping up its exploration and development activities at its other properties.

The Mowana plant came close to meeting its operating targets in October 2009, but its effectiveness subsequently suffered, with the rainy season triggering frequent shutdowns of the plant’s Secondary and Tertiary crusher (“SnT”). Production continued, albeit inconsistently, between November 2009 and April 2010. Production in May and June 2010 has shown very positive trends with the SnT performing better with the rainy season over and mobile crusher capacity increasing. From 1 September to 31 March 2010 Mowana produced 6,367Mt of concentrate, at an average concentrate grade of 25.44%. Including concentrate produced during plant trial runs, Mowana sold 6,667Mt to the end of March 2010, generating net revenue of \$7.4 million. From 1 April 2010 to 15 June 2010 Mowana produced 2,399 Mt of concentrate, at an average concentrate grade of 24.15%.

The Company took various steps to address the problems at Mowana. It purchased mobile crushing

units, allowing it to bypass the SnT crusher in the short term. These came online after the end of the year, in April 2010, and at the date of this MD&A are being brought up to full capacity. At the present time Amec Minproc, an international engineering firm, is completing the engineering design study on the SnT. While this work is being undertaken the SnT is still being operated. After the engineering design work is completed the SnT is anticipated to be out of service for approximately 3 months to complete the re-construction of the circuit. During this time the mobile crusher operating at full capacity is anticipated to be sufficient to supply the operations. Management has also budgeted the addition of a washing plant to screen and wash out the fine fraction from the ore before it enters the primary crusher ore stockpile, more permanently alleviating the demands on the SnT crusher: it intends for this to be installed by the end of February 2011.

At the same time, to lift the performance of Mowana to the next level, the Company is moving to purchase and install a Dense Media Separation (“**DMS**”) Plant. The DMS will provide a pre-concentration of copper prior to milling and flotation and is expected to allow mining to a lower cut-off, facilitating processing higher grade material through the concentrator and leading to an overall increase in the contained metal output from the mine. The DMS is anticipated to be constructed and commissioned during the first half of 2011.

The Company is also increasing its activities at Thakadu, 70km from the Mowana Mine. The higher grade mineral resources at Thakadu lend themselves 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 major challenge will be to establish sustained transport between the locations, and management is in advanced planning stages of establishing these routes. The Company had previously planned to achieve the necessary permitting and receive a mining licence during May 2010 but currently expects this to occur in July 2010. It carried out some early mining activities at Thakadu, as permitted by its existing exploration licence, in May 2010. The plan is to commence full mining activities as soon as the mining licences is granted with a progressive increase in mining volumes during 2010.

After a period of inactivity, the Company also resumed exploring its exploration permits at the adjacent Matsitama Project in March 2010. Expenditures are required before mid-2011 to meet the requirements for applying for renewal over a portion or portions of the exploration permits. The Company’s current programme envisages drilling some 8 – 10 new targets before June 2011, and the Company is establishing a panel of experts to assist it in selecting the most promising targets.

Financing

African Copper stabilized its financing structure during the year, replacing \$32.4 million of bridge loan facilities from its significant shareholder ZCI Limited, formerly Zambia Copper Investments Limited (“**ZCI**”) with a four year secured credit facility also provided by ZCI, initially of \$31.1 million but subsequently increased to \$32.4 million. On 31 March 2010, ZCI extended to the Company an additional \$10 million loan, intended in large part to fund the Mowana-related solutions described above. The Company may require additional financing during the year ending 31 March 2011, depending in particular on the rate of progress at Thakadu and the ramp-up of production to full capacity at the Mowana Mine (see “Liquidity and Capital Resource” section of this MD&A).

Board of Directors and Management Changes

African Copper announced several changes to its Board of Directors and senior management during the period:

- On 10 December 2009, the Company announced the resignation of Chris Fredericks as a director and Chief Executive Officer (“**CEO**”) of the Company with effect from 31 December 2009. The Board is working towards appointing a new CEO. In the meantime, Mr. Jordan Soko, a Non-Executive Director of the Company, assumed the CEO’s executive duties and reports on all operational matters to the Board.
- On 29 October 2009 the Company announced the appointment of Professor Stephen Simukanga as a new Independent Director to the Board of the Company.
- During the third quarter the Company announced the appointment of a new general manager for the Mowana Mine. This appointment was subject to a probationary period of three

months. The Company announced on 9 February 2010 that it had terminated this contract and was therefore not extending it. The Company has subsequently recruited and hired a new general manager for the Mowana Mine.

- In May 2009 the Company appointed two new directors to the Board, David Rodier and Jordan Soko. At the same time, it was announced that Michael Evans resigned from the Board and Roy Corrans stepped down from the role of Chairman with David Rodier being appointed Chairman. In June 2009, Tony Williams resigned from the Board and David Jones did not stand for re-election.

Designated Foreign Issuer

On 20 May 2009, as a condition of the closing of funding by ZCI (see "Liquidity and Capital Resources" section in this MD&A), the Company announced it had voluntarily delisted its shares from the Toronto Stock Exchange ("TSX"). In addition, as of 1 April 2010, the Company qualified as a "designated foreign issuer" as defined in the Canadian National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* as a result of Canadians holding less than 10% of the equity securities of the Company. The Company is subject to the securities legislation and regulatory requirements of the United Kingdom, including the United Kingdom Companies Act 2006 and the AIM Rules (the "**UK Rules**"). As a designated foreign issuer, the Company will comply with the reporting obligations required by the UK Rules, which will satisfy most Canadian disclosure obligations.

In addition, the Company announced that it had appointed Canaccord Genuity Limited as its sole Nominated Adviser and Broker effective 29 October 2009.

SUMMARY RESULTS

The Company changed its accounting reference date during 2009 from 31 December to 31 March to align with ZCI and to streamline its accounting processes, resulting in a transition period of 15 months, with a comparative period of 12 months. Overall, it recorded a net profit for the fifteen months ended 31 March 2010 of \$30.7 million (\$0.05 per ordinary share), compared with a net loss of \$186.7 million (\$1.28 per ordinary share) during the twelve months ended 31 December 2008. The 2008 results were heavily affected by impairment losses recognized on the Mowana Mine property, plant and equipment, and the fifteen-month 2010 results were affected in turn by the partial reversal of those losses, reflecting favourable changes in the underlying estimates of expected future cash flows.

DESCRIPTION OF BUSINESS

African Copper is a base metals company, incorporated in England and Wales, with mining and exploration interests in Botswana. Its ordinary shares are listed on the AIM market of the London Stock Exchange ("**AIM**") under the symbol "ACU" and on the Botswana Stock Exchange ("**BSE**") under the symbol "African Copper". On 20 May 2009, as a condition of the closing of funding by ZCI, the Company announced it had voluntarily delisted its shares from the TSX.

The Mowana Mine, owned by the Company's subsidiary Messina Copper Botswana (Pty) Limited ("**Messina**") is located close to Botswana's second largest city, Francistown, in the north-eastern part of the country. Mowana and all current estimated mineral resources and reserves are part of the Dukwe Project, comprising;

(1) exploration licence PL 33/2005, with an area of 139.6 km², and (within that exploration licence) mining licence 2006/53L, with an area of 32.7 km² and valid until the end of 2031.

(2) exploration licence 180/2008, covering an area of 114.4 km² to the north of PL 33/2005. The Dukwe Project also encompasses north and south extensions of mineralization lying outside the Mowana Mine licence area.

The Company's subsidiary Matsitama Minerals Pty Limited ("**Matsitama**") holds the Matsitama Project, consisting of prospecting licences contiguous with the Mowana Mine deposit. All the licences are valid and contain prospective areas of mineralization.

With corporate offices in the UK, African Copper has offices in Johannesburg and Francistown and a workforce at the Mowana Mine of more than 200 employees.

Additional information relating to the Company can be found on the Company's website or under its profile on SEDAR at www.sedar.com.

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 and copper was at the forefront of the rally in the base metals sector. To the date of this MD&A, copper prices have remained at least at this level, and have significantly exceeded it at times. Copper is an indicator for the world economy and sets the pace for other industrial metals because about two-thirds of all the metal produced is used in electrical applications, according to the Copper Development Association. The copper market has been supported by the high level of Chinese imports and the tightness of the concentrate market. In addition, very stimulative, depression-combating economic policies enacted by global governments have continued to support growth at least for the first half of 2010. However, concern continues whether China and the U.S., the largest consumers, will pare their economic stimulus and curb the liquidity that has helped to support the copper price. In addition, the emerging European sovereign debt problems are putting strain on prospects for Asian and global growth estimates. An Asian economic slowdown in a capital-constrained environment would likely lower global growth, and negatively impact commodity prices. Until the world's economic outlook becomes clearer, mining companies will likely experience fluctuations in energy and resource prices and currency volatility.

MINERAL PROPERTIES

Mowana Mine

Overview

The table below sets out the most recent estimates of proven and probable mineral reserves and additional inferred mineral resources at the Mowana Mine prepared by African Copper geological staff.

SAMREC compliant Proven & Probable In-pit Mineral Reserves and In-pit Inferred Mineral Resources at a 0.25% Cu cut-off as at 31 March 2010:

Category	Tonnage (Mt)*	Copper (%)*	Contained Metal (Tonnes Cu)*
Proven Reserves	7.90	1.26%	99,680
Probable Reserves	3.24	1.60%	52,032
Sub Total	11.15	1.36%	151,712
In-pit Inferred Resources	2.59	1.20%	31,207
<i>*rounding of figures may result in minor computational discrepancies</i>			

The inferred material has been included at the bottom of the Mowana Mineral Reserve statement because it is incidental to the mine plan. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

- achieving commercial production and recovery rates on a sustained basis; and
- attaining future profitable operations from the Mowana Mine

The table below sets out key performance details of the Mowana plant since recommencing operations:

	5 th Quarter 2010	4 th Quarter 2009	3 rd Quarter 2009	Total
Ore processed (Metric tonnes ("MT"))	92,047	148,286	49,925	290,258
Cu grade (%)	1.12	1.25	1.45	1.24
Recovery Cu (%)	38.75	48.90	39.30	45.01
Concentrate produced (Mt)	2,023	3,203	1,141	6,367
Concentrate grade (%)	21.16	28.30	24.97	25.44
Copper produced in concentrate (Mt)	428	907	285	1,620
Concentrates sold (Mt)	2,133	4,535	-	6,667*
Payable copper sold (Mt)	550	975	-	1,525

*Includes concentrate produced during plant trial runs.

Current performance

On 21 January 2009, the Mowana Mine had been placed on care and maintenance pending completion of a required financing. With the completion of the funding provided by ZCI in May 2009 operations at Mowana were recommenced in late August 2009. Between August 2009 and 15 June 2010 the plant has produced 8,766Mt of concentrate, at an average concentrate grade of 25.08% copper for 2,199Mt of copper contained in concentrate.

Copper recovery rates peaked at 57.3% in November, in line with the Company's targeted recovery rate of 57%. However, recovery rates subsequently have been lower owing in large part to inconsistent feed bottlenecks in the SnT crushing circuit. Production in May and June 2010 have shown very positive trends with the SnT performing better with the rainy season completed and mobile crusher capacity increasing.

	1 June to 15 June 2010	May 2010	April 2010
Ore processed (Metric tonnes ("MT"))	36,823	50,928	34,191
Cu grade (%)	1.184	1.185	1.198
Recovery Cu (%)	40.4	42.4	36.0
Concentrate produced (Mt)	696	1099	604
Concentrate grade (%)	25.30	23.29	24.41
Copper produced in concentrate (Mt)	176	256	147
Concentrates sold (Mt)	380.6	662	695
Payable copper sold (Mt)	79.92	144	140

The Mowana operations use a series of crushers and screens, progressively converting coarse materials into finer gradations followed by separation of the copper from the waste by flotation. In sequence, Mowana deploys a primary crusher, a SnT crushing circuit, and a ball mill. Following the onset of the 2009-2010 rainy season (the season typically runs from November to March), the SnT circuit turned into a major constraint on Mowana's productivity. When the crushed ore exiting the primary crusher is wet, it can form a sticky mass which has routinely choked up the SnT feeders, chutes and screens. This problem affected the SnT crusher's availability throughout the rainy season, causing it to be frequently shut down and therefore suspending the flow of material from stockpiles.

Mine management took various steps to address the operational bottlenecks. First, it decided to purchase mobile crushing units, allowing it to bypass the SnT in the short term until engineering design changes could be made to the SnT. At the time of the last MD&A, management expected it might take until the end of March 2010 to deliver and install the full mobile crushing capacity. However, the timelines to fulfill the order were longer than anticipated. The units were ultimately online by mid-April 2010, although they remained in a commissioning and learning phase for much of that month. At the present time Amec Minproc, an international engineering firm, is completing the engineering study on the SnT. While this work is being undertaken the SnT is still being operated, albeit at levels below its capacity, to supplement the mobile crusher production. After the engineering design work is completed the SnT is anticipated to be out of service for approximately 3 months to complete the re-construction of the circuit. During this time the mobile crusher capacity operating at

full capacity is anticipated to be sufficient to supply the operations.

Secondly, management has budgeted the addition of a washing plant to screen and wash out the fine fraction from the ore before it enters the SnT from the primary crusher ore stockpile. As discussed above, when the ore is wet, these fines can form a sticky mass that choke up feeders, chutes and screens in the SnT. The fines exiting the proposed washing plant will bypass the SnT and be fed directly to the ball mill discharge sump. Amec Minproc is designing the washing plant for fast-track installation by the end of February 2011.

These combined steps are intended to prevent the operational bottlenecks from recurring during the 2011-2012 rainy season. African Copper is taking other steps, not directly related to these bottlenecks, to increase Mowana's productivity. Firstly, in May 2010, the board gave its final approval to purchase and install a DMS. The DMS provides a pre-concentration of copper prior to milling and flotation and is expected to allow mining to a lower cut-off, to facilitate processing higher grade material through the concentrator and to lead to an overall increase in the contained metal output from the mine. The Company originally intended to install a 50tph modular DMS and subsequently to build up, in a modular fashion, to an ultimate capacity of 450tph. However, the addition of the washing plant, by increasing the quality of the ore delivered to the DMS, should allow full effectiveness at a capacity of 200tph. The 200tph DMS plant is being budgeted to be installed during the first half of 2011.

In addition, management decided to seek approval from the Government of Botswana to migrate from its existing dry tailings facility to a more conventional wet tailings system, within which tailings containing significantly more process water are discharged continuously into a tailings pond basin. Design work on the new tailings facility and technical supervision is being undertaken by Scott Wilson Africa. Approval to commence construction of the wet tailings facility was granted on 21st May 2010. Construction of the initial phase of the wet tailings facility is anticipated to be completed by September 2010. In the interim, wet tailings are being deposited into a temporary tailings pond basin.

The Company is also commencing deep exploration drilling in and around the Mowana mine. The goal of the drilling is to gather the information required for any future underground mining operation at Mowana to be planned in more detail, and to establish the potential for down-plunge continuity of ore to depths of about 500 – 1000 m below and within the core of the postulated Mowana ore zone (extending some 2 – 4 km north of the presently planned mine).

During the period, the Company held successful discussions with its off-take partner MRI Ag, improving certain terms included in its comprehensive 5-year off-take agreement, including payment for copper concentrate on an ex-mine gate basis and reduced penalties on lower grade concentrates.

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

	For the Fifteen months period ended 31 March 2010 US\$
Opening Balance 1 January 2009	18,154,537
Mining Plant and Equipment	3,005,473
Furniture & Computer equipment	14,741
Motor Vehicles	62,663
Depreciation	(1,895,620)
Reversal of Impairment	44,952,152
Foreign Exchange	930,381
Ending balance 31 March 2010	65,224,327

On 21 January 2009, the Company's Mowana Mine was placed on care and maintenance 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 \$15 million in financing. As a result, expenditures on Mowana infrastructure and mine plant and equipment were kept to a minimum. In addition, as part of the financial restructuring that was completed 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 previous periods. Expenditures were also offset during the 15 month period ended 31 March 2010 by depreciation of \$1.9 million and a foreign exchange gain of \$0.9 million.

The primary addition to Mowana Mine Mining Development and Infrastructure and Mine Plant and Equipment during the period related to a partial reversal of the impairment provision recognized in fiscal 2008. At 30 September 2008 and at 31 December 2008 the Directors undertook a review of mining assets in light of the then economic environment and the Company's need for working capital. As a result during the three months ended 30 September 2008, a write down of \$75.6 million was recorded and a further \$92.4 million write down was recorded during the three months ended 31 December 2008 for a total of \$168.0 million.

At 30 June 2009 and 31 March 2010 the Directors undertook further reviews 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 agreements in May 2009 pursuant to which ZCI agreed to provide the Company and its stakeholders with a comprehensive financing package (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. This 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.

At 30 June 2009, following this review and making estimates of the value in use of the Mowana mine and taking into account the failure of the transaction with Natasa Mining Limited (the "**Natasa Transaction**") and the finalization of the ZCI Financing Package, the Directors concluded that \$46.01 million of the recognized impairment loss recognized in 2008 on the Mowana mine unit no longer existed and that a partial impairment reversal was appropriate at 30 June 2009.

At 31 March 2010, following this review and making estimates of the value in use of the Mowana mine the Directors concluded that no further impairment reversal was required in respect of the Mowana mine or any of the other cash generating units.

In deriving the estimate for the value in use in respect for the Mowana mine at 31 March 2010 the Directors' 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 (\$US per lb):	
Year 1	\$3.05
Year 2	\$2.90
Year 3	\$2.50
Year 4	\$2.25
Year 5	\$2.00
Exchange rate: Pula to \$	6.58
Discount factor	14%
Production period:	
Combined production from Mowana and Thakadu deposits	
5 year ore mined	9.2 million tonnes at 1.04%
5 year ore milled	4.9 million tonnes at 2.0%*

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

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

Decrease in copper price by 10.0%	\$ 36 million
Increase in OPEX estimates by 10.0%	\$ 19 million
Increase in CAPEX estimates by 10.0%	\$ 4 million
Increase in discount rate by 2%	\$ 3 million

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.

Thakadu Project

The higher grade mineral resources at Thakadu lend themselves 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 transporting the run of mine ore to the Mowana Plant which is 70 km away. The business plan envisages transporting 45,000 tons per month to Mowana for treatment, which will require mobilizing anywhere between 12 to 25 trucks per day depending on the operating shift hours selected. Arranging and maintaining this capacity will be the challenge associated with Thakadu, and management is currently in advanced negotiations to put this in place, while also upgrading the road from Thakadu to Mowana.

The Company is awaiting approval of the Environmental Impact Study (“EIA”) and Archaeological Impact Assessment (“AIA”) required to secure a mining licence for Thakadu. The Company had previously planned to achieve the necessary permitting and receive a mining licence during May 2010 but currently expects this to occur in July 2010. It carried out some early mining activities at Thakadu in May 2010, as permitted by its existing exploration licence. The plan is to commence full mining activities as soon as the mining licence is granted with a progressive increase in mining volumes during 2010.

The table below sets out the most recent estimates of proven and probable mineral reserves and additional inferred mineral resources at the Thakadu Project. In preparing these estimates, which appeared in the Read, Swatman & Voigt (Pty) Ltd (“RSV”) estimates prepared in connection with the preparation of a circular to ordinary shareholders of ZCI dated 17 December 2009, and which appeared in a Competent Persons Report of RSV dated October 2009 (the “CPR”). RSV reviewed the Company’s existing Mineral Resource models for the Thakadu Project, which were calculated based on assumptions determined to be appropriate by African Copper (including a 0.25% Cu cut-off grade utilizing ordinary kriging), and which had previously been disclosed by the Company in its announcement dated 25 July 2007.

In converting the Resources to Probable Mineral Reserves RSV applied its own set of assumptions (including a higher cut-off grade of 0.5% Cu), to evaluate an economic pit-shell based on African Copper’s existing proposed pit design.

SAMREC compliant Proven & Probable In-pit Mineral Reserves, and In-pit Inferred Mineral Resources at a 0.5% Cu cut-off ⁽¹⁾ as at 31 March 2010:

Category	Tonnage (Mt)*	Copper (%)*	Contained Metal (Tonnes Cu)*
Proven Reserves	Nil	Nil	Nil
Probable Reserves	2.77	2.15%	59,477
Sub Total	2.77	2.15%	59,477
<i>*rounding of figures may result in minor computational discrepancies</i>			

(1) The cut-off grade was determined by RSV based on a forward copper price curve as supplied by African Copper (\$2.25/lb in 2009-2010 and \$2.00/lb in 2011-2020), operating costs, metallurgical

recoveries, prevailing Botswana tax rates, average smelter charges and transport costs to the ports of Durban/Richards Bay.

Matsitama Project

In line with market conditions and management's need to aggressively reduce overheads until it secured working capital finance, activity relating to the exploration permits at the Matsitama Project was curtailed during the fourth quarter of fiscal 2008. The Company re-commenced activities at Matsitama in March 2010. Expenditures are required before mid-2011 to meet the requirements for applying for renewal over a portion or portions of the exploration permits.

The current programme envisages drilling some 8 – 10 new targets before June 2011. The new targets will be selected by utilizing the Company's extensive existing datasets, and establishing a panel of six recognized international experts with relevant experience regarding the mineralisation considered to represent the most likely targets within the Matsitama exploration permits. These consultants have all been selected and confirmed their availability to participate. The strategy includes recruiting an Exploration Manager with appropriate expertise, management skills and experience.

The Company held an initial field workshop on site at Mowana Mine in May 2010 to review the existing exploration databases and ensure they will support the target-selection process, and to commence preparations for anticipated field work and drilling programmes. The datasets were confirmed to be in good order for the future planned workshops, and a start was made on selecting key zones of interest and eliminating zones considered to be of low priority. Two immediate high priority anomalies were identified as drill targets. The Company plans to hold the next target selection workshop at the Matsitama camp in July 2010.

A consultant has been contracted to provide a geologist to resurrect the Matsitama field camp and to supervise the geological work required for the start of drilling. Quotes are being obtained to enhance the regional airborne magnetic survey data and make this dataset more useful, and several other enquiries are underway regarding the availability and cost of certain other geophysical datasets which might contribute towards identifying new targets within the permit area.

OVERALL FINANCIAL PERFORMANCE FOR THE THREE MONTHS ENDED 31 MARCH 2010

The Company recorded a net loss for the three months ended 31 March 2010 of \$5.41 million (\$0.07 per ordinary share), compared with a net loss of \$1.72 million (\$0.01 per ordinary share) during the three months ended 31 March 2009. As evidenced in the table below, the increased loss for the three month period ended 31 March 2010 compared to the loss for the previous period was primarily related to the commencement of operations at the Mowana mine and operating losses incurred as the plant was not operated at full capacity. Higher insurance costs related to the operation of the Mowana mine and foreign exchange losses were also contributing factors.

	Three months ended 31 March	
	\$	
	2010	2009
Sales revenue	3,287,244	-
Operating costs excluding amortization	(5,062,874)	-
Amortization of mining properties and equipment	(329,760)	-
Operating loss from mining operations	(2,105,390)	-
G&A, consultants, salaries and benefits	(623,855)	(601,246)
Insurance	(147,858)	(10,533)
Directors' fees	(43,255)	(67,905)
Investor relations and public company admin	(28,367)	(45,283)
Travel, accommodation	(41,391)	(29,591)
Professional fees	(278,471)	(285,911)
Share based compensation	(1,511)	(12,981)

Deferred bond raising fees	(24,143)	-
Depreciation	(40,875)	-
Foreign exchange loss	(913,617)	(2,605)
Operating loss	(4,248,733)	(1,056,055)
Investment income	13,443	9,057
Interest expense	(1,176,581)	(675,603)
Net loss	(5,411,871)	(1,722,601)

OVERALL FINANCIAL PERFORMANCE FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2010

The Company changed its accounting reference date during 2009 from 31 December to 31 March to align with ZCI and to streamline its accounting processes, resulting in a transition period of 15 months. For purposes of comparability, given the transition year, the following discussion is being presented on the basis of an unaudited fifteen month comparative period constructed by aggregating the audited results for the year ended 31 December 2008 and the unaudited results for the three months ended 31 March 2009.

The Company recorded a net profit for the 15 months ended 31 March 2010 of \$30.71 million (\$0.05per ordinary share), compared with a net loss of \$148.92 million (\$1.28per ordinary share) during the 15 months ended 31 March 2009. As evidenced in the table below, the profit for the current 15 month period, compared to the loss for the 15 months ended 31 March 2009, reflects the \$46.01 million partial reversal in 2009 of a \$142.27 million impairment provision recognized in the 15 months ended 31 March 2009.

	15 Months ended 31 March	
	\$	
	2010	2009
Sales revenue	7,392,466	-
Operating Costs excluding amortization	(11,838,918)	-
Amortization of mining properties and equipment	(1,104,345)	-
Operating loss from mining operations	(5,550,797)	-
G&A, consultants, salaries and benefits	(4,239,701)	(3,568,772)
Insurance	(684,017)	(58,509)
Directors fees	(202,784)	(149,735)
Investor relations and public company admin	(268,483)	(375,562)
Travel, accommodation	(274,548)	(322,760)
Professional fees	(1,753,193)	(1,075,047)
Share based compensation	(33,100)	(99,407)
Deferred bond raising fees	(442,303)	(42,444)
Depreciation	(199,549)	-
Foreign exchange gain/(loss)	2,074,563	(879,757)
Hedging loss	-	496,813
Impairment of property, plant and equipment	-	(132,473,392)
Impairment of deferred exploration	-	(9,794,452)
Reversal of Impairment of property, plant and equipment	46,013,446	-
Operating profit/(loss)	34,439,534	(148,343,024)
Investment income	44,275	1,956,892
Interest expense	(3,769,552)	(2,528,714)
Net profit/(loss)	30,714,257	(148,914,846)

Operating loss from mining operations:

During the 15 months ended 31 March 2010, the Company had sales revenue of \$7.39 million (2009: Nil amount) and operating costs of \$11.84 million (2009: Nil amount). This was lower than expected, reflecting the various operational bottlenecks described above, exacerbated by heavy rainfall, and a consequently lower volume of ore processed through the plant than anticipated. At the same time, because of the demands of responding to these challenges, production-related costs were higher than expected. The Company does not believe that the operating results for this period of production are at all indicative of those it will achieve over time, after implementing the solutions currently in progress. With the commencement of production, the Company also commenced amortizing the Mowana Mine's property, plant and equipment during the period.

General and administration, consultants, salaries and benefits:

During the 15 months ended 31 March 2010, the Company incurred a total of \$4.24 million (2009: \$3.57 million) in salaries, general and administrative expenses. Costs in the current period reflected certain termination costs incurred during the restructuring that was completed while the Mowana Mine was on a care and maintenance basis including \$340,000 in "change of control" payments required under certain employment contracts.

Directors' Fees:

During the 15 months ended 31 March 2010, the Company incurred a total of \$202,784 (2009: \$149,735) in Director fees. The Directors' fees of \$202,784 include an amount of \$48,887 payable to UK HM Revenue and Customs ("HMRC") in respect of a UK Pay As You Earn ("PAYE") audit. An additional amount of \$6,617 interest payable to HMRC on late payment is accounted for in the interest expense. The increase also reflects changes an increase in director's fees on 30 November 2009.

Investor relations and public company administration:

Investor relations and public company administration costs decreased to \$268,483 compared with \$375,562 for the same period ended 31 March 2009. During the current 15 month period ended 31 March 2010, investor relations costs were less as the Company restructured.

Travel, accommodation:

Travel and accommodation costs decreased to \$274,548 during the fifteen months ended 31 March 2010 compared with \$322,760 for the same 15 month period ended 31 March 2009. Due to a lack of working capital during the first half of 2009 all discretionary travel costs were suspended in an effort to save funds. These savings were somewhat offset during the six months ended 31 March 2010 when increased travel took place as part of the recommencement of operations at the Mowana Mine.

Professional fees:

Professional fees increased to \$1,753,193 during the fifteen months ended 31 March 2010 compared to \$1,075,047 for the same 15 month period ended 31 March 2009. The increase in the current period is due to legal and related professional fees in respect of the Natasa financing initiative, the Natasa debt acquisitions and completing the ZCI Financing Package incurred between April and June 2009.

Share-based compensation:

Share based compensation expenses of \$33,100 (2009: \$99,407) are non-cash expenses and reflect the derived value of stock options vested during the period. During the fifteen months ended 31 March 2010 no options were granted (2009: nil). The grant date fair value of stock options is amortized to the Income Statement over the period in which the options vest.

Bank interest receivable:

Bank interest receivable for 15 months ended 31 March 2010 decreased to \$44,275 from \$1.96 million for the same period in 2009. The lower bank interest receivable related to lower average cash balances and interest rates throughout the current 15 month period compared to the previous comparable period.

Interest Expense and Deferred Bond Raising Fees:

Interest expense and amortization of deferred bond raising fees increased to \$4,211,855 during the fifteen months ended 31 March 2010 compared to \$2,571,158 for the same 15 month period ended 31 March 2009.

The \$4,211,855 expense for the fifteen months ended 31 March 2010 relates to interest charges on the BWP 150 million (\$13.2 million) bond placed with Botswana institutions (the “**Botswana Bond**”) until it was settled in June of 2009 and interest charges on the ZCI Financing Package (see “*Liquidity and Capital Resources*” section in this MD&A). During the earlier 15-month period ended 31 March 2009, interest expense of \$2,571,158 related to the Botswana Bond.

Foreign exchange:

During fifteen months ended 31 March 2010, the Company recorded a foreign exchange gain of \$2,074,563 compared to a loss of \$879,757 in the comparative 15 month period ended 31 March 2009, primarily related to the revaluation of the \$ denominated loans on Messina's Pula-denominated financial statements.

SUMMARY OF ANNUAL RESULTS

The Company was incorporated on 11 February 2004. The Company's reporting currency is \$. The Company's subsidiary functional currencies include: Mortbury (Sterling), Messina (Pula) and Matsitama Minerals (Proprietary) Limited (Pula). The following table sets out selected annual information on the Company, which data has been prepared in accordance with applicable IFRS:

	Fifteen Months ended 31 March 2010 (audited) (\$)	Year ended 31 December 2008 (audited) (\$)	Year ended 31 December 2007 (audited) (\$)
Interest Income	44,275	1,953,951	5,945,206
Sales Revenue	7,392,466	-	-
Operating expenses	(23,277,516)	149,608,387	5,711,456
(Profit)/Loss before tax	(30,714,257)	147,654,435	(233,750)
(Profit)/Loss after tax	(30,714,257)	147,654,435	(233,750)
Basic Loss/(Earnings) per ordinary share	\$(0.05)	\$1.28	\$0.18
Diluted Loss/(Earnings) per ordinary share	\$(0.05)	\$1.28	\$0.18
Total assets	78,351,602	23,820,115	165,062,795
Total liabilities	(61,354,996)	(42,352,051)	(13,822,036)
Shareholders' equity	16,996,606	(18,531,938)	151,240,759

The fiscal 2008 results were heavily affected by impairment losses recognized on the Mowana Mine property, plant and equipment, and the fifteen-month ended 31 March 2010 results were affected in turn by the partial reversal of those losses, reflecting favourable changes in the underlying estimates of expected future cash flows. Please see “Overall Financial Performance for Fifteen Months Ended 31 March 2010” in this MD&A for a detailed description of the fifteen-month ended 31 March 2010 profit compared to the fifteen-month ended 31 March 2009 loss.

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 (\$)	
31 March 2010	3,287,244	(5,411,871) ⁽¹⁾	(0.05)	(0.05)
31 December 2009	4,248,179	(6,014,424)	(0.07)	(0.07)
30 September 2009	-	(1,304,354)	(0.02)	(0.02)
30 June 2009	-	47,581,149 ⁽²⁾	0.16	0.16
31 March 2009	-	(1,722,602)	(0.13)	(0.13)
31 December 2008	-	(81,809,992) ⁽²⁾	(0.56)	(0.56)
30 September 2008	-	(76,905,996) ⁽²⁾	(0.53)	(0.53)
30 June 2008	-	(3,166,818) ⁽³⁾	(0.22)	(0.22)

Quarterly results have fluctuated due primarily to impairment charges and reversals and to foreign exchange movements.

- (1) Please review the discussion under the heading "Overall Financial Performance for the three months ended 31 March 2010" in this MD&A for an explanation of the financial results and related period-to-period changes for the three months ended March 2009.
- (2) The quarters ended 31 December 2008 and 30 September 2008 results were heavily affected by impairment losses recognized on the Mowana Mine property, plant and equipment, and the quarter ended 30 June 2009 results were affected in turn by the partial reversal of those losses, reflecting favourable changes in the underlying estimates of expected future cash flows.
- (3) A principal component of the net loss of \$3.18 million during the quarter ended 30 June 2008 related to a \$1.62 million 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.

LIQUIDITY AND CAPITAL RESOURCES

At 31 March 2010, the Company had cash and cash equivalents of \$10.05 million (31 December 2008 –\$2.5 million) and a working capital deficit of \$12.62 million compared to a working capital deficit of \$33.48 million at 31 December 2008. The improvement in the working capital deficit primarily reflects the replacement of the ZCI bridge loans, which were classified as current liabilities, by a four year secured credit facility, as described further below.

Amounts owed to ZCI

On 9 May 2009 the Company announced it had entered into agreements pursuant to which ZCI agreed to provide the ZCI Financing Package.

The ZCI Financing Package comprised:

- a \$7 million initial bridge loan facility, made available to Messina on 13 May 2009 (the "**Initial Bridge Loan**");
- a \$25.4 million second bridge loan facility, made available to Messina on 18 May 2009 (the "**Second Bridge Loan**");
- a \$9.9 million share subscription, completed on 22 May 2009 (the "**Share Subscription**"); and
- a \$31.1 million four-year convertible loan facility, signed on 18 June 2009 and subject to ZCI approval which was provided in January 2010 (the "**Convertible Loan Facility**"). The Convertible Loan Facility was subsequently increased to approximately \$32.4 million.

Following the Share Subscription, ZCI had an interest in 82.16% of the Company's issued ordinary share capital, constituting a "change of control".

The Company initially received the Initial Bridge Loan and the Second Bridge Loan pending completion of the conditions for the Convertible Loan Facility. In January 2010, after ZCI received approval from its shareholders, the Initial Bridge Loan and Second Bridge Loan converted into obligations under the four-year Convertible Loan Facility. Of this obligation, \$8,379,100 bears interest at 12% per annum and is convertible into ordinary shares of African Copper at a conversion price of 1p per share and \$22,750,000 bears interest at 14% per annum. The \$22,750,000 was subsequently increased to \$24,032,900. Borrowings under this Convertible Loan Facility have been guaranteed by African Copper and all other African Copper group companies and are secured over Messina's assets including a share pledge over the shares of Messina.

On 26 March 2010 the board of directors of ZCI resolved that the interest payment on the Tranche B Convertible Loan due by the Company on 31 March 2010 be postponed for a period of one year until 31 March 2011.

On 31 March 2010, ZCI extended to the Company an additional \$10 million loan (the "**March Facility**"), intended in large part to fund the Mowana-related solutions described above. The March Facility has an interest rate of 6% per annum payable quarterly, to be repaid on or before 31 March 2011 but renewable subject to ZCI giving its written consent to the renewal prior to the repayment date. This amount is secured in the same way as borrowings under the Convertible Loan Facility, as described above.

Also, in May 2009 ZCI acquired certain debts due by the Group to its suppliers, representing \$9.44 million (the "**ZCI Trade Debts**"). ZCI has not specified any repayment terms for these liabilities.

The total financial statement liability to ZCI at 31 March 2010 is as follows:

	\$000's
Convertible Loan Facility – convertible (non-current liability)	7,891
Convertible Loan Facility – non-convertible (non-current liability)	24,033
March Facility (current liability)	10,000
ZCI Trade Debts (current liability)	9,445
Total	51,369

This obligation is payable in the following periods:

	Due or due in less than 1 month US\$000's	Due between 1 to 3 Months US\$000's	Due between 3 months and 1 year US\$000's	Due between 1 to 5 Years US\$000's
Due to ZCI	9,445	-	-	41,924

Liquidity

As a result of the bottlenecks at Mowana and the additional plans described above, the Company utilized more working capital than it previously expected and identified additional working capital and capital equipment financing requirements.

After reviewing the detailed financial mine plan including the impact of the completed March Facility, the nearness of anticipated commercial production rates at Mowana and the current market price of copper, the Board has concluded that the Company will likely have a requirement for additional working capital in the next 12 months. It currently expects this requirement to be at a level that can be financed within current markets. In anticipation of these working capital needs, the Company's subsidiary Messina intends to restart discussions with third party finance providers regarding a working capital credit facility. Given the completion of the March Facility, Messina had suspended negotiations with a number of providers until the Mowana mine reached more steady production

levels. However, in the event that ZCI demands payments of the ZCI Trade Debts within this 12 month period, or that the Company experiences further delays in reaching commercial production rates or any material reductions in tonnages grades and/or recovery rates and overruns or lower copper prices, this requirement would be accelerated and the Company would need to seek greater additional working capital financing than it currently anticipates.

Management also intends to further evaluate the possibility of constructing a processing plant at the Thakadu deposit and developing the underground portion of the mine at Mowana. Further project finance will be required to complete these initiatives. The Directors expect that additional capital equipment and other project funding will be required to develop the Thakadu processing plant and underground portion of the mine and may be provided in the future by financial institutions in Botswana and/or the UK or by ZCI. Terms of any further funding by ZCI will be subject to separate commercial negotiations between the Company and ZCI if such funds are necessary and become known. Additional working capital and/or project 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.

The Group's ability to continue as a going concern is dependent upon its ability to generate positive cashflows from operations at the Mowana Mine and on successfully managing the other liquidity-related issues described.

CONTRACTUAL OBLIGATIONS

At 31 March 2010, the Group's contractual obligations aggregated \$4.73 million:

Contractual Obligations	Total	2010	2011	2012	2013 and thereafter
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods, services and equipment ^(a)	3,436	3,330	106	-	-
Exploration licences ^(b)	1,015	-	1	1,014	-
Mining licence	6	1	1	4	-
Lease agreements ^(c)	276	143	124	9	-
	4,733	3,474	232	1,027	-

(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.

At 31 March 2010, outstanding share options represented a total of 2,935,000 ordinary shares issuable for maximum aggregate proceeds of \$3,440,027 if and when exercised.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

The Company was charged \$84,886 (2008 - Nil) for the three months ended 31 March 2010 and \$417,614 (2008 - Nil) for the fifteen months ended 31 March 2010 by iCapital Limited ("iCapital") for the provision of technical and operational support to the Company. J. Soko, a director of the Company, is a principal of iCapital.

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 31 March 2010 in an aggregate amount of approximately \$51.37 million. See Note 19 of the Financial Statements.

FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise trade payables, purchase contracts, guarantees on debts owed to ZCI and accrued expenses. The Group has various financial assets such as cash and cash equivalents, provisional revenue receivables and interest receivables, which arise directly from its operations. In addition, the Company's financial assets include amounts due from subsidiaries. These financial instruments are denominated in Sterling, Pula, Rand, \$ and Canadian dollars. These accounts are recorded at cost which approximates their fair value. The Company experiences financial gains or losses on these accounts as a result of foreign exchange movements against the US dollar. The Company is exposed to currency risk related to the exploration development and operating expenditures of its Mowana mine and Matsitama Project 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 the \$. As mine development and operation costs are incurred and purchase commitments made for the further development of the Mowana Mine, the Company may acquire Pula and Rand or use derivative positions to lock in these costs in \$, if it believes it prudent to do so. The Company did not engage in any hedging activities during the fifteen months ended March 31, 2010 or the comparative period.

The Company has occasionally used copper put contracts in the past to manage financial risks associated with its underlying business activities, but has not done so during the fifteen months ended March 31, 2010.

The fair values of the Company's financial instruments do not differ materially from the carrying amounts shown in the balance sheet.

RISKS

The Company's operations are subject to numerous significant risks.

To date it has little operating history and a history of losses and there can be no assurance it will ever be profitable. Its activities are focused primarily on the Mowana Mine. Any adverse changes or developments affecting this project would have a material and adverse effect on the Company's business, financial condition, working capital and results of operations. Neither the development of the Mowana Mine into a commercial operation and its economic viability, nor the success of other current nor future exploration activities can be assured. Copper price volatility and currency fluctuations may also affect the Company's production, profitability, cash flow and financial position.

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 at 30 June 2009 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.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions, and government regulations may have an adverse effect on the Company.

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

The Group is dependent on 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. (see "**Liquidity and Capital Resources**" in this MD&A)

More information on these and other risks is set out in detail in the Annual Information Form filed on SEDAR for the 15 months ended 31 March 2010.

CHANGES IN ACCOUNTING POLICIES

There are no standards or interpretations that have been issued but are not yet effective that are expected to have a material effect on the financial statements in the future, except in the event of future business combinations. These changes would be treated only prospectively and only affect acquisitions made in the future financial years.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to financial and operational conditions impacting disclosure for the 15 months ended 31 March 2010 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer have, as at the 31 March 2010 financial period end:

(a) designed disclosure controls and procedures, or caused it to be designed under the Company's supervision, to provide reasonable assurance that:

- (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
- (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed Internal Controls over Financial Reporting, or caused it to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

All reasonable controls have been implemented and are operating effectively as designed to prevent and detect any material fraud and misstatement.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of internal controls over financial reporting. The design includes policies and procedures that:

- Pertain to the maintenance of records;
- Provide reasonable assurance that transactions are recorded accurately and that receipts and expenditures are made in accordance with the authorizations of management and directors; and
- Provide reasonable assurance in the prevention and timely detection of material unauthorized acquisition, use or disposal of the Company's assets.

On an annual basis, management evaluates the effectiveness of internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP.

Management has used the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') framework to assess the effectiveness of the Company's internal controls over financial reporting. Management conducted an evaluation of the effectiveness of internal controls over financial reporting and concluded that they were effective as at 31 March 2010.

During the 15 months ended 31 March 2010 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				
	12 November 2014	£0.76	375,000	
	12 November 2015	£0.76	60,000	
	1 August 2016	£0.775	1,750,000	
	29 December 2016	£0.775	750,000	2,935,000

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 steps required and the related timing to reach full production levels at its Mowana Mine and the prevention of operational bottlenecks, the Company’s expectation of the SnT and washing plant installed by February 2011, the DMS commissioned the first half of 2011 and the initial phase of the wet tailings completed by September 2010, the mobile crushers capacity sufficient to supply the operations, the additional amount of working capital and capital equipment financing required, the Company’s expectation that ZCI will not require immediate repayment of the amounts owed to it including amounts owed in respect of the ZCI Trade Debts, the Company’s expectations that additional funding will be available from ZCI, the Company’s expectation that its working capital needs will be at a level that can be financed within current markets, the Company’s overall strategy, 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 estimated total discounted amount of cash flows required to settle the Company’s asset retirement obligations, the Company’s expectation of market volatility, 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 at 30 June 2009 recognized in 2008 is appropriate, the Company’s conclusion no further impairment reversal required at 31 March 2010, 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, any further financing required for additional working capital and/or project finance being provided by ZCI or other financial institutions, the possible working capital requirement is at a level that can be financed within current markets, the implementation of the mobile crushing units, washing plant, the redesigned SnT and wet tailings facility to address bottlenecks thereby enabling the Mowana Mine to reach full production levels and the timing of implementation thereof, the timing of commissioning of the DMS, the timing of receiving the Thakadu mining licence, the key drivers required for the success at the Mowana Mine, the net present value calculations underlying the Company’s determination at 30 June 2009 that a partial

reversal of the impairment charge recognized in 2008 is appropriate and that a further reversal was not required at 31 March 2010, the recovery of mineral properties, estimated useful lives of capital assets, stock appreciation and financial instruments valuation, the Company's ability to access additional capital equipment and other project funding (including additional debt from ZCI) to meet possible future funding requirements for working capital and/or project finance for the DMS or underground development, 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 ZCI Financing Package, the ZCI Debt Acquisitions and the March Facility, further working capital or project financing not being sufficient or available to meet the Company's necessary working capital and equipment requirements, ZCI not providing any further financing required for additional working capital and/or project finance 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 mobile crushing units being an effective way to temporarily bypass the SnT to improve production efficiency, the completion of the initial phase of the wet tailings facility, that production ramp up will be unaffected by the migration from dry tailings to wet tailings, any further delays in the ramp-up to commercial production or, any further material reductions in tonnages, grades and/or recovery rates and overruns in operating costs are experienced, ZCI requiring immediate repayment of the amounts owed to it on account of the ZCI Debt Acquisitions, 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 at 30 June 2009 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, future prices of copper, unexpected increases in capital or operating costs, possible variations in mineral resources, possible delays or ability to contract the necessary transportation arrangements between Thakadu and Mowana, 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, political risks arising from operating in Africa, changes to regulations affecting the Company, 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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