African Copper plc: Half-Year Results for the Six Months to 30 September 2011

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LONDON, Dec. 23, 2011 - African Copper Plc (AIM: ACU) (BOTSWANA: AFRICAN COPPER) ("African Copper", "the Company" or "the Group") today announces interim results for the six month period ended 30 September 2011.

Highlights

- Copper produced in concentrate in the first half increased by 95 per cent compared to the same period last year and by 48 per cent compared to the second six months of the last fiscal year to 31 March 2011;

- Revenues increased to $23.1 million, from $8.1 million for the corresponding period last year;

- Currently implementing a program of focused plant upgrades to increase production further with $9.5 million spent on capital equipment and Mowana North drilling and $4.3 million spent on accelerated waste stripping;

- Average recoveries anticipated to increase as mining progresses deeper into the mines and away from more oxidic areas;

- Loss for the period increased to $16.0 million, compared to $6.1 million for the corresponding period last year, reflecting the cost of mine development and processing costs associated with high oxide ore;

- Operations broadly cash neutral for the period due to good working capital management;

- ZCI Limited ("ZCI"), the immediate parent company, has agreed to defer all principal and interest payments arising from the Company's debt obligations to ZCI until 31 March 2013 and provided a letter of financial support.

Commenting on the results, Jordan Soko, Interim Chief Executive Officer and director of African Copper, said, "African Copper made substantial progress during this period, but several strategic challenges remain to be addressed. We anticipate that our company will be in a position to generate positive cash flows on a monthly basis during the first half of the next financial year, and are focusing all our energies on achieving this goal. I would like to thank again all of the Company's staff, whose skill and dedication has done so much to move us forward in the past six months."

The technical information in this announcement has been reviewed and approved by David De'Ath, BSc (Hons), MSc, GDE-Mining, MIMM and MAusIMM, the Company's Manager - Geology, of the Mowana Mine for the purposes of the current Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in June 2009.

For further information please visit www.africancopper.com.

This announcement contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, statements regarding progress towards reaching higher commercial production levels, improvement in production efficiencies, timing of plant upgrades, impact of the new tertiary and secondary crushers on operations and throughput to the mill, impact of column flotation cells on impurities and cleaner higher grade concentrates, the realization of increased recoveries over the next two quarters as mining operations progressively move at Mowana from more oxidic areas to more supergene rich areas and at Thakadu towards sulphide mineralisation and the impact of the proposed Larox filter on filtration efficiency, throughput and moisture content are forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

Factors that could cause actual results or events to differ materially from current expectations include, among other things, 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 plans, 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 in regulation s affecting the Company. All forward-looking information speaks only as of the date hereof and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that its expectations reflected in the forward-looking information, as well as the assumptions inherent therein, are reasonable, forward-looking information is not a guarantee of future performance and, accordingly, undue reliance should not be put on such information due to the inherent uncertainty therein.

Chairman's and Chief Executive's Review

Overview

Our experience during this period confirms our enthusiasm about African Copper's direction and prospects, while underlining several strategic challenges that remain to be addressed. For the six month period ended 30 September 2011 we produced copper in concentrate of 3,486 Mt, 95 per cent higher than the corresponding period from last year, and we achieved record production levels in August 2011. This progress reflects an overall increase in mining flexibility as a result of having two available open-pit operations, Mowana and Thakadu, and a number of specific factors: increased grade of ore delivered to the plant as a result of higher production at Thakadu, successful maintenance strategies at the secondary and tertiary crushers, higher availability of the mill, and efficiency improvements at the filtration plant.

Although this momentum is highly positive, it nevertheless fell short of our original projections. We anticipate addressing this shortfall through a program of focused plant upgrades, currently in progress. We completed the installation and commissioning of a new tertiary crusher in November and of a new secondary crusher in early December. In combination, we expect these crushers to increase operational efficiency and to increase the throughput to the mill. We have also completed installing column flotation cells that we expect to remove impurities, specifically silica during flotation and increase concentrate grades. We are also anticipating the commissioning in late March 2012 of a new Larox filter system which is anticipated to increase filtration efficiency, allowing higher throughput of concentrate with a lower moisture content.

In addition to the benefits of these investments, we anticipate average recoveries will progressively increase from current levels over the year as mining operations at Thakadu move towards sulphide mineralisation and mining operations at Mowana progressively increase and move towards more supergene rich areas.

Our results for this six month period reflect development costs and extra processing costs associated with higher volumes of oxide based ore. Our revenues increased to $23.1 million, compared to $8.1 million for the corresponding period in 2010. However, this was not sufficient to outpace the increases in our operating costs, and we incurred an overall loss of $16.0 million, compared to a loss of $6.1 million in 2010. However, our operations only utilized cash of approximately $58 thousand, primarily reflecting good working capital management, reduced inventories and extended creditor days.

Our ability to capitalize on our operational progress depends of course on the availability of sufficient and stable finance. At 30 September 2011, our consolidated principal debt was US$64.8 million, all of which is owed to ZCI, and we have net current liabilities of $20.4 million. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 31 March 2013, and has confirmed it will continue to make sufficient financial resources available to African Copper to allow it to continue to meet its liabilities as they fall due in the course of normal operations until 31 March 2013. The Directors have updated the Company's and Group's cash flow projections, to identify the projected funding requirements and to estimate the variability in this projected requirement based on possible fluctuations in the price of copper or in the monthly production. After assessing these projections against our funding position, and having considered the risks and uncertainties associated with the projections and the Group's operations, the Directors have determined that the Group has adequate resources to operate for at least the next twelve months from the date of approval of these financial statements. Beyond this point, the Directors expect the financing position of the Company and Group will progressively improve as the planned and implemented operational improvements positively impact monthly production levels and the ore available to the plant becomes less oxidic.

Production

Copper produced in concentrate in the first half of the current fiscal year increased by 95 per cent compared to the same period last year and by 48 per cent compared to the second six months of the last fiscal year to 31 March 2011. In August 2011, we achieved record production levels.

Description	Six Months ended 30 Sept. 2011	Six Months ended 30 Sept. 2010	Year Ended 31 March 2011
Ore processed (Mt)	392,518	319,364	632,981
Cu grade (%)	1.80	1.23	1.37
Recovery (%)	49.2	45.6	48
Concentrate produced (Mt)	15,712	7,915	18,778
Copper produced in concentrate (Mt)	3,486	1,790	4,143
Payable copper sold (Mt)	3,295	1,595	3,841

In a Production Update announced on 15 November 2011, we said that a number of factors lay behind the advances in production levels. These are detailed below.

Mowana Processing

The progressive improvements in production are attributable to a number of factors including increased mining flexibility resulting from the availability of two open-pits at Mowana and Thakadu. The increase in ore delivery from Thakadu provided an increase in the average copper grade to 1.80% in the current period compared to 1.23% in the comparable period.

In addition, there were improvements in the processing plant. Successful maintenance strategies at the secondary and tertiary crushers (long a bottleneck area) increased their availability and efficiency. Efficiency improvements at the filtration plant resulted in daily throughput increasing from 80 tpd to between 160 and 200 tpd. As set out in the Production Update, these efficiency improvements were principally due to:

- Improved feed density as a result of changes made to the thickener underflow pumps;

- Increased feed pressure as a result of enhanced feed valves:

- Improved solid separation from better filter cloth aperture size control; and

- Installment of new filter press plates.

A number of plant upgrades at Mowana are currently in progress and are planned for completion by the year end. These are:

- Installation of a new tertiary crusher was completed in November 2011 and a new secondary crusher has recently been commissioned and is already positively contributing to operations.

- The installation of column flotation cells has been completed and is expected to remove impurities, specifically silica during flotation, resulting in a cleaner higher grade concentrate. Commissioning is expected to be completed by the end of January 2012.

- Installation of a Larox filter is planned during March 2012 to increase filtration efficiency, allowing higher throughput of concentrate with a lower moisture content.

Further increases in recoveries are anticipated in the second half of the current fiscal year as mining operations at Thakadu progressively move towards sulphide mineralisation and mining operations at Mowana progressively increase and move towards more supergene rich areas.

Thakadu

In our last report accompanying the financial statements for the year ended 31 March 2011, we stated that following the receipt of a Mining Licence for Thakadu in December 2010, the goal was to 'receive permission under the issued Mining Licence to mine out the ore resource directly underneath the Thakadu archaeological site by open pit means.' The archeological site at Thakadu was excluded from the initial Mining Licence, thus limiting total ore permitted for open pit mining.

The Company received such permission during the current period from the Ministry of Minerals, Energy and Water Resources of the Government of the Republic of Botswana. A revised mining licence was issued during October 2011. As a result, our current Thakadu mine plan addresses mining all the economically viable resources at Thakadu by open pit means.

Geology/Exploration

Mowana North Exploration Project

During September 2011 we completed drilling at the Mowana North exploration project. A total of 61 holes were drilled totalling 12,001 metres of percussion, and 20,647 metres of diamond drilling.

The project commenced drilling in November 2010 and is aimed at defining additional resources over a 2km strike length immediately north of the existing Mowana mine. Sparse drilling was carried out in the area during the early 1980's by Falconbridge Exploration.

Copper mineralization has been intersected in all holes where logging and sampling were completed. Initial assay results have started to be received, and receipt of all assays is anticipated before the end of December 2011.

Following receipt of all assay data, geological modeling and resource evaluation will be undertaken; and the new geological model will be integrated with the existing Mowana geological model. Following this work we intend to complete a prefeasibility study for future underground mining over the known 5km strike length of the ore body.

Matsitama Minerals Project

Exploration activities during the period included completing reverse circulation on targets generated in 2010 by our panel of experts; metallurgical bench scale testwork on sample material from the Nakalakwana Hill prospect; metallurgical testwork on the Gamogae banded iron rock sample; radiometric isotope age dating of rocks from the Matsitama schist belt; soil sampling on the Lepashe iron oxide-copper-gold (IOCG) target; site preparation (line cutting) ahead of planned geophysical surveys; follow-up geophysical surveys on selected targets; reverse circulation (RC) drilling at the Phute prospect; independent audit of the Nakalakwana Hill resource estimate; and commencement of diamond drilling on the Nakalakwana Hill prospect. The majority of this work remains at an early stage and will continue during the remainder of the fiscal year.

Results

Income Statement

The Group reports revenue of US$23.1 million (2010: US$8.1 million), an increase from the previous period reflecting enhanced production levels, but tempered by the decline in the copper price during the period.

Operating Costs:

	30 September 2011 $ (000's)	30 September 2010 $ (000's)
Mining	10,049	5,215
Processing	8,315	4,035
Engineering	4,653	3,469
Stockpile inventory	3,008	(4,597)
Operating costs excluding amortization	26,025	8,122

Mining costs increased during the current period as a result of higher mined volumes at both Mowana and Thakadu as a result of increased ore demand at the processing plant; improved contractor performance and mining in excess of the life of mine stripping ratio at Mowana. Thakadu moved to higher mined volumes in November 2011 after the Company received permission under the issued Thakadu Mining Licence to mine out the ore resource directly underneath the Thakadu archaeological site by open pit means thereby increasing the mining footprint and resulting in greater mine planning flexibility. In the southern portion of the Thakadu open pit, waste stripping activities are expected to open up access to higher grade sulphide ore in 2012, anticipated to provide higher recovery rates at the Mowana processing plant. Increased mining at Thakadu is expected to increase mining costs in the upcoming periods as two thirds of the planned plant feed is expected to come from Thakadu. At Mowana mining costs are also expected to increase in 2012, starting with a number of waste stripping activities required to open up access and allow for continued pit development.

Costs per tonne of ore processed increased during the period due primarily to the cost of flotation chemicals designed to lift metal yields from Thakadu oxide ore, increased input costs for oil-based consumables and costs incurred in keeping the secondary and tertiary circuit operational. Operating costs per tonne processed are expected to decrease in the next fiscal year from a combination of the following factors: 1) the new secondary and tertiary crushers will provide greater throughput and will be less expensive to operate and maintain 2) expenditures on flotation chemicals will decline as Thakadu operation move towards more sulphide rich areas 3) the Larox filter will increase filtration efficiency, allowing higher throughput of concentrate with a lower moisture content thereby improving concentrate handling during filtration as a result of higher density and reducing trucking and labour costs 4) the new column cells are expected to reduce impurities and increase concentrate grade thereby reducing penalty and trucking costs. The labour complement on the mine is also expected to be reduced with improved efficiencies realized from plant improvements. Significant temporary labour costs have been incurred in the past to address problems encountered with the secondary and tertiary crushing circuit and the concentrate filtration section of the operation.

Foreign currency exchange losses of $4.6 million were incurred in the current six month period, primarily from translation differences of the US$ denominated ZCI loans. The Pula had weakened at the end of the period compared to closing value at the end of last financial year.

Administrative costs increased to $3.1 million in the current period from $2.1 million in the comparative period due primarily to higher personnel costs driven by a higher complement of skilled employees to develop and manage existing operations.

The majority of the interest expense amount of $3.9 million relates to ZCI interest payable as well as associated withholding taxes. The remaining slight amount mainly relates to interest on facility payments with Banc ABC.

The following facilities were entered into and drawn from Banc ABC a Botswana based lending institution:

1. Overdraft facility ($3.0 million)
2. Equipment facility ($3.1 million)

From the available overdraft facility of $3.0 million, $1.4 million had been drawn by the end of the six month period, while, $1.6 million had been utilized against the equipment facility.

Cashflow

The Company utilized net cash from operating activities of $58 thousand, compared to a net outflow of $3.8 million in the corresponding period of 2010. The reduction in cash utilization primarily reflected good working capital management, reduced inventories and extended creditor days.

We made capital investments of $9.5 million (2010 - $3.4 million) relating primarily to additional property, plant and equipment at Mowana and the Mowana North drilling programme. Just over $3.0 million was incurred on the Mowana North drilling programme, with additional amounts spent on the final phases of the wet tailings dam construction. Other important projects where funds were spent included payment for the column flotation cells, secondary & tertiary crushers, deposits on the Larox filter and a plant engineering study. In addition we spent $1.0 million (2010 - $1.7 million) on exploration activity at the Matsitama project and we realized $361 thousand gross proceeds from the partial sale of our fleet of vehicles held at the end of last financial year that were disposed to senior level employees, as a new vehicle policy was ushered in.

We had a financing inflow of $5.6 million reflecting $4.0 million additional funding from ZCI and $1.6 million equipment financing from Banc ABC.

Financing

At 30 September 2011, our consolidated principal debt was $64.8 million, all of which is owed to ZCI, and we have net current liabilities of $20.4 million. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 31 March 2013, and has confirmed it will continue to make sufficient financial resources available to African Copper to allow it to continue to meet its liabilities in the course of normal operations as they fall due until 31 March 2013.

In addition, we obtained from Banc ABC an overdraft facility of $3.0 million and an equipment facility of $3.1 million. At September 30, 2011, we had withdrawn $1.4 million from the overdraft facility and had utilized $1.6 million from the equipment facility. The overdraft facility is a US$ denominated demand facility that has an initial fixed rate of interest of 8.5% per annum with Bank ABC reserving the right to change the interest rate in line with changes to the prime lending rate. The equipment facility is a 36 month US$ denominated facility that has a fixed interest rate of 9% per annum.

Outlook

Our continued focus at the Mowana plant is to increase feed tonnages of higher grade ore from the Thakadu open pit and to operate the plant at a design capacity of over 95,000 Mt per month. We made progress in the last six months, increasing the open pit working areas and overall mining performance at Thakadu after receiving approval from the Botswana Government to mine - by open pit means - the ore resource directly underneath the Thakadu archaeological site. Trucking the ore from Thakadu to the Mowana site remains a critical success factor but we have made progress in establishing a fleet of trucking contractors capable of trucking our planned requirements of 60,000 tonnes per month. We expect the Mowana plant circuit throughput to improve significantly as a result of the modifications to the secondary and tertiary crushing circuit, the addition of the new column cells and the new Larox filter. This anticipated increase in stable throughput will allow the metallurgical team to focus on increasing efficiencies and recoveries.

David Rodier, Chairman
Jordon Soko, Acting Chief Executive

23 December 2011

REGISTERED IN ENGLAND AND WALES NO. 5041259
African Copper Plc

Consolidated Statement of Comprehensive Income
For six months
ended 30 September For six months
ended 30 September For year
ended 31 March
2011 2010 2011
Note US$'000 US$'000 US$'000
Continuing operations
Revenue 3 23,092 8,065 24,731
Operating costs excluding amortization (26,025) (8,122) (21,317)
Amortization of mining properties and equipment (1,341) (2,067) (3,508)
Operating loss from mining operations (4,274) (2,124) (94)

Foreign exchange (loss)/gain (4,619) 1,626 3,418
Rehabilitation provision 470 (681) -
Administrative expenses (3,126) (2,102) (4,757)
Share based expenses (387) - -
Depreciation (252) - (874)
Operating loss 4 (12,188) (3,281) (2,307)
Investment income 19 16 2626
Other income - - 5
Finance costs (3,869) (2,841) (6,693)
Loss before tax (16,038) (6,106) (8,969)

Income tax expense - - -
Loss for the period from continuing operations attributable to equity shareholders of the parent company (16,038) (6,106) (8,969)

Other comprehensive income:
Exchange differences on translating foreign operations (1,217) 8,484 9,047

Other comprehensive income/(expenditure) for the period, net of tax (1,217) 8,484 9,047
Total comprehensive income/(expenditure) for the period attributable to equity shareholders of the parent company (17,255) 2,378 78

Basic loss per ordinary share 4 $ (0.02) $ (0.01) $ (0.01)
Diluted loss per ordinary share 4 $ (0.02) $ (0.01) $ (0.01)

The notes on pages 12 to 21 are an integral part of these consolidated financial statements.
African Copper Plc
Balance Sheets
Group
As At
30 September 2011 30 September 2010 31 March 2011
Note US$'000 US$'000 US$'000
ASSETS
Property, plant and equipment 5 81,360 76,713 81,485
Deferred exploration costs 6 3,462 1,712 2,768
Other financial assets 313 335 345
Total non-current assets 85,135 78,760 84,598

Other receivables and prepayments 5,689 1,820 3,792
Inventories 7 6,538 6,748 10,483
Cash and cash equivalents 8 1,108 2,837 2,829
Total current assets 13,335 11,405 17,104
Total assets 98,470 90,165 101,702

EQUITY
Issued share capital 9 15,167 13,469 15,167
Share premium 170,075 162,328 170,075
Other reserve - ZCI Limited convertible loan 502 502 502
Acquisition reserve 8,931 8,931 8,931
Foreign currency translation reserve 4,971 5,625 6,188
Accumulated losses (190,020) (171,480) (174,343)
Total equity 9,626 19,375 26,520

LIABILITIES
Rehabilitation provision 13 6,044 5,762 7,150
Amounts payable to ZCI Limited 11 47,424 31,924 43,424
Other borrowings 12 1,633 - -
Total non-current liabilities 55,101 37,686 50,574
Bank overdraft 8 1,346 - -
Trade and other payables 15,015 13,659 10,678
Amounts payable to ZCI Limited 11 17,382 19,445 13,930
Total current liabilities 33,743 33,104 24,608
Total equity and liabilities 98,470 90,165 101,702
African Copper Plc
Consolidated statement of changes in equity

Note

Share
Capital

Share
Premium

Other

Reserve

Acquisition
Reserve

Foreign Currency Translation Rserve

Accumulated
Losses

Total
Equity
US$'000 US$'000 US$'000 US$'000 US$'000 US$'000 US$'000

Balance at 1 April 2010 13,469 162,328 502 8,931 (2,859) (165,374) 16,997

Foreign exchange adjustments - - - - 8,484 - 8,484
Loss for the period - - - - - (6,106) (6,106)
Total comprehensive income for the period - - - 8,931 8,484 (6,106) 2,378

Balance at 30 September 2010 13,469 162,328 502 8,931 5,625 (171,480) 19,375

Foreign exchange adjustments - - - - 563 - 563
Loss for the period - - - - - (2,863) (2,863)
Total comprehensive income for the period - - - - 563 (2,863) (2,300)

New share capital subscribed 9 1,698 7,747 - - - - 9,445
Balance at 31 March 2011 15,167 170,075 502 8,931 6,188 (174,343) 26,520

Foreign exchange adjustments - - - - (1,217) - (1,217)
Loss for the period - - - - - (16,038) (16,038)
Total comprehensive income for the period - - - - (1,217) (16,038) (17,255)

Share based payments, net of tax 10 - - - - - 361 361
Balance at 30 September 2011 15,167 170,075 502 8,931 4,971 (190,020) 9,626

The notes on pages 12 to 21 are an integral part of these consolidated financial statements.
African Copper Plc
Consolidated cash flow statement
Six Months
ended 30 Sept. Six Months
ended 30 Sept. Year
ended 31 March
2011 2010 2011
Note US$'000 US$'000 US$'000

Cash flows from operating activities
Operating loss from continuing operations (12,188) (3,281) (2,307)

Increase in receivables (1,864) (893) (2,875)
Decrease/(increase) in inventories 3,945 (4,968) (8,703)
Increase in payables 3,920 4,883 4,743
Foreign exchange loss/(gain) 4,619 (1,626) (3,418)
Depreciation and amortization 1,593 2,067 4,383
Share option expense 387 - -
Rehabilitation provision (470) - -
Cash used in operating activities (58) (3,818) (8,177)

Interest received 19 16 26
Other income - - 5
Finance costs - - (2,763)

Net cash outflow from operating activities (39) (3,802) (10,909)

Cash flows from investing activities
Payments to acquire property, plant and equipment (9,454) (3,359) (8,496)
Payments of deferred exploration expenditures (955) (1,675) (2,731)
Disposal of property, plant and equipment 361 - -
Net cash outflow from investing activities (10,048) (5,034) (11,227)

Cash flows from financing activities
Proceeds from ZCI November 2010 development loan - - 7,500
Proceeds from ZCI February 2011 development facility 4,000 - 4,000
Issue of equity capital on conversion of debt - - 9,445
Repayment of debt on conversion to equity - - (9,445)
Proceeds from Banc ABC 1,633 - -
Net cash inflow from financing activities 5,633 - 11,500

Net decrease in cash and cash equivalents (4,454) (8,836) (10,636)
Cash and cash equivalents at beginning of the period 2,829 10,047 10,047
Foreign exchange gain 1,387 1,626 3,418
Cash and cash equivalents at end of the period 8 (238) 2,837 2,829

The notes on pages 12 to 21 are an integral part of these consolidated financial statements.

1. Nature of operations and basis of preparation

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 copper producing and mineral exploration and development group of companies (the "Group"). The Group's main project is the copper producing open pit Mowana mine. The Group also owns the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama Project. The Mowana Mine is located in the northeastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

The Group has only one operating segment, namely copper exploration, development and mining in Botswana.

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements of the year ended 31 March 2011. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2011.

The comparative figures for the financial year ended 31 March 2011 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors included a reference to the going concern basis of preparation which the auditors drew attention to by way of emphasis without qualifying their report.

Going Concern

Since the publication of the Company's annual financial statements on 30 June 2011 which contained details of the key assumptions and factors impacting on the Company and Group's ability to continue as a going concern, progress has been made in respect of production levels and a number of the capital projects envisaged have been successfully undertaken as set out in the Chairman's/Chief Executive's Review statement.

However, in spite of the progress on production and the ongoing capital projects to upgrade and de-bottleneck the production facilities, the mass of copper produced in concentrate has not attained the levels needed to generate overall positive cash flows for the business. With copper prices falling from prices in excess of $4.00 per lb at the time of announcing the March 2011 results to below $3.50 per lb in early December 2011, the average weighted copper price achieved on sale of concentrate has been approximately $3.80 per lb compared with a budgeted figure averaging approximately $4.40 per lb. The combination of lower realized prices and lower than expected production levels was the primary contributor to the underperformance of the operations compared to the Directors' original projections. In addition, processing costs were higher than budgeted as a result of higher than anticipated use of reagent chemicals to increase recoveries on Thakadu oxide ore and ongoing maintenance costs on the secondary and tertiary crushing circuit.

In the six month period to 30 September 2011, the Group recorded a loss of $16.04 million; however the operations were broadly cash neutral owing primarily to good working capital management which reduced inventories and extended creditor days. At 30 September 2011, net debt and accrued interest payable was $66.15 million. In November 2011, net debt further increased by $4.5 million as the Company made the final drawdown of the $12.5 million ZCI facility announced on 9 February 2011.

As a consequence of the continuing challenges faced in increasing production levels in the first half of this financial year and to date and the risks attaching to the copper price, the Directors have agreed with the directors of ZCI that the Company can defer the payment of any outstanding interest and principal owing on any of its outstanding debt due to ZCI until 31 March 2013 unless the performance of the Company and its prospects, as determined by the Directors, permit the repayment of debt beforehand.

In addition, the directors of ZCI have provided a formal letter of support to the Directors of African Copper which confirms that they will continue to make sufficient funding available in the normal course of operations up to 31 March 2013 to allow African Copper to continue to meet its financial obligations as they fall due.

The current Company and Group cash flow projections forecast positive cash flows on a monthly basis during the first half of the next financial year based on the following anticipated factors:

Approximately 64% of ore processed during this period is anticipated to be mined from the Thakadu open-pit with an average grade of 2.1%;
The new secondary and tertiary crushers will be available thereby significantly reducing downtime and increasing throughput to the mill;
Average recoveries are projected to increase to approximately 63%, reflecting the processing of less pure oxide ore as mining progresses deeper in the Thakadu and Mowana open-pits; and
Consensus analyst projections reviewed by the Directors.

Conclusion on going concern

After taking account of the Group's funding position and its cash flow projections, the letter of support from the directors of ZCI and having considered the risks and uncertainties associated with the projections and the Group's operations, the Directors have determined that the Group has adequate resources to operate for at least the next 12 months from the date of approval of these financial statements. For these reasons, they continue to prepare the financial statements on the going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

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 16 December 2011.

2. Summary of significant accounting policies

The accounting policies applied by the Consolidated Entity in these condensed consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 31 March 2011. The consolidated financial statements of the Group for the year ended 31 March 2011 are available upon request from the Company's registered office at 100 Pall Mall, St James, London SW1Y 5HP.

a) Statement of Compliance

The consolidated financial statements of African Copper plc have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and their interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union and with IFRSs and their interpretations issued by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

b) Standards adopted during the period

In these financial statements no new standards, amendments to standards or interpretations that are effective and have been adopted in the period had a material effect on the financial statements.

c) New standards and interpretations not yet adopted

There are a number of new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 March 2012. None of these have been adopted early in preparing these consolidated financial statements.

None of these are anticipated to have any impact on the results or statement of financial position reported in these consolidated financial statements. None of the new standards, amendments to standards and interpretations not yet effective are anticipated to materially change the Group's published accounting policies.

3. Group Segment reporting

An operating segment is a component of the Group distinguishable by economic activity or by its geographical location, which is subject to risks and returns that are different from those of other operating segments. The Group's only operating segment is the exploration for, and the development of copper and other base metal deposits. All the Group's activities are related to the exploration for, and the development of copper and other base metals in Botswana with the support provided from the UK. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets based on where the assets are located.
Geographic Analysis United Kingdom
(US$'000) Botswana
(US$'000) Total
(US$'000)
Revenue - 23,092 23,092
Non-current assets 1,333 83,802 85,135
All mining revenue derives from a single customer

4. Basic and diluted loss per share

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year but adjusted for the effects of dilutive options. The key features of share option contracts are described in Note 9.

Basic loss per share
Period ended
30 Sept. 2011
US$'000 Year ended
31 March 2011
US$'000
Loss after tax 16,038 8,969
Weighted average number of shares outstanding 928,798,988 837,863,676
Basic loss per share $0.02 $0.01

Diluted loss per share
Period ended
30 Sept. 2011
US$'000 Year ended
31 March 2011
US$'000
Loss after tax 16,038 8,969
Weighted average number of shares outstanding 928,798,988 837,863,676
Weighted average number of shares under options 9,494,836 2,185,000
Diluted loss per share $0.02 $0.01

5. Property, Plant and Equipment
Mine Development and Infrastructure Mine Plant and Equipment
Other
Assets
Total
US$'000 US$'000 US$'000 US$'000
Cost
Balance at 1 April 2010 96,831 49,881 16,695 163,407
Additions 8,457 462 1,030 9,949

Reclassifications (220) (1,100) - (1,320)
Disposals - - (179) (179)
Exchange adjustments 1,410 9,366 2,191 12,967
Balance at 31 March 2011 106,478 58,609 19,737 184,824

Balance at 1 April 2011 106,478 58,609 19,737 184,824
Additions 8,900 317 144 9,361
Disposals - - (704) (704)
Exchange adjustments (1,611) (5,429) (1,376) (8,416)
Balance at 30 September 2011 113,767 53,497 17,801 185,065

Depreciation and impairment losses

Balance at 1 April 2010 (89,600) (1,556) (7,027) (98,183)
Depreciation charge for the year (525) (3,234) (927) (4,686)
Disposals - - 55 55
Exchange adjustments - (208) (317) (525)
Balance at 31 March 2011 (90,125) (4,998) (8,216) (103,339)

Balance at 1 April 2011 (90,125) (4,998) (8,216) (103,339)
Depreciation charge for the year (267) (961) (365) (1,593)
Disposals - - 340 340
Exchange adjustments 70 502 315 887
Balance at 30 September 2011 (90,322) (5,457) (7,926) (103,705)

Carry amounts
Balance at 31 March 2010 7,231 48,325 9,668 65,224
Balance at 31 March 2011 16,353 53,611 11,521 81,485
Balance at 30 September 2011 23,445 48,040 9,875 81,360

Property, plant and equipment was pledged as security for amounts borrowed from ZCI Limited during the period (see note 11).

6. Deferred exploration costs

Group
Cost US$'000
Balance 1 April 2010 9,863
Additions 2,729
Exchange adjustment 1
Balance 31 March 2011 12,593

Balance 1 April 2011 12,593
Additions 956
Exchange adjustment (262)
Balance 30 September 2011 13,287

Impairment losses
Balance at 1 April 2010 (9,825)
Impairment of deferred exploration -
Balance at 31 March 2011 (9,825)

Balance at 1 April 2011 (9,825)
Impairment of deferred exploration -
Balance at 30 September 2011 (9,825)

Carry amounts
Balance 31 March 2010 38
Balance 31 March 2011 2,768
Balance at 30 September 2011 3,462

7. Inventories
Period ended
30 Sept. 2011
US$'000 Year ended
31 March 2011
US$'000

Stockpile inventories 3,638 8,249
Consumables 2,900 2,234
Total Inventories 6,538 10,483

8. Cash and cash equivalents
Period ended
30 Sept. 2011
US$'000 Year ended
31 March 2011
US$'000
Cash at bank - -
Short-term bank deposits 1,108 2,829
Bank overdraft (1,346) -
Cash and cash equivalents in the statement of cashflows (238) 2,829

9. Share Capital
No. of shares US$'000
Authorised
At 31 March 2011 and 30 September 2011
Ordinary shares of 1p each 1,995,000,000 31,080
Redeemable preference shares of £1 each 50,000 78

Issued:
Balance at 31 March 2010 823,429,500 13,469
Ordinary shares issued on 9 February 2011 105,369,488 1,698
Balance at 31 March 2011 and 30 September 2011 928,798,988 15,167

Share options and warrants
Share Options Held at 30 September 2011 Share Options Held at 31 March 2011

Date of Grant

Option Price per Share

Exercise Period
375,000 375,000 12 November 2004 £0.76 up to 12 November 2014
60,000 60,000 12 November 2005 £0.76 up to 12 November 2015
1,750,000 1,750,000 1 August 2006 £0.775 up to 1 August 2016
17,150,000 - 14 July 2011 £0.031 up to 14 July 2021
19,335,000 2,185,000

10. 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. On 14 July 2011 17,150,000 options were granted at 3.13p.
Weighted average exercise price in GBP per share Options
At 1 April 2010 77.3p 2,935,000
Granted - -
Forfeited 77.5p (750,000)
At 31 March 2011 77.2p 2,185,000
Granted 3.13p 17,150,000
Forfeited - -
At 30 September 2011 11.5p 19,335,000
Exercisable at the end of the period 21.0p 9,045,000

Expected volatility was determined by calculating the historical volatility of the Company's share price since it was listed on the AIM market of the London Stock Exchange in November 2004. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The total expense recorded in the profit and loss in respect of share based payments for the period was US$387,148 (31 March 2011: Nil).

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

Expiry date Exercise price in GBP per share
Shares
30 Sept. 2011 31 March 2011
2014 76p 375,000 375,000
2015 76p 60,000 60,000
2016 77.5p 1,750,000 1,750,000
2021 3.13p 17,150,000 -
11.5p 19,335,000 2,185,000

The weighted average remaining contractual life of the outstanding options at 30 September 2011 was 9.19 years (2011: 4.5 years).

11. Amounts payable to ZCI Limited
At 30 Sept. 2011
US$'000 At 31 March 2011
US$'000
Convertible loan (non-current liability) 7,891 7,891
Non-convertible loan (non-current liability) 24,033 24,033
Development loan (non-current liability) 7,500 7,500
Development facility (non-current liability) 8,000 4,000
47,424 43,424
March 2010 facility (current liability) 10,000 10,000
Interest (current liability) 7,382 3,930
Balance due to ZCI Limited 64,806 57,354

ZCI owns 84.19 percent of the Company (84.19 percent as at 31 March 2011). At 30 September 2011 the Company owed ZCI pursuant to the following principal indebtedness:

Convertible Loan Facility:

The Convertible Loan Facility is a four year secured part convertible credit facility of US$31,129,100 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 B was subsequently increased from US$22,750,000 to US$24,032,900. 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 84.19 per cent. to 90.11 per cent.

The Convertible Loan Facility contains typical covenants, warranties and events of default for an agreement of this nature. The Convertible Loan Facility is guaranteed by African Copper and all other African Copper group companies and is secured over Messina's assets including a share pledge over the shares of Messina.

On 20 December 2011 the board of directors of ZCI resolved to defer Tranch A and Tranch B principal payments in aggregate of US$32,412,000 due on 29 January 2012 to 31 March 2013. In addition, the ZCI board of directors further resolved to defer interest payments on Tranch A of US$1,459,090 and interest payments on Tranch B of US$ 5,201,236 accrued to 31 December 2011 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013 deferred to 31 March 2013.

ZCI Debt Acquisitions

In May 2009 as part of the refinancing of the Company ZCI acquired certain debts due to large creditors of the Group representing US$9.44 million (the "Debt Acquisitions"). In February 2011 ZCI agreed to exchange the Debt Acquisitions for new new ordinary shares in the Company at a deemed price of 5.5782p per share. The conversion price of 5.5782p per share was calculated based on the 30 days Volume Weighted Average Price (VWAP) and resulted in the issue of 105,369,488 ordinary shares to ZCI.

March 2010 Facility

On 31 March 2010 the Company announced it had arranged agreement with ZCI pursuant to which ZCI would fund immediately a US$10 million term loan facility at an interest rate of 6% per annum, payable quarterly, to be repaid on or before 31st March 2011 and may be renewed, subject to ZCI giving its written consent to such renewal, prior to the repayment date. The March Facility is secured under the existing Convertible Loan Facility (with the exception of the convertible option). On 20 December 2011 the board of directors of ZCI resolved to defer the principal payment of US$10,000,000 due on 31 March 2012 to 31 March 2013. In addition, the ZCI board of directors further resolved to defer interest payments accrued to 31 December 2011 of US$900,822 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013 deferred to 31 March 2013.

Development Loan

On November 29, 2010 the Company announced it had secured the Development Loan from ZCI of US$7.5 million. The purpose of Development Loan was to enable exploration drilling on the Company's Matsitama Exploration Project and Mowana North deposit and the completion of a scoping study for the Makala deposits as well as certain plant enhancements. The Development Loan has an interest rate of 12% per annum payable half yearly, and is to be repaid on or before 30 November 2014 and may be renewed for a further 2 years, subject to ZCI giving its written consent to such renewal, prior to the repayment date. The other terms and conditions are otherwise on the same terms as with the Convertible Loan Facility (with the exception of the convertible option). On 20 December 2011 the board of directors of ZCI resolved to defer interest payments accrued to 31 December 2011 of US$859,890 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013 deferred to 31 March 2013.

The Development Facility

On February 9, 2011 the Company announced the Development Facility of US$12.5 million from ZCI. The purpose of the Development Facility was to provide the Company with further working capital and funds to execute the planned investment programme at its Mowana Mine facilities and accelerate mining activities at the Thakadu deposit. The Development Facility is a 3 year secured loan facility with an interest rate of 9.0%, repayable in January 2014. Interest is to be paid semi-annually in arrears on 31 December and 30 June each year, commencing on 31 December 2011 with this payment including accrued interest from the closing of the Facility. The terms and conditions of the Development Facility are on substantially similar terms to Convertible Loan Facility (with the exception of the convertible option). At 30 September 2011 US$8.0 million of the Development Facility had been drawn by the Group.

In November 2011 the balance of the Development Facility of US$4.5 million was drawn by the Group.

On 20 December 2011 the board of directors of ZCI resolved to defer interest payments accrued to 31 December 2011 of US$445,807 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013 deferred to 31 March 2013.

As a consequence of the Convertible Loan Facility, the March Facility, the Development Loan and the drawn portion of the Development Facility the Group is indebted to ZCI at 30 September 2011 in an aggregate amount of approximately US$64.8 million (31 March 2011: US$57.4 million).

12. Other Borrowings
At 30 Sept. 2011
US$'000 At 31 March 2011
US$'000
Equipment Facility 1,633 -

An equipment facility of US$3.1 million was obtained from Banc ABC, a Botswana based lending institution. The equipment facility is a 36 month US$ denominated facility that has a fixed interest rate of 9% per annum. At 30 September 2011, US$1.6 million from this facility had been drawn.

13. Rehabilitation Provision

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2011 is US$6,044,366 (2011 - US$7,150,079). 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. This estimate was recently updated by GeoFlux (Pty) Limited and the undiscounted cost was revised to 45 million Botswana Pula (due to escalation of Mowana estimate and the new estimate for Thakadu).

The Company has set aside US$0.49 million to a separate bank account to provide for rehabilitation of the Mowana and Thakadu Mines site at closure. The cash provision is set aside on the rate of reserves depletion basis. The Company will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned cover the anticipated costs.
Rehabilitation Provision US$'000
Balance, 1 April 2011 7,150
Adjustment (470)
Foreign exchange on translation (636)
Balance, 30 September 2011 6,044

14. Commitments
Contractual Obligations Total US$'000 2011 US$'000 2012 US$'000 2013 US$'000
Goods, services and equipment (a) 14,785 14,245 540 -
Exploration licences (b) 4,807 649 1,924 2,234
Lease agreements (c) 428 106 290 32
20,020 15,000 2,754 2,266
a) The Company and its subsidiaries have a number of agreements with arms-length third parties who provide a wide range of goods and services and equipment.
b) Under the terms of the Company's prospecting licences Matsitama is obliged to incur certain minimum expenditures.
c) The Company has entered into agreements to lease premises for various periods.

15. 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;
Amount incurred
during the period Balance Outstanding
as at
30 Sept. 2011
US$'000 31 March 2011
US$'000 30 Sept. 2011
US$'000 31 March 2011
US$'000
Due to ZCI Limited (see Note 11) 4,000 2,055 57,424 53,424

Amount paid to ZCI Limited being interest on loan 3,452 5,589 7,382 3,930

Amount paid to iCapital Limited for the provision of technical and operational support to the Company. J. Soko, a director of the Company, is a principal of iCapital Limited. 189 379 31 41

Amount paid to Aegis Instruments, Micro mine, MGE and Quantec, companies controlled by a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and reimbursed expenses 182 89 2 -

16. Contingent Liability

The directors are not aware of any proceedings which are threatened or pending, which may have a material effect on our financial position, results of operations or liquidity. Specific claims against the Company, which arise in the ordinary course of business, have been provided for where the directors consider it probable that the claims will be settled.

17. Ultimate Controlling Party

The directors regard ZCI, a company registered in Bermuda, as the Company's immediate parent undertaking. Copies of the accounts of ZCI Limited, the smallest and largest group for which accounts are prepared, may be obtained from the ZCI Limited registered office.

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

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