

African Copper Plc: Final Results for the Year to 31 March 2012

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LONDON, July 31, 2012 - [African Copper Plc](#) ("African Copper", "the Company" or "the Group") (AIM:ACU) (BOTSWANA:AFRICAN COPPER), today announces audited results for the year ended 31 March 2012.

Summary

- Production in concentrate increased by 67% to 6,910 Mt (2011: 4,143 Mt) from ore processed of 738,921 Mt (2011: 632,981 Mt). Revenues increased to US\$42.7 million (2011: US\$24.7 million).
- Operating cost issues resulting from plant inefficiencies and the processing of oxidic ore resulted in an operating loss from mining operations of US\$4.6 million (2011: loss of US\$0.1 million).
- Overall loss of US\$42.6 million (2011: loss of US\$9.0 million) includes two large non-cash items and \$8.1 million (2011:\$5.6 million) accrued financing costs to ZCI. Non-cash items include a \$15.0 million (2011: Nil) impairment provision recognised on property plant and equipment and a US\$6.3 million (2011: gain of \$3.4 million) translation loss on foreign exchange.
- At the Mowana Mine, the plant processed about 62,000 Mt per month during the year, compared to its design capacity of 90,000 to 100,000Mt as US\$7.9 million of capital upgrades were implemented and inefficiencies addressed.
- The Company's controlling shareholder ZCI Limited ("ZCI") continues to provide its strong support for the Company's operating plan and has confirmed, if necessary, it will continue to make sufficient financial resources available to African Copper to allow it to continue to meet its financial liabilities as they fall due in the normal course of operations.
- The benefits of the capital expenditure programme are expected to be realised through the remainder of the year and, with greater operating stability, allowing the Company to gradually increase throughput and ramp up production.

Commenting on the results, Jordan Soko, Interim CEO of African Copper, said, "Our properties provide tremendous opportunities for growth.

Production in July 2012 is showing some very positive signs since restarting in June 2012 following the failure of the pinion shaft.

We are determined to get our mining facilities right so that we can increase our throughput and production to levels that the high quality assets at Mowana, Thakadu and, in due course, Matsitama justify."

For further information please visit www.africancopper.com

The following Chairman's Statement, Review of Operations and Financial Review should be read in conjunction with the Company's audited consolidated financial statements for the twelve months ended 31 March 2012 (the "Financial Statements"). The Financial Statements are presented in US dollars. The 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 the Statements is current to 31 July 2012.

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

All amounts are expressed in US dollars ("US\$") unless otherwise indicated. Certain financial information

originates in British Pounds Sterling ("GBP"), Botswana Pula ("Pula"), South African Rand ("ZAR") and Canadian Dollars ("CAD"), and has been translated into USD based on prevailing exchange rates and in accordance with Note 2 to the Financial Statements

Additional information relating to the Company is available at www.africancopper.com or under the Company's profile on the SEDAR website at www.sedar.com.

CHAIRMAN'S STATEMENT

Overview

The Company's main asset is its investment in Messina which owns the Mowana mine a copper producing open pit located in Botswana and its associated processing plant which is capable of processing 3,000 Mt of ore per day (90,000 - 100,000 Mt per month). Messina also owns a mining licence to mine the high grade copper-silver Thakadu open-pit, lying about 70km from the Mowana processing infrastructure.

During the year our processing strategy changed with production at the Mowana plant being exclusively sourced from the higher grade Thakadu open-pit. Accordingly, mining activities at the Mowana open-pit have been curtailed to save working capital. It is intended to recommence waste stripping operations at the Mowana open pit in April 2013 in time to have the pit capable of providing the necessary ore before the anticipated depletion of the reserves at Thakadu in mid 2014.

We continued our progress towards achieving stable operations at the Mowana plant, implementing the capital expenditure programmes necessary to support this goal. Our production of copper in concentrate during year ended 31 March 2012 was 67% higher than in year ended 31 March 2011, and we achieved record production levels in March 2012, reflecting plant stability and higher grades. Recovery rates were largely unchanged between the two periods, at 48%. However, we expect recovery rates to improve significantly as we continue to mine deeper in the Thakadu open-pit, with the relative percentage of oxide ore processed through our plant declining during the coming year and that of higher-recovery sulphide ore increasing. This shift will also correspondingly reduce our reliance on chemical reagents for oxide ores - an expense of \$7.7 million (2011: \$2.7m) during the year under review.

Our operating costs per tonne remained above budgeted levels. Maintenance costs caused by major component inefficiencies and design upgrades throughout the plant were higher than originally anticipated. On average, the plant processed about 62,000 Mt of ore per month during the year, compared to its design capacity of 90,000 to 100,000 Mt. While many of the past production bottlenecks have now been addressed, the introduction into the plant of oxide ore during the year from the Thakadu deposit required different plant set-up and chemical treatment which increased our production-related costs.

During the year we spent approximately \$7.9 million on capital upgrades at the plant, and in conjunction with the factors discussed above, we expect to progressively realise the benefit of this investment and to increase production as plant efficiency increases in conjunction with feed of higher recovery sulphuric ore. Overall, we do not believe the operating results for this period of production are indicative of those we will achieve over time, once the plant is operating at full capacity levels and remain optimistic for future production.

Results

As a result of our increased production revenues for the year to 31 March 2012 increased to US\$42.8 million (2011: US\$24.7 million). However, despite this progress, the cost-related issues described above generated an operating loss from mining operations of US\$4.6 million (2011: loss of US\$0.1 million).

We tested the carrying value of our property, plant and equipment for impairment at the end of the year, estimating their "recoverable amount" using reasonable and supportable assumptions reflecting our best estimate of the range of economic conditions that will exist over the life of the mine. Based on a sensitivity analysis to reflect the inherent uncertainty of these estimates, we recognised a \$15 million impairment provision to property, plant and equipment.

Administrative costs also increased, in part due to salary cost increases, reflecting both strategic decisions on retention and motivation, and externally-imposed factors. In addition, after taking into account a foreign exchange loss of \$6.3 million (2011: gain of \$3.4 million) and increased finance costs of \$8.6 million (2011: \$6.7 million), we incurred an overall loss of US\$42.6 million, compared to a loss of US\$9.0 million in the prior year.

Exploration

The Company also spent \$3 million during the year on exploration activities at the adjacent Matsitama Project, after being granted a two year renewal on four of its six prospecting licences by the Minister for Minerals, Energy and Water Resources, Botswana. The four prospecting licenses, PL 14/2004, 15/2004, 16/2004 and 17/2004, total 1,988.6km² in extent and cover much of the highly prospective Matsitama Schist Belt. The Company's subsidiary also holds title to two other prospecting licences in the Matsitama Schist Belt, which collectively cover an area of 96.2km². As part of the programme completed during the year, we commissioned a three dimensional induced polarisation ("IP") survey that was commissioned over the Nakalakwana area where the previous Phase I drilling programme had indicated possible Iron Oxide Copper Gold type mineralisation. Four drill targets were subsequently generated from the IP data and as of early April 2012, approximately 6,000 meters of drilling had been completed on this prospect. Meanwhile, we received positive metallurgical test work results for sample material indicating that a saleable copper concentrate could be realised by standard flotation.

Financing

The Company's controlling shareholder ZCI Limited ("ZCI") continued to provide strong support during the year. At 31 March 2012, after receiving a further US\$9 million in debt financing from ZCI during the fourth quarter, the Company's consolidated principal debt was US\$68.9 million, all of which is owed to ZCI, and it had net current liabilities of US\$66.3 million. ZCI has agreed 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. Subsequent to the year end, on 8 June 2012, ZCI provided a further US\$6.0 million convertible debt facility with an interest rate of 7%, repayable on 31 March 2014.

The Company was also successful during the year in arranging overdraft and equipment financing facilities from Banc ABC, a Botswana based lending institution. As at 31 March 2012, the Company had drawn US\$3.3 million and US\$2.9 million respectively from the overdraft and equipment facilities.

Outlook

The Company has continued to experience operating challenges. Production during May 2012 was adversely affected by a failure at the ball mill, resulting in a complete stoppage of production from 20 May to 5 June 2012 after a failure of the pinion shaft (an item for which we had already ordered a replacement), however production in July has shown positive signs of progress. We expect to realise the benefits of our capital expenditure programme through the remainder of the year and, hopefully, to experience greater operating stability, allowing us to gradually increase our throughput and to ramp up our production to levels that the assets at Mowana, Thakadu and, in due course, Matsitama justify.

In an effort to conserve working capital, mining activities are currently suspended at the Mowana open-pit, allowing us to focus on the higher grade Thakadu open-pit. We expect that mining activities will recommence at Mowana in early 2013.

As announced, most recently on 10 July 2012, the Company has been notified by ZCI that ZCI has initiated a process intended to realise value from its investment in African Copper, which process may result in the partial or full sale of ZCI's interest in the Company. ZCI remains a supportive shareholder of our Company evidenced by their continued support. Our management team remains committed to executing on the Company's business plan with the stated goal of building value for all shareholders.

Finally, I would like to thank our Board; our acting chief executive officer, Jordan Soko, for his leadership; and our team of managers and employees for their outstanding efforts and commitment. I am confident that their contributions will ensure a bright future for African Copper. The Board expects to report further progress towards our goals during the current financial year.

David Rodier, Chairman
31 July 2012

REVIEW OF OPERATIONS

We expect to realise the benefits of our capital expenditure programme through the coming year and to experience greater operating stability, allowing us to increase our throughput gradually and to further ramp up our production.

Mowana

During the period under review we continued our progress towards achieving stable operations at the Mowana mine in north-east Botswana and have been active in implementing the capital expenditure programmes necessary to support this goal. For the year ended 31 March 2012, we produced copper in concentrate of 6,910 Mt, 67% higher than the corresponding period last year, and we achieved record production levels in March 2012. This increased production reflected the following factors:

- greater plant throughput as the plant became more stable - we processed 738,921 Mt of ore in 2012 compared to 632,981 Mt in 2011 - a 16.7% increase
- higher grade as a result of a greater percentage of ore from the Thakadu pit rather than the Mowana pit - the average grade in 2012 was 1.93% compared to 1.37% in 2011 (a 40.9% increase). In 2011, the majority of the ore processed came from the Mowana pit whereas in 2012, 73% of the ore came from Thakadu (which has an average grade in excess of 2%)

However, recoveries remained largely the same between the two periods at 48%. We expect recovery rates to improve significantly as we continue to develop the Thakadu deposit, with the relative percentage of oxide ore processed through our plant declining during the coming year and that of higher-recovery sulphide ore increasing. This shift will also correspondingly reduce our reliance on chemical reagents - a significant expense during the period.

The following table summarizes the Mowana mine's performance during 2012 compared to 2011:

Description	Jan to	Jan to	FY	FY
	March	March	2012	2011
Ore processed (Mt)	177,665	131,604	738,921	632,981
Cu grade (%)	2.06	1.68	1.93	1.37
Recovery (%)	45.8	50.1	48.4	47.7
Concentrate produced (Mt)	7,817	5,034	31,027	18,778
Copper produced in concentrate (Mt)	1,676	1,107	6,910	4,143
Payable copper sold (Mt)	1,441	1,266	6,245	3,841

Our operating costs per tonne remained above budgeted levels. Maintenance costs, caused by major component inefficiencies and design upgrades throughout the plant, were higher than we originally anticipated. On average, the plant processed about 62,000 Mt per month during the year, compared to its design capacity of 90,000 to 100,000 Mt. While many of the past production bottlenecks have now been addressed, the introduction into the plant of the oxide ore from the Thakadu deposit required different plant set-up and settings and a corresponding learning curve, all of which increased our production-related costs.

During the year we spent approximately \$7.9 million on capital expenditure upgrades at the plant.

The major expenditures were as follows:

- Column flotation cells to remove impurities, specifically silica, during flotation and increase concentrate grades - these are commissioned and running
- Larox filter, allowing higher throughput of concentrate with a lower moisture content, ultimately reducing transportation costs to smelters - these are commissioned and running
- Secondary and tertiary crushers, enhancing operational efficiency and increasing throughput to the mill - these were installed at the end of 2011 and have been highly effective
- Upgrades to conveyors and pumps
- Road rehabilitation between Thakadu and Mowana
- Upgrades to the wet tailings storage facility

In order to accelerate to higher grade Thakadu sulphides, mining activities at the Mowana open-pit were stopped and the Mowana mining fleet moved to Thakadu. This is in line with our processing strategy, as

described below, to maximise copper units through the plant by focusing production on higher grade ore. We plan to recommence mining activities at the Mowana pit in April 2013, a schedule has been developed which provides adequate time to perform the necessary waste stripping to have the pit capable of providing the necessary ore when the reserves at Thakadu are depleted which is expected to be in mid 2014.

Thakadu

Thakadu is the Company's high grade copper-silver deposit, lying about 70km from the Mowana processing infrastructure. The open pit mining area in the original Thakadu Mining Licence issued in December 2010 excluded an archaeological site area containing approximately 1.0 million tonnes of ore out of the 2.4 million tonnes of available reserves at that time. During 2011, the Company was successful in receiving permission from the Ministry of Minerals, Energy and Water Resources to mine this previously excluded area by open-pit means.

Thakadu's ore is shipped to the Mowana mine processing facility and shares the Mowana mine infrastructure and management. The pure Thakadu oxide layer is a relatively small portion of the deposit and is estimated to sit approximately 30 metres from the surface. To date, this highly oxidized ore has been difficult to process, as evidenced by the 2012 recovery rate of 48%. As noted, to assist in improving recoveries from the oxide ore, we employed a series of chemical re-agents, significantly increasing the cost of processing. These chemicals will not be required as the mine moves into the sulphide ore. While historical test work estimated a recovery of some 40% for the Thakadu oxide ore, the corresponding estimate for the sulphide ore is in the range of 80% to 90%.

After mining down approximately 45 metres to date, there are some positive indications of ore quality improvement, with significant pockets of sulphide ore already extracted. Current mining activities are starting to access sulphide material with grades in excess of 2%. Over the next year we expect the volume of copper units produced to increase as sulphide ores become available from the Thakadu pit.

Geology and Exploration

During 2011 we undertook an exploration drilling programme to determine the nature and extent of the Mowana ore body extension northwards of the current open pit. This area was sparsely drilled by Falconbridge Botswana in the early 1980's. A total of 60 boreholes were drilled over a 2km strike length, comprising 17,550 metres of percussion drilling and 20,617 metres of diamond drilling. Copper mineralisation was shown to extend for the full 2km northwards to a depth of 550 metres. Geological modelling and resource estimation for the Mowana North area is currently underway.

In 2011, we were granted a two year renewal by the Minister for Minerals, Energy and Water Resources, Botswana on four of our six prospecting licences (PL 14/2004, 15/2004, 16/2004 and 17/2004, totalling 1,988.6km² in extent and covering much of the highly prospective Matsitama Schist Belt). The Group also holds title to two other prospecting licences in the Matsitama Schist Belt, which collectively cover an area of 96.2km². The Company spent \$3 million dollars on exploration at the Matsitama Project with the focus primarily on iron-oxide-copper-gold ("IOCG") mineralization. These deposits can be very large, capable of supporting mining operations for periods of 30 or more years. It has long been believed that the Matsitama Schist Belt may host IOCG mineralization but until recently, no conclusive proof had been found to confirm the existence of this type of deposit in the belt. The Company is investigating three highly prospective IOCG targets: the Nakalakwana Hill, Lepashe and Matsitama West targets.

As part of the programme completed during the year, we commissioned a three dimensional induced polarisation ("IP") survey over the Nakalakwana area where the previous Phase I drilling programme had indicated possible IOCG type mineralisation. We subsequently generated four drill targets from the IP data and as of early April 2012, had completed approximately 6,000 metres of drilling on this prospect. Meanwhile we received positive metallurgical test work results for sample material indicating that a saleable copper concentrate could be realised by standard flotation.

Site preparation ahead of geophysical surveys is on going on the Matsitama West and Lepashe IOCG targets. We conducted a magnetic induced polarisation (MIP) survey over the Matsitama West target. We subsequently generated four drill targets from this work, which are still to be drill tested. We started reverse circulation drilling at the Phute prospect based on known historical geochemical and geophysical anomalism in the area.

We collected a bulk sample from the Gamogae target for up-front mineralogical analysis and carried out metallurgical test work to explore the potential of the exposed ironstone at this target as a source for iron ore. Current results suggest a very fine grind would be required to liberate the iron. Separation by gravity using

spirals is yet to be tested. We also plan to map the 13km exposed strike for alteration and structure for possible banded iron formation (BIF) hosted gold. The Gamogae is also a target for IOCG type mineralisation.

Human Resources

We have again experienced a very busy year, requiring all parties involved to be very resourceful in their approach. I would like to thank our majority shareholder ZCI for its financial and operational support and to recognise the hard work from our full team in Botswana. In addition, I would like to send a special thanks to the communities that surround our properties in Botswana for their tremendous support and for the important role they play in our progress.

Outlook

Our properties provide tremendous opportunities for growth. Despite the short term difficulties experienced in the early part of the current fiscal year, we expect to realise the benefits of our capital expenditure programme through the remainder of the year and to experience greater operating stability, allowing us to increase our throughput gradually and to ramp up our production. We will continue of course to benefit from our highly capable team, which is committed to our Company's success.

Jordan Soko, Acting Chief Executive Officer
31 July 2012

FINANCIAL REVIEW

Income Statement

(\$US thousands)	Year ended 31 March 2012	Year ended 31 March 2011
Revenue	42,772	24,731
Operating cost excluding amortisation	(43,209)	(21,317)
Amortisation of mining properties and equipment	(4,147)	(3,508)
Operating loss from mining operations	(4,584)	(94)
Administration, depreciation and other expenses	(8,094)	(5,631)
Foreign exchange (loss)/gain	(6,288)	3,418
Impairment of property, plant and equipment	(15,000)	-
Operating loss	(33,966)	(2,307)
Investment and other income	29	31
Finance Costs	(8,617)	(6,693)
Net loss	(42,554)	(8,969)

As a result of increased production levels and improved grade of ore from the Thakadu deposit, revenues for the year to 31 March 2012 increased to US\$42.7 million (2011: US\$24.7 million). However, despite this progress, cost-related issues described below contributed to an operating loss from mining operations of US\$4.6 million (2011: loss of US\$0.1 million). Administrative costs also increased, in part reflecting increased staffing costs, and taking into account an incurred foreign exchange loss of US\$6.3 million (2011: gain of US\$3.4 million) and increased finance costs of \$8.6 million (2011: US\$6.7 million) and an impairment provision of US\$15.0 million (2011: Nil) on property, plant and equipment, the Company incurred an overall loss of US\$42.6 million, compared to a loss of US\$9.0 million in the prior year.

The impairment provision was the result of a review of the carrying value of our property, plant and equipment for impairment at the end of the year, estimating "recoverable amount" using reasonable and supportable assumptions reflecting our best estimate of the range of economic conditions that will exist over the life of the mine. Based on a sensitivity analysis to reflect the inherent uncertainty of these estimates we recognised a \$15 million impairment provision to property plant and equipment. Two of these assumptions are particularly sensitive. We based our model's estimate of copper sales prices on forecasts by selected analyst estimates, but we also applied a 10% negative sensitivity to reflect the inherent uncertainty of these forecasts. We based our model's estimate of recovery rates on historical independent metallurgy and plant test-work, but we also applied a 5% negative sensitivity to reflect the uncertainty of these estimates and our experience to date. The model generated an impairment loss of \$15 million, which we have recognised as a component of our operating loss. However, if the calculation was to exclude the negative sensitivities applied to copper sales prices and to recovery rates, the Mine's recoverable amount would have exceeded its

carrying amount, eliminating the requirement for an impairment loss. A 1% change in the estimate of the discount rate would have resulted in a 2.8% change in the recoverable amount.

Copper Produced In Concentrate (Mt):

	Fiscal 2011				Fiscal 2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Copper produced in concentrate (mt)	607	1,183	1,246	1,107	1,674	1,812	1,747	1,747

For the year ended 31 March 2012 the Company produced copper in concentrate of 6,910 Mt, 67% higher than the corresponding period from last year. The increase in fiscal 2012 compared to 2011 was the result of two primary factors:

(1) Plant throughput - a 16.7% increase in plant throughput as the benefits of the ongoing capital expenditure programme provided a more stable operating environment. A total of 738,921 Mt of ore was processed through the Mowana plant during the year ended 31 March 2012 compared to 632,981 Mt during fiscal 2011.

(2) Grade - a 41% increase in grade reflecting a greater percentage of ore sourced from the Thakadu pit. Average grade in fiscal 2012 was 1.93% compared to 1.37% in 2011. In fiscal 2011, the majority of ore was sourced from the Mowana pit whereas 73% of ore in 2012 came from the Thakadu pit. During fiscal 2013 average grades are expected to exceed 2% as the majority of the ore will be sourced from Thakadu.

Recoveries during fiscal 2012 were 48.4% and did not appreciably increase from the 48% realised in 2011. Most of the ore sourced from the Thakadu pit in fiscal 2012 came from the top 30 metres of the deposit which is primarily oxide. As mining progresses deeper into the Thakadu pit in fiscal 2013 the Company expects to process higher-recovery sulphide ore which will have a positive impact on copper units recovered.

Revenue:

	Fiscal 2012	Fiscal 2011	
Revenues: (\$ 000's)			
Copper (1)	38,536	24,355	
Silver(2)	4,236	376	
Total Revenue	42,772	24,731	
Average realised copper price (\$ per tonne)		8,505	8,374
Average realised copper concentrate price (\$ per tonne of concentrate)			1,296
Average realised silver price (\$ per oz)		33.76	26.31

Sales Statistics:

Copper (payable tonnes)	6,245	3,841
Copper concentrate (tonnes)	29,858	19,041
Silver (payable ounces)	125,477	18,630

(1) Copper revenue is defined as realised copper selling price less treatment, refining, freight and royalty.

(2) Silver revenue is earned as a co-product to the copper concentrate produced from the Thakadu open-pit and delivered to MRI Trading AG, as under the comprehensive off-take agreement.

Revenue of \$42.8 million (2011: \$24.7 million) was generated from the sale of 6,245 Mt (2011: 3,841 Mt) of copper concentrates. The increase was primarily due to an increase in the tonnes of copper concentrate produced as a result of improvements in production throughput and average grades. In addition, the average realised prices for copper and copper concentrate increased by 1.9% and 1.2% respectively over the same period in fiscal 2011.

Operating Cost:

Operating expenses before amortisation were higher at \$43.2 million (2011: \$21.3 million).

The following operating costs were of particular note during fiscal 2012:

1. Mining costs - the Company capitalises a portion of mining costs incurred on removing waste rock to

initially expose ore at the Mowana and Thakadu open pit mines, commonly referred to as "deferred stripping costs." On an ongoing basis the Company determines the portion of stripping costs to be capitalised based on the actual volume of waste extracted compared with the volume expected to be extracted based on the life of mine waste stripping ratio; costs incurred on mining ore and waste stripping at or below that ratio are expensed as incurred with the balance of costs incurred above the ratio capitalised. The amount of mining costs expensed increased significantly in 2012 given the volume of mining activity at the Thakadu and Mowana open pits during the year. The following table illustrates gross mining costs incurred during the year and the portion capitalised as deferred stripping cost, generating a net expense included within operating costs on the income statement.

Thakadu open-pit: (000's)	Fiscal 2011	Fiscal 2012
Mining overheads expensed	542	1,126
Contract mining cost expensed	443	11,240
Deferred stripping cost capitalised	-	(5,100)
Total Thakadu mining costs expensed	985	7,266
Mowana open-pit:	Fiscal 2011	Fiscal 2012
Mining overheads expensed	957	1,292
Contract mining cost expensed	8,384	8,496
Deferred stripping cost capitalised	-	(4,050)
Total Mowana mining costs expensed	9,341	5,738

In an effort to save working capital mining activities at Mowana were suspended on 5 March 2012 to allow the mining fleet to focus on the higher grade Thakadu open-pit. It is expected that mining activities will re-commence at Mowana in early 2013.

The Company physically measures or estimates its inventories of broken ore and concentrate and values them at the lower of cost and net realisable value. In 2011, these inventories increased by approximately \$8 million compared to the previous year, in effect reducing reported operating costs by that amount. However, these inventories decreased by approximately \$2.4 million during 2012, causing a significant variance in their relative impact on operating costs compared to 2011.

2. 73% of ore processed during fiscal 2012 was sourced from the Thakadu open-pit. Since the Thakadu operations were at an early stage, progressing through the first 30 metres of the deposit, much of this ore was highly oxidized and difficult to process. To assist in improving recoveries, the Company employed a series of chemical re-agents, significantly increasing the cost of processing. During fiscal 2012, the Company spent a total of \$7.7 million on reagents, compared to \$2.7 million in the previous year.

3. The Thakadu pit is 70km away from the Mowana processing facility. Reflecting the greater activity at Thakadu, the Company spent a total of \$4.9 million in fiscal 2012 on Thakadu trucking compared to \$0.7 million in 2011.

4. Power costs increased from \$1.7 million in fiscal 2011 to \$2.2 million in 2012, primarily due to tariff cost increases.

5. Salary costs increased at the Mowana mine, reflecting both strategic determinations related to retention and motivation, and externally-imposed factors.

Other Expenses:

General, administration and depreciation and other expenses for fiscal 2012 were \$8.1 million (2011: \$5.6 million) representing an increase of 45%. Salaries and benefits increased for reasons similar to those noted under mining costs, and the Company also incurred a stock option expense of \$0.2 million (2011: Nil) reflecting the timing of awards.

The Company recorded a foreign exchange loss of \$6.3 million in fiscal 2012 compared to a foreign exchange gain of \$3.4 million in 2011, primarily reflecting fluctuations between the \$US and Botswana Pula ("Pula"). The Company's subsidiary Messina Copper Botswana (Pty) Limited ("Messina"), which has a Pula functional currency, holds the \$US-denominated loans from ZCI. The Pula weakened from 6.28 to the US\$ at the end of fiscal 2011 to 6.99 at the end of fiscal 2012

The Company incurred finance costs of \$8.6 million (2011: \$6.7 million), representing an increase of 28%. Loans payable to ZCI increased from \$53.4 million at 31 March 2011 to \$68.9 million at 31 March 2012. In addition, at the end of the year Messina had drawn down \$3.3 million (2011: Nil) on a bank overdraft facility

and \$2.9 million (2011: Nil) on an equipment facility obtained from Banc ABC, a Botswana based lending institution.

Cashflow Statement

(\$US millions)	Year ended 31 March 2012	Year ended 31 March 2011
Opening cash and cash equivalents	2.8	10.0
Used for operating activities	(0.10)	(10.9)
Used for investing activities	(22.8)	(11.2)
Inflow from financing activities	18.4	11.5
Exchange gain	1.0	3.4
Closing cash and cash equivalents	(0.7)	2.8

Cashflow:

Cash outflow from operations in fiscal 2012 was \$0.1 million compared to \$10.9 million in 2011. Excluding amortisation, the Company incurred an operating loss from mining activities of \$0.44 million, which also largely represents its cashflow from these activities. Other operating expenses approximately correspond to the increase during the year in trade payables. The Company's overall cashflow from operations benefited from ZCI's decision to defer all interest payments due to it from the Company during the year.

Investing cash outflows of \$22.8 million included \$7.9 million (2011: \$8.5 million) to acquire property, plant and equipment for the capital expenditure programme at the Mowana plant and \$9.1 million (2011: Nil) for stripping costs at the Mowana and Thakadu open-pits. The Company also incurred exploration expenditures of \$6.8 million (2011: \$2.7 million) with approximately \$3 million spent on Matsitama exploration activities and \$3.5 million spent on the Mowana North drilling programme, to determine the nature and extent of the Mowana orebody northwards of the current open pit.

Net financing cash inflows amounted to \$18.4 million (2011: \$11.5 million), predominantly as the result of further loans of \$15.5 million from ZCI. At 31 March 2012, after receiving this further debt financing from ZCI, the Company's consolidated principal debt to ZCI was US\$68.9 million (2011: \$53.4 million). In addition, the Company had drawn down its overdraft facility with Banc ABC of \$3.3 million (2011: Nil) and the equipment financing line of \$2.9 million (2011: Nil) at 31 March 2012.

For further information on the amount and terms of loans from ZCI, please refer to Note 19 of the Financial Statements.

Financial Position:

ASSETS (000's)	31 March 2012	31 March 2011
Non-current assets	79,110	84,598
Cash and cash equivalents	2,644	2,829
Current assets	12,884	14,275
Total assets	94,638	101,702
Shareholders' equity - net (liabilities)/assets	(17,127)	26,520
LIABILITIES (000's)		
Non-current liabilities	29,969	50,574
Current liabilities	81,796	24,608
Total liabilities	111,765	75,182
Weighted average number of shares (for basic earnings per share)	928,798,988	846,613,778
Outstanding shares	928,798,988	928,798,988

At 31 March 2012, the Company held cash and cash equivalents of \$2.6 million (31 March 2011: \$2.8 million) and overdrafts of \$3.3 million (31 March 2011: Nil). As at 31 March 2012 the Company had a total net working capital deficit of \$17.3 million and a principal debt owing to ZCI of US\$68.9 million. Overall, the Company had net liabilities of \$17.1 million at 31 March 2012 compared to equity of \$26.5 million at 31 March 2011, reflecting the overall loss for the period.

The Company's ability to capitalise on its operational progress depends on the availability of sufficient and

stable finance. On 23 July 2012 ZCI 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.

The Directors have updated the Company's and Group's cashflow 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 monthly production. After assessing these projections against our funding position (the financial support provided by ZCI Ltd), 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 as the ore available to the plant becomes less oxidic.

Going Concern

Further details surrounding the going concern basis of preparation are provided in Note 1: Nature of operations and basis of preparation to financial statements.

Brad Kipp, Chief Financial Officer
31 July 2012

DIRECTORS' REPORT

The Directors present their report with the consolidated financial statements of the Company for the year ended 31 March 2012.

The Financial Statements are presented in US dollars.

Principal Activity

The principal activity of African Copper Plc during the year was to act as a holding company for the Group's activities in exploration for, development and mining of, copper deposits in the Republic of Botswana. The principal activity of the Company is that of a holding company.

The subsidiary undertakings principally affecting the loss and net assets of the Group in the year are listed in Note 13.

Group Review

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".

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

At the Mowana mine, management has focussed on promoting and ensuring that a strong safety culture is developed and maintained.

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.

Business Review

The information that fulfils the requirements of the Business Review, as required by Section 417 of the Companies Act 2006, and which should be treated as forming part of this report by reference, is included in the following sections of the annual report:

- Chairman's Statement on pages 2 to 4;
- Chief Executive's Review on pages 5 to 7;
- Financial Review on pages 8 to 13;
- Statement of Directors' Responsibilities on page 17;
- Statement of Corporate Governance Review on pages 18 to 19; and
- Directors' Remuneration Report on pages 20 to 22.

Results

The Group's loss after taxation for the year ended 31 March 2012 was US\$42.6 million compared to a loss of US\$9.0 million for the year ended 31 March 2011. A financial review of the Group's activities can be found on pages 8 and 13.

Proposed Dividend

The Directors do not recommend the payment of a dividend for the year (2011: Nil).

Directors

The directors who held office during the year were as follows:

D Rodier Chairman
B R Kipp Finance Director
J Soko Acting Chief Executive Officer
R D Corrans Non-Executive
Prof S Simukanga Non-Executive
S Georgala Non-Executive (appointed 26 January 2012)

All Directors' service contracts are determinable on not more than 12 months' notice.

Audit Information

Each of the Directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Indemnification of Directors and Officers

During the year, the Company held insurance to indemnify Directors, the Company Secretary and executive officers of the Company against liabilities incurred in the conduct of their duties to the extent permitted under legislation.

Substantial Share Interests

As at 31 July 2012 the Company was aware of the following substantial share interests

	Ordinary shares	%
ZCI Limited	781,939,988	84.19

Key Performance Indicators

The liquidity requirements and operational and financial performance of the Group are monitored on a weekly basis by management, monthly and quarterly by the Board and ZCI, and semi-annually by external parties.

Attracting and retaining key commercial and technical staff is a key success factor in light of buoyant market conditions in the resource sector. The Group monitors current market conditions in the markets that it operates and aims to provide competitive compensation packages within the context of its then current financial position.

The Group is involved in a comprehensive investment programme at the Mowana and Thakadu mines and conducting exploration activities at the Matsitama project. All investment and expansion projects are subject to an investment review and justification procedure that involves the Board at the key stages of initiation, mandate and sanction.

Risks and Key Dependencies

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

To date, the Company has a history of losses and its activities are focused primarily on the Mowana and Thakadu mines. Any adverse changes or developments affecting these operations would have a material and adverse effect on the Company's business, financial condition, working capital and results of operations. Neither the ability of the Company to move the Mowana mine to commercial production levels and achieve economic viability, nor the success of other current or future exploration activities can be assured. Copper price volatility and currency fluctuations may also affect the Company's production, profitability, cashflow and financial position.

The capital and operating cost estimates and mining and processing plans anticipated for the Mowana and Thakadu mines are estimates only and may not reflect the actual capital and operating costs 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 as well as the continued financial support of ZCI Limited.

The Group has considered a number of key dependencies as set out below:

- 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
- In January 2008, the Group entered into the Off-take Agreement (for copper concentrate sales) with MRI Trading AG of Zug Switzerland covering 100% of Mowana mine production during the first 5 years of production. The Off-take Agreement is based on generally accepted international terms for copper concentrates and is benchmarked to published treatment and refining charges. The Off-take Agreement is renewable
- The Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Group has entered into employment agreements with certain of its key executives. The success of the Group is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management
- At the Mowana and Thakadu mines the Group uses contract mining services and is dependent on the good mining practices of the contract miner for recovery of all the ore and for minimizing dilution of the ore

Political and Charitable Donations

The Group made no political contribution and no charitable donation during period ended 31 March 2012 (2011: Nil).

Auditors

KPMG Audit Plc has expressed their willingness to continue in the office as auditor, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the board:

Brad Kipp, Chief Financial Officer
31 July 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

STATEMENT OF CORPORATE GOVERNANCE

The Directors support the principles of good corporate governance. While not mandatory for an AIM company, the Directors take due regard, where practical for a company of this size and nature, certain provisions of the principles of good governance and code of best practices under the 2008 Combined Code. The disclosures presented herein are limited and are not intended to constitute a corporate governance statement as prescribed by the Disclosure and Transparency Rules or the Companies Act.

The Group complies with the guidance issued by the Quoted Companies Alliance, to the extent the Directors consider appropriate, having regard to the size of the Company and its current stage of development. The Board reviews key business risks, in addition to the financial risks facing the Group in the operations of the business.

THE BOARD

The Board is currently made up of two executive directors and four non-executive directors. Mr. Jordan Soko

is the Company's acting Chief Executive Officer and Mr. Brad Kipp is the Finance Director. It is the Board's policy to maintain independence by having at least half of the Board comprising non-executive directors who are free from any business, or other relationship with the Group. The structure of the Board ensures that no one individual or group dominates the decision making process. The Board meets as deemed necessary to provide effective leadership and overall control and direction of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditures, acquisitions and disposals, human resources, environmental management, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to Board meetings.

All Directors have access to the advice and services of the Company Secretary. Any director may take independent professional advice at the Company's expense in the furtherance of his duties.

AUDIT COMMITTEE

The Audit Committee meets at least twice during the year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, and for meeting the auditors and reviewing the auditor's reports relating to the accounts. The Audit committee also recommends the appointment of, and reviews the fees of, the external auditors. It meets at least once a year with the auditors without executive Board members present. The Audit Committee comprises three members, all of whom are non-executive. The current membership of the committee is Mr R Corrans (Chairman), Mr. D. Rodier and Professor S. Simukanga.

REMUNERATION COMMITTEE

A Remuneration Committee meets at least once per year. It reviews the performance of the executive directors and sets and reviews the scale, structure and basis of their remuneration and the terms of their service agreements paying due regard to the interests of shareholders as a whole and the performance of the Company. Remuneration of executive directors is established by reference to the remuneration of executives of equivalent status both in terms of level of responsibility of the position and by reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Group from another company. Such packages include performance related bonuses and the grant of share options.

The Remuneration Committee comprises the non-executive directors, Mr R. Corrans (Chairman), Mr D. Rodier and Professor S. Simukanga. The Directors' remuneration report appears on pages 20 to 22.

INTERNAL CONTROLS

The Directors have overall responsibility for the Group's internal control and effectiveness in safeguarding the assets of the Group. Internal control systems are designed to reflect the particular type of business, operations and safety risks and to identify and manage risks, but not entirely all risks to which the business is exposed. As a result, internal controls can only provide a reasonable, but not absolute, assurance against material misstatements or loss.

The processes used by the Board to review the effectiveness of the internal controls are through the Audit Committee and the executive management reporting to the Board on a regular basis where business plans, budgets and authorisation limits for the approval of significant expenditure, including investments are appraised and agreed. The Board also seeks to ensure that there is a proper organisational and management structure with clear responsibilities and accountability. It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with London Stock Exchange and Botswana Stock Exchange rules. The Company's principal communication with its investors is through the annual report and accounts, the half-yearly statements and press releases issued as material events unfold.

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the Committee for the year ended 31 March 2012 were Mr. R Corrans, Mr. D Rodier and Professor S Simukanga who are all independent non-executive directors, and the Committee was chaired by Mr. R Corrans. No members of the Committee have any personal financial interest (other than as a shareholder), conflicts of interests, or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No director plays a part in any discussion about his own remuneration. In determining the Directors' remuneration for the year, the Committee consulted Mr. J Soko (acting Chief Executive) and Mr. B Kipp (Chief Financial Officer) about its proposals.

Remuneration Policy for Executive Directors

Executive remuneration packages are designed to attract, motivate and retain executives of the highest calibre to lead the Company and to reward them for enhancing value to shareholders. The performance management of the executive directors and key members of senior management, and the determination of their annual remuneration package are undertaken by the Committee.

There are four main elements of the remuneration package for executive directors and senior management:

- Basic annual salary
- Annual bonus payments
- Share option incentives
- Benefits and perks

Basic Salaries and/or Consulting Fees

An executive director's basic salary or consulting fee represents their minimum compensation for services rendered during the financial year. Each executive director's base compensation depends on the scope of his experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness, and the Company's existing financial resources. Base compensation is reviewed annually by the Remuneration Committee.

Annual Bonus Payment

Although generally the Company has not paid cash bonuses to executive directors, the Remuneration Committee has been provided with the discretion to award bonuses when executive directors demonstrate exceptional performance, in circumstances where the Company is in the financial position to make such awards. Given that the Mowana mine has yet to reach commercial production levels and the resulting limited financial resources of the Company, the Remuneration Committee did not consider granting discretionary bonus payments to executive directors for the year ended 31 March 2012.

Share Options

The grant of options to purchase Ordinary Shares pursuant to the Company Option Plan has been a component of the compensation packages of the executive directors of the Company. The Remuneration Committee believes that the grant of options to executive directors and Ordinary Share ownership by such directors serves to motivate achievement of the Company's long-term strategic objectives and the result will benefit all shareholders. Options are awarded to executive directors based upon the performance of the Company and each executive director's level of responsibility and contribution to Company performance. The Remuneration Committee considers the overall number of options that are outstanding relative to the number of outstanding Ordinary Shares in determining whether to make any new grants of options and the size of such grants. The Remuneration Committee's decisions with respect to the granting of options are reviewed by the Board and are subject to its final approval. There were 6,000,000 options granted to executive directors during the year ended 31 March 2012.

Benefits and Perks

If available, executive directors' are eligible to participate in group benefit plans offered to full-time employees employed in the respective executive director's country of residence. The Company does not view these benefits as a significant element of its compensation structure, as they constitute only a small percentage of total compensation, but does believe that these benefits, used in conjunction with base salary, attract, motivate and retain individuals in a competitive environment. There were no benefits paid to executive directors during the year ended 31 March 2012.

Pensions

The Company does not operate a pension scheme for executive directors. No pension contributions are made in respect of non-executive directors.

Non-Executive Director Compensation

The non-executive Director compensation programme is designed to achieve the following goals: (i) attract and retain the most qualified people to serve on the Board; (ii) align Directors' interests with the long-term interests of shareholders; and (iii) fairly pay directors for risks and responsibilities related to being a Director of an entity of the Company's size and scope.

The following table outlines the basic non-executive director compensation for the year ended 31 March 2012:

Type of Fee

Annual Retainers Amount

US\$

Chairman Retainer 10,000

Board Member Retainer 32,500

Audit Committee Chairman Retainer 7,500

Audit Committee Member Retainer 5,000

Compensation Committee Chairman Retainer 5,000

Compensation Committee Member Retainer 2,500

* No additional meeting fees are paid for Board or committee meetings attended.

Non-executive Directors may also receive options granted under the Company Option Plan, as recommended by the Remuneration Committee and determined by the Board. The Board determines the particulars with respect to all options granted, including the exercise price of the options. There were 6,000,000 options granted to directors during the year ended 31 March 2012.

The following compensation table sets out the compensation paid to each of the Company's Directors during the year ended 31 March 2012:

Name Fees earned

(US\$) Share-based awards

(US\$) All other Compensation

(US\$) Total

(US\$)

D. Rodier

Chairman 50,900 14,970 N/A 65,870

R. Corrans

Independent Director

45,800

14,970

N/A

60,770

S. Simukanga

Independent Director 40,700 N/A N/A 40,700

J. Soko

Acting CEO and Director

33,100

74,850

N/A

107,950

B. Kipp

CFO and Director

171,350

74,850

N/A

246,200

S. Georgala

Independent Director 5,906 - N/A 5,906

The Directors who held office at 31 March 2012 had the following interests in the ordinary shares of the Company:

Director

Shares
held at
31 March
2012

Shares
held at
31 March
2011

Share Options held
at 31 March
2012

Share Options held at 31 March
2011

Option
Exercise
Price

Option
Exercise
Period

R. Corrans - - 150,000 150,000 76p 12/11/04 to 12/11/14
150,000 150,000 77.5p 01/08/06 to 31/07/16
500,000 - 3.13p 14/07/11 to 14/07/16
D. Rodier - - 500,000 - 3.13p 14/07/11 to 14/07/16
J. Soko - - 2,500,000 - 3.13p 14/07/11 to 14/07/16
B. Kipp 300,000 300,000 100,000 100,000 76p 12/11/04 to 12/11/14
1,250,000 1,250,000 77.5p 01/08/06 to 31/07/16
2,500,000 - 3.13p 14/07/11 to 14/07/16

There have been no changes in the Directors' interests between 1 April 2011 and the date of this Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN COPPER PLC

We have audited the financial statements of African Copper PLC for the year ended 31 March 2012 set out on pages 25 to 58. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare (in addition to that required to be prepared) as if the company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the separate opinion in relation to the Directors' Remuneration Report and reporting on corporate governance, on terms that have been agreed. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to the Directors' Remuneration Report and reporting on corporate governance, those matters that we have agreed to state to them in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are

responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion:

the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended;
the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006;
the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's and parent company's ability to continue as a going concern; in particular the substantial achievement of forecasts and the continued availability of such existing and additional funding as may be required from ZCI Ltd, the immediate parent company. These matters indicate the existence of a material uncertainty that may cast significant doubt on the Group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006 and under the terms of our engagement

In our opinion:

the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements were to apply to the company;
the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the information given in the Corporate Governance Statement set out on pages 18 and 19 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 and under the terms of our engagement we are required to report to you if, in our opinion:

adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
the parent company financial statements and the part of the Directors' Remuneration Report which we were engaged to audit are not in agreement with the accounting records and returns; or
certain disclosures of directors' remuneration specified by law are not made; or
we have not received all the information and explanations we require for our audit.

In addition to our audit of the financial statements, the directors have engaged us to review their Corporate Governance Statement as if the company were required to comply with the Listing Rules and the Disclosure Rules and Transparency Rules of the Financial Services Authority in relation to those matters. Under the terms of our engagement we are required to review:

the directors' statement, set out on pages 31 to 33, in relation to going concern; and the part of the Corporate Governance Statement on pages 18 and 19 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Lynton Richmond (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London E14 5GL
United Kingdom
31 July 2012

REGISTERED IN ENGLAND AND WALES NO. 5041259

African Copper Plc
Consolidated Statement of Comprehensive Income
For year
ended 31 March For year
ended 31 March
2012 2011
Note US\$'000 US\$'000
Continuing operations
Revenue 3 42,772 24,731
Operating costs excluding amortisation (43,209) (21,317)
Amortisation of mining properties and equipment (4,147) (3,508)
Operating loss from mining operations before impairment (4,584) (94)

Impairment of property, plant and equipment (15,000) -
Operating loss from mining operations (19,584) (94)

Foreign exchange (loss)/gain (6,288) 3,418
Administrative expenses (8,094) (5,631)
Operating (loss) 4 (33,966) (2,307)
Investment income 29 26
Other income - 5
Finance costs (8,617) (6,693)
Loss before tax (42,554) (8,969)

Income tax expense 6 - -
Loss for the period from continuing operations attributable to equity shareholders of the parent company
(42,554) (8,969)

Other comprehensive income:
Exchange differences on translating foreign operations (1,595) 9,047
Other comprehensive (expense)/income for the year, net of tax (1,595) 9,047
Total comprehensive income for the year attributable to equity shareholders of the parent company (44,149)
78

Basic loss per ordinary share 7 \$(0.05) \$(0.01)
Diluted loss per ordinary share 7 \$(0.05) \$(0.01)
The notes on pages 31 to 58 are an integral part of these consolidated financial statements.

African Copper Plc
Balance Sheets

Group
As at 31 Company
As at 31

Note March
2012
US\$'000

March
2011
US\$'000

March
2012
US\$'000

March
2011
US\$'000

ASSETS

Property, plant and equipment 8 69,532 81,485 - -
Deferred exploration and evaluation assets 9 9,268 2,768 1 1
Other financial assets 10 310 345 - -
Long term receivables 11 - - 13 13
Investments in subsidiaries 12 - - - 17,111
Total non-current assets 79,110 84,598 14 17,125

Other receivables and prepayments 14 4,092 3,792 63 58
Inventories 15 8,792 10,483 - -
Cash and cash equivalents 16 2,644 2,829 9 3
Total current assets 15,528 17,104 72 61
Total assets 94,638 101,702 86 17,186

EQUITY

Issued share capital 17 15,167 15,167 15,167 15,167
Share premium 170,075 170,075 170,075 170,075
Other reserve- ZCI convertible loan 502 502 502 502
Merger reserve - - 17,135 17,135
Acquisition reserve 8,931 8,931 - -
Foreign currency translation reserve 4,593 6,188 (15,065) (15,017)
Accumulated losses (216,395) (174,343) (191,317) (170,851)
Total equity (17,127) 26,520 (3,503) 17,011

LIABILITIES

Rehabilitation provision 21 7,065 7,150 - -
Amounts payable to ZCI Ltd 19 20,000 43,424 - -
Other borrowings 20 2,904 - - -
Total non-current liabilities 29,969 50,574 - -
Bank overdraft 20 3,304 - - -
Trade and other payables 22 18,818 14,608 183 175
Amounts payable to ZCI Ltd 19 59,674 10,000 - -
Amounts payable to subsidiary - - 3,406 -
Total current liabilities 81,796 24,608 3,589 175
Total equity and liabilities 94,638 101,702 86 17,186

The notes on pages 31 to 58 are an integral part of these consolidated financial statements.

Registered company number 5041259

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2012 and signed on their behalf by:

Director Director
David Rodier Bradley Kipp
African Copper Plc
Consolidated Statement of Changes in Equity

Note

Share
Capital

Share
Premium

Acquisition
Reserve Foreign
Currency
Translation
Reserve

Hedging/Other (ZCI)
Reserve

Accumulated
Loss

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 8,931 (2,859) 502 (165,374) 16,997

Foreign exchange adjustments - - - 9,047 - - 9,047
Loss for the year - - - - (8,969) (8,969)
Total comprehensive income for the year - - - 9,047 - (8,969) 78

New share capital subscribed 17 1,698 7,747 - - - - 9,445
Balance at 31 March 2011 15,167 170,075 8,931 6,188 502 (174,343) 26,520

Foreign exchange adjustments - - - (1,595) - - (1,595)
Loss for the year - - - - (42,554) (42,554)
Total comprehensive income for the year - - - (1,595) - (42,554) (44,149)

Share-based payments, net of tax - - - - 502 502
Balance at 31 March 2012 15,167 170,075 8,931 4,593 502 (216,395) (17,127)

The notes on pages 31 to 58 are an integral part of these consolidated financial statements
African Copper Plc
Company Statement of Changes in Equity

Note

Share
Capital

Share
Premium

Merger
Reserve

Foreign
Currency
Translation
Reserve

Hedging/Other (ZCI)
Reserve

Accumulated
Loss

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 17,135 (15,395) 502 (169,481) 8,558

Loss for the year - - - - (1,370) (1,370)

Foreign exchange due to conversion from GBP to US Dollar - - - 378 - - 378

Total comprehensive loss for the year - - - 378 - (1,370) (992)

New share capital subscribed 17 1,698 7,747 - - - - 9,445

Balance at 31 March 2011 15,167 170,075 17,135 (15,017) 502 (170,851) 17,011

Loss for the year - - - - (20,666) (20,666)

Foreign exchange due to conversion from GBP to US Dollar - - - (48) - - (48)

Total comprehensive loss for the year - - - (48) - (20,666) (20,714)

Share-based expenses, net of tax - - - - 200 200

Balance at 31 March 2012 15,167 170,075 17,135 (15,065) 502 (191,317) (3,503)

The notes on pages 31 to 58 are an integral part of these consolidated financial statements.

African Copper Plc

Consolidated Cashflow Statement

Year

ended

31 March Year

ended

31 March

2012 2011

Note US\$'000 US\$'000

Cashflows from operating activities

Operating loss from continuing operations (42,554) (8,969)

Increase in receivables (299) (2,875)

Decrease/(increase) in inventories 1,691 (8,703)

Increase in payables 8,127 1,949

Share-based payment expense 201 -

Foreign exchange loss/(gain) 6,287 (3,418)

Depreciation and amortisation 4,613 4,383

Impairment of property, plant and equipment 15,000 -

Cash used in operating activities (6,934) (17,633)

Interest received 29 26

Other income - 5

Finance costs paid (906) -

Finance costs deferred by ZCI 7,711 6,693

Net cash outflow from operating activities (100) (10,909)

Cashflows from investing activities

Payments to acquire property, plant and equipment (15,993) (8,496)

Payments for exploration and evaluation assets (6,782) (2,731)

Net cash outflow from investing activities (22,775) (11,227)

Cashflows from financing activities

Proceeds from ZCI November 2010 development loan - 7,500

Proceeds from ZCI February 2011 development facility 8,500 4,000

Proceeds from ZCI December 2011 working capital 2,000 -

Proceeds from ZCI January 2012 working capital 5,000 -

Issue of equity capital on conversion of debt - 9,445

Repayment of debt on conversion to equity - (9,445)

Proceeds from Banc ABC 2,904 -

Net cash inflow from financing activities 18,404 11,500

Net (decrease)/increase in cash and cash equivalents (4,471) (10,636)

Cash and cash equivalents at beginning of the year 2,829 10,047

Foreign exchange gain 982 3,418

Cash and cash equivalents at end of the year 16 (660) 2,829

The notes on pages 31 to 58 are an integral part of these consolidated financial statements.

African Copper Plc
Company Cashflow Statement

Year
Ended
31 March Year
Ended
31 March
2012 2011
Note US\$'000 US\$'000

Cashflows from operating activities
Operating loss from continuing operations (20,666) (1,363)
(Increase)/decrease in receivables (5) 39
Increase in payables - 76
Share-based payment expense 200 -
Impairment of investment (19,153) -
Cash used in operating activities 1,318 (1,248)
Interest received 2 8
Net cash outflow from operating activities 1,320 (1,240)

Cashflows from investing activities
Decrease/ (Increase) in loans to subsidiaries 1,372 (8,716)
Net cash inflow/ (outflow) from investing activities 1,372 (8,716)

Cashflows from financing activities
Issue of equity capital on conversion of debt - 9,445
Net cash inflow from financing activities - 9,445

Net decrease in cash and cash equivalents 52 (511)
Cash and cash equivalents at beginning of the year 3 150
Exchange (loss)/gain (46) 364
Cash and cash equivalents at end of the year 16 9 3

The notes on pages 31 to 58 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 asset is the Mowana Mine which consists of a 3,000 Mt per day copper processing facility and the copper producing Mowana open pit. The Group also owns a mining licence at the high grade copper-silver Thakadu open-pit, lying about 70 km from the Mowana processing infrastructure. The current processing strategy envisages maximising copper units through the Mowana plant by focusing production on the higher grade Thakadu ore. Mining activities at the Mowana open-pit have been curtailed with a plan to recommence mining operations in April 2013 so as to have the pit capable of providing the necessary ore when the reserves at Thakadu are depleted which is expected to be in mid 2014.

The Group currently holds permits in exploration properties at the Matsitama Project which 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

The consolidated and company financial statements have been prepared in accordance with International

Financial Reporting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") in accordance with EU laws.

The consolidated and company financial statements have been prepared according to the historic cost basis or the fair value basis where the fair value of relevant assets and liabilities has been applied.

The consolidated and company financial statements are presented in United States Dollars ("US\$" or "US dollar") and rounded to the nearest thousand. The Company's functional currency is GB Pounds ("GBP") and the functional currency of the Company's principal subsidiary is Botswana Pula.

Going concern

The Directors have prepared the financial statements on the going concern basis having considered the status of current operations, the current funding position and the projected funding requirements of the business for, at least, 12 months from the date of approval of these financial statements as detailed below.

Current operations

In the year to 31 March 2012, the consolidated financial statements show a loss before tax of US\$42.6 million (2011: US\$8.7 million) and at 31 March 2012, net current liabilities of US\$66,268,000 (2011: US\$7,504,000).

The Company's principal subsidiary sold a total of 6,910 Mt of copper in concentrate during the financial year to 31 March 2012 (2011: 3,841 Mt), i.e. an average of 575 tonnes per month, with the highest and lowest months' production yielding 809 tonnes and 324 tonnes respectively.

The average price per tonne achieved during the financial year was US\$8,505 (2011: US\$8,347).

Since the end of the year, copper produced in concentrate for April, May and June was 704, 270 and 635 Mt of copper in concentrate respectively. May's production figures were particularly disappointing and arose as a result of mechanical failure in the processing plant. Although spare parts had been ordered some months prior to the breakdown, they had not arrived in time to allow immediate installation and therefore the plant was totally shutdown from 20 May until 5 June 2012.

Current funding

At 31 March 2012, the amount due to ZCI Limited, African Copper's immediate parent company, was US\$79.7 million (2011: US\$53.4 million as set out in note 19 to the financial statements).

The Group's facility with ZCI is currently fully drawn after a further US\$6 million injection of funds by ZCI into the Company in June 2012. In addition, on 24th March 2011, the Group entered into a facility with African Banking Corporation of Botswana Limited ("ABCB") to provide working capital and finance for certain items of capital equipment. At 31 March 2012, the overdraft facility supporting working capital was drawn at US\$3.3 million and the capital equipment facility was also drawn at US\$2.9 million.

Of the amounts due to ZCI Limited, US\$59.7 million is due for repayment in the next 12 months. The Directors of the Company have received a letter of financial support from the Directors of ZCI confirming that it will continue to provide the funding necessary for the Company and Group to meet their liabilities as they fall due in the normal course of business. Consistent with the letter of support, the directors are confident that the due dates for loan repayment of each facility with ZCI will be re-set to include dates that will match the Company's projected financial capacity

Projected funding requirements

The Directors have prepared cash flow projections covering at least the 12 month period from the date of approval of these financial statements.

The projections, which have been drawn up on a monthly basis, are based on a number of inputs and assumptions which include mined tonnage, all associated mining and processing costs, extraction and yield rates for production of the copper concentrate and the price of copper. The Group's approved capital expenditure is also included in the cash flows. The key assumptions to which the projections are most sensitive in the opinion of the Directors are the tonnage of produced copper concentrate and the copper price; the tonnage of produced copper concentrate is itself a function of mining output and recovery achieved in the processing operations.

The projections show that, if the key operational and pricing assumptions are achieved, the existing loan

facilities, once extended as referred to above, in place with ZCI and ABCB will be sufficient to provide the necessary funding for the Group for at least the next 12 months from the date of approval of these financial statements. Although the 2011 projections prepared by the Company were not achieved, the Directors believe that the projections for at least the 12 months to July 2013 are achievable, based on the forecast average throughput of 65,592 tonnes for this period being only 6.5% higher than the 61,576 average throughput achieved in fiscal 2012, the grade and recovery profile of the ore anticipated to be mined and processed from the Thakadu deposit, consensus analyst projections for the copper price and the cost factors used in the forecast.

The key assumptions relating to production and pricing assume an average copper price per tonne over the 12 month period to July 2013 of US\$7,936 and average monthly production of copper in concentrate of 1,120 Mt of copper in concentrate.

However, the mining and processing operations at Mowana and Thakadu have yet to reach full commercial production rates on a consistent basis and produce positive cash flow.

By way of illustration regarding downside sensitivities, a combination of:

shortfalls in the average copper price of up to 10%;
shortfalls in average recoveries of up to 10%; and
a possible shutdown of operations for circa 20 days in the event of a critical equipment failure

would result in an additional funding requirement of up to US\$10 million (all other assumptions remaining unchanged).

As noted, the directors have received a letter of financial support from ZCI Limited confirming that it will continue to make sufficient financial resources available to allow African Copper to meet its liabilities as they fall due in the course of normal operations. The directors are confident that ZCI Limited has the ability to provide such support based on existing and any additional funding requirements.

However, the unproven ability of the Group, to date, to achieve the ramp up in production to a sustainable level, generating positive cash flow, the volatility of the copper price and the availability of such funding from ZCI as may be necessary, together, represents a material uncertainty that may cast significant doubt on the ability of the Group and the Company to continue as a going concern and therefore to continue realising their assets and discharging their liabilities in the normal course of business.

Conclusion

After taking account of the Company and Group's funding position, the letter of financial support received from ZCI Ltd, its cash flow projections and having considered the risks and uncertainties associated with the projections, the Directors have a realistic expectation that the Company and Group have 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 31 July 2012.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

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.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

As permitted by section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the

Company has not been presented in these financial statements.

b) Standards adopted during the year

In these financial statements no new standards, amendments to standards or interpretations that are effective and have been adopted in the year 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.

d) Accounting basis

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2012. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

(ii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

e) Revenue recognition & measurement

i) Revenue from sales of copper concentrate

Revenue from sales of copper concentrate is recorded net of smelter treatment charges and deductions. Copper concentrate is sold under pricing arrangements whereby revenue is recognised at the time of shipment (delivery of the products at the mine gate), at which time legal title and risk pass to the customer and provisional revenue is recorded at current month average price. The quoted period established for each sale contract to finalise the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in copper market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue and receivables. Changes in the estimate of concentrate copper content resulting from the final independent analysis of the concentrate are recognised at the point at which such analysis is agreed.

ii) Interest income

Interest income is recognised as it accrues to the Company.

f) Foreign currency translation

(i) Functional and presentational currency

The consolidated financial statements are presented in US dollars which is the presentational currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the Functional Currency'). The Functional Currency of the Company remains GB pounds since this is a non-trading holding Company located in the United Kingdom that has GB pounds denominated share capital.

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a

hyperinflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in profit and loss as part of the gain or loss on sale.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

g) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and less any accumulated impairment losses. Pre-production expenditure relating to testing and commissioning is capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Amortisation methods and amortisation rates are applied consistently within each asset class except where significant individual assets have been identified which have different amortisation patterns. Residual values are reviewed at least annually. Amortisation is not adjusted retrospectively for changes in the residual amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit and loss.

Other assets consist of vehicles, information technology equipment and furniture and equipment.

Mining development and infrastructure

Individual mining assets and deferred stripping costs are amortised using the units-of-production method based on the estimated economically recoverable metal during the life of mine plan. Mining costs incurred on development activities comprising the removal of waste rock to initially expose ore at the Mowana open pit mine, commonly referred to as "deferred stripping costs," are capitalised.

Mining plant and equipment

Individual mining plant and equipment assets are amortised using the units-of-production method based on the estimated economically recoverable metal during the life of mine plan.

Other Assets

These assets are depreciated using the straight line method over the useful life of the asset from 3 to 5 years.

h) Deferred exploration and evaluation

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on project-by-project basis, pending determination of the technical feasibility and commercial viability of the

project. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

Upon demonstration of the technical and commercial feasibility of a project, any past deferred exploration and evaluation costs related to that project will be reclassified as Mine Development and Infrastructure.

Capitalised deferred exploration expenditures are reviewed for impairment losses (see accounting policy note below) at each balance sheet date. In the case of undeveloped properties, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Group's intentions for development of the undeveloped property.

i) Other receivables and prepayments

Other receivables and prepayments are not interest bearing and are stated at amortised cost.

j) Derivative financial instruments

Copper forward exchange contracts are entered into to hedge anticipated future transactions.

Derivative financial instruments are initially recognised in the balance sheet at the fair value on the date of acquisition and subsequently re-measured at fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. On the date that the derivative contract is entered into, the Group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecast transaction or a firm commitment (cashflow hedge). Changes in the fair value of derivatives that are designated and qualify as cashflow hedges and that are highly effective are recognised in equity and are released to profit and loss when the hedge matures. Changes in the fair value of derivatives that are designated as fair value hedges are recognised in profit and loss. Certain derivative transactions, while providing effective economic hedges under Group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any such derivative instruments are recognised immediately in profit and loss.

k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

l) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realizable value ("NRV").

Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted cost.

Obsolete or damaged inventories are valued at NRV. An ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

m) Impairment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

- (i) unexpected geological occurrences that render the resource uneconomic;
- (ii) title to the asset is compromised;
- (iii) variations in metal prices that render the project uneconomic; and
- (iv) variations in the currency of operation.

If any such indication exists, the recoverable amount of that asset is recalculated and its carrying amount is increased to the revised recoverable amount, if required. The increase is recognised in the Statement of Comprehensive Income as an impairment reversal. An impairment reversal is recognised only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognised had the original impairment not occurred.

n) Share-based payment

Certain Group employees and consultants are rewarded with share-based instruments. These are stated at fair value at the date of grant and either expensed to profit and loss or capitalised to deferred exploration costs, based on the activity of the employee or consultant, over the vesting period of the instrument.

Fair value is estimated using the Black-Scholes valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

p) Trade and other payables

Trade and other payables are not interest bearing and are stated at amortised cost.

q) Guarantees to support Group indebtedness (Company only)

Guarantees made to third parties to support interest bearing liabilities of subsidiary companies are accounted for as financial guarantee contracts. Such contracts are included within the financial statements of the Company at the estimated fair-value of the commitment at the date the commitment is made. The fair value of the commitment is determined by reference to the interest rate differential between the guaranteed interest bearing liability and that estimated to be applicable to a similar unguaranteed liability.

The fair value of these guarantee contracts is considered to be part of the Company's investment in the relevant subsidiary receiving the benefit of the guarantee contract.

These are intra-group transactions and are eliminated for the purposes of the consolidated financial statements in accordance with accounting policy 2 (f) above.

r) Income tax

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

s) Asset retirement obligations

Asset retirement obligations are future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site. The asset retirement cost is capitalised as part of the asset's carrying value and amortised over the asset's useful life. Subsequent to the initial recognition of the asset retirement obligation and associated asset retirement cost and changes resulting from a revision to either timing or the amount estimated, cashflows are prospectively reflected in the year those estimates change. The liability is accreted over time through period charges to Statement of Comprehensive Income to unwind the discount due to the passage of time.

t) Investment in subsidiaries

Investments in subsidiaries are recognised at cost less any provision for impairment in the Company accounts.

u) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on Managements' best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas are summarised below. Areas of judgement that have the most significant effect on the amounts recognised in the financial statements:

Capitalisation and impairment of exploration and evaluation costs - Note 2 (g) and (m) and Note 9
Capitalisation and impairment of Property Plant and Equipment - Note 2(g) and (m) and Note 8
Estimation of share-based compensation amounts - Note 2(n) and Note 18

v) Borrowing costs.

Borrowing costs are expensed as incurred, unless they are directly attributable to construction of assets and therefore form part of the cost of that asset.

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

For year ended

31 March 2012 United Kingdom

(\$US'000) Botswana

(\$US'000) Total

(US\$'000)

Revenue - 42,772 42,772

Non-current assets 19,167 59,943 79,110

Geographic Analysis

For year ended

31 March 2011 United Kingdom

(\$US'000) Botswana

(\$US'000) Total

(US\$'000)

Revenue - 24,731 24,731

Non-current assets 17,125 67,473 84,598

All mining revenue derives from a single customer.

4. Operating Loss

Year ended

31 March 2012

US\$'000 Year ended

31 March 2011

US\$'000

Operating loss has been arrived at after charging:

Amortisation 4,147 3,508

Shared based payment expense 201 0

Depreciation 466 874

Auditors remuneration:

- Audit fee KPMG 118 70

- Audit fee PKF - 8

Fees payable to PKF for other services:

- Other services relating to tax 9 9
- All other services - 8

5. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

Group Number of Employees
Year ended
31 March 2012 Number of Employees
Year ended
31 March 2011
Finance and administration 34 40
Technical and operations 210 263
244 303

The aggregate payroll costs of these persons were as follows:

Year ended
31 March 2012
US\$'000 Year ended
31 March 2011
US\$'000
Wages and salaries 8,680 6,092
Benefits 1,364 1,004
10,044 7,096

Remuneration of Directors and other key management personnel

Year ended
31 March 2012 Directors
Fees
US\$'000 Basic annual
remuneration
US\$'000 Other
benefits
US\$'000 Compensation
for loss
of office
US\$'000 Total
remuneration
US\$'000

Directors:
R D Corrans 45 - - - 45
B R Kipp - 171 - - 171
J Soko 33 - - - 33
D Rodier 51 - - - 51
Prof S Simukanga 41 - - - 41
S Georgala 6 - - - 6

Total Directors' remuneration 176 171 - - 347

Non-Directors - 1,739 44 - 1,783

Total 176 1,910 44 - 2,130

Remuneration of Directors and other key management personnel

Year ended
31 March 2011 Directors
Fees
US\$'000 Basic annual
remuneration
US\$'000 Other
benefits
US\$'000 Compensation
for loss
of office
US\$'000 Total
remuneration
US\$'000

Directors:
R D Corrans 45 - - - 45
B R Kipp - 140 - - 140
J Soko 34 - - - 34
D Rodier 49 - - - 49
Prof S Simukanga 40 - - - 40

Total Directors' remuneration 168 140 - - 308

Non-Directors - 1,968 321 - 2,289

Total 168 2,108 321 - 2,597

6. Income tax expense

Factors affecting the tax charge for the current period

The tax credit for the period is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK - 26% (2011: 28.0%).

Year ended
31 March 2012
US\$'000 Year ended
31 March 2011
US\$'000
Tax reconciliation
Profit/(Loss) on ordinary activities before tax (42,554) (8,969)
Tax at 26% (2011: 28%) (11,064) (2,511)

Effects (at 26%) of:
Expenses not deductible for tax purposes 136 35
Deferred tax asset not recognised (2,191) (1,429)
Expenses previously not deductible now allowed 1,360 (863)
Tax losses carried forward 8,810 5,242
Capital allowances in excess of depreciation 2,949 (474)
Loss brought forward and utilised - -
Tax charge - -

Unrecognised deferred tax assets and liabilities

Temporary differences Year ended
31 March 2012
US\$'000 Year ended
31 March 2011
US\$'000
Losses 241,911 225,619
Asset retirement provision 7,065 6,945
Inventory movement (6,990) (7,903)
Arising on share options - -

Accelerated waste stripping (9,062) -
 Unrealised exchange gains 6,017 -
 Accelerated capital allowances (61,897) (72,110)
 Temporary differences not recognised 177,044 152,551

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at 31 March, 2012, the Group did not recognise deferred tax assets of US\$39,122,000 (2011: US\$33,847,000) in respect of losses because there is insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

The Group's tax losses have no fixed expiry date.

7. Basic and diluted earnings/(loss) per share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (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 18.

8. Property, Plant and Equipment

Group 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 8,237 (638) 1,030 8,629
 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 12,042 3,970 168 16,180
 Disposals - (75) (700) (775)
 Exchange adjustments (1,719) (5,893) (1,466) (9,078)
 Balance at 31 March 2012 116,801 56,611 17,739 191,151
 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 (759) (2,885) (803) (4,447)
 Disposals - - 337 337
 Impairment of property, plant and equipment (15,000) - - (15,000)
 Exchange adjustments 53 461 316 830
 Balance at 31 March 2012 (105,831) (7,422) (8,366) (121,619)
 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 31 March 2012 10,970 49,189 9,373 69,532

Property, plant and equipment was pledged as security for amounts borrowed from ZCI Limited during the year (see note 19).

Company Mine
Development
and
Infrastructure
Computer
and Office
Equipment
Total

US\$'000 US\$'000 US\$'000

Cost

Balance at 1 April 2010 1,196 23 1,219

Additions - - -

Balance 31 March 2011 1,196 23 1,219

Balance at 1 April 2011 1,196 23 1,219

Additions - - -

Balance 31 March 2012 1,196 23 1,219

Depreciation and Impairment losses:

Balance at 1 April 2010 (1,196) (23) (1,219)

Depreciation charge for the period - - -

Balance 31 March 2011 (1,196) (23) (1,219)

Balance at 1 April 2011 (1,196) (23) (1,219)

Depreciation charge for the period - - -

Balance 31 March 2012 (1,196) (23) (1,219)

Carry amounts

Balance at 31 March 2010 Nil Nil Nil

Balance at 31 March 2011 Nil Nil Nil

Balance at 31 March 2012 Nil Nil Nil

Impairment Review

As detailed in the accounting policies in the financial statements the Directors are required to undertake a review for impairment at least annually and in particular where events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In such a situation the assets carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use). However, should indications dictate that a previously recognised impairment loss no longer exist or has decreased then the Directors should estimate the recoverable amount and determine whether an impairment reversal is appropriate.

At 31 March 2012, following this review it was concluded an impairment test was required. The cash generating unit for the purpose of impairment testing is the operations in Botswana as they are the operating segment of the Group. The basis on which the recoverable amount of the operations is assessed is its value-in-use. The cashflow forecast employed for the value-in-use computation is a life of mine financial model for the Mowana and Thakadu open-pit mines. The recoverable amount obtained from the financial model represents the expected present value of the future pre-tax and finance cashflows discounted at 17%. The discount rate is an estimate of the market based rate taking into account the associated credit and operational risks of the unit.

Key assumptions include the following:

A 7.5 year mine plan based on processing 5 million tonnes of the Mowana mine's proven and probable reserves and 1.8 million tonnes of the Thakadu mine's probable reserves;

Average production through-put levels of 60,000 tonnes per month to March 2013 with expanded average production levels of 75,000 thereafter, considered a conservative assumption as these levels are approximately 20% lower than the processing plant's design capacity

Copper sales prices as forecasted by selected analyst estimates, applying a 10% negative sensitivity to reflect the inherent uncertainty of the forecast

Grade assumptions based on Mowana and Thakadu resource models, which experience has shown to be predictive of the actual grades mined

Recovery rates based on historical independent metallurgy and plant test-work, applying a 5% negative sensitivity to reflect the uncertainty of these estimates and the Company's experience to date

Operating and capital costs are based on historical costs and approved budget costs

The model generated an impairment loss of \$15 million, which has been recognised as a loss in the

consolidated statement of comprehensive income within mining operations.

If the calculation of value-in-use were to exclude the negative sensitivities applied to copper sales prices and to recovery rates as described above, the Mine's recoverable amount would have exceeded its carrying amount, eliminating the requirement for an impairment loss. A 1% change in the estimate of the discount rate would have resulted in a 2.8% change in the recoverable amount.

The recovery of the carrying amount of property, plant and equipment remains dependent on the continued successful development of economic ore reserves at Mowana and Thakadu deposits and the successful operation of the mine including stable expansion of monthly ore throughput, increased recoveries as mining moves from primarily oxide ore to sulphide ore and the availability of continued adequate funding.

9. Exploration and evaluation assets

Group

Group Company

Cost US\$'000 US\$'000

Balance 1 April 2010 9,863 301

Additions 2,729 -

Exchange adjustment 1

Balance 31 March 2011 12,593 301

Balance 1 April 2011 12,593 301

Additions 6,783 -

Exchange adjustment (283) -

Balance 31 March 2012 19,093 301

Impairment losses

Balance at 1 April 2010 and 31 March 2011 (9,825) (300)

Balance at 1 April 2010 and 31 March 2011 (9,825) (300)

Carry amounts

Balance 31 March 2010 38 1

Balance 31 March 2011 2,768 1

Balance 31 March 2012 9,268 1

10. Other Non-Current Assets

Group Year ended

31 March 2012

US\$'000 Year ended

31 March 2011

US\$'000

Bank guarantee 310 345

As part of providing electricity for the Mowana Mine, a payment guarantee is maintained by the Botswana Power Corporation.

11. Company - Long term receivables

US\$'000 US\$'000

31 March 2012 31 March 2011

Loans to Subsidiary undertakings

Opening balance 13 12

Movement 2,042 (1,233)

Conversion of intercompany debt to equity (2,042) (8,211)

Conversion of ZCI convertible loan from debt to equity - 9,445

Balance 31 March 13 13

12. Company - Investments in subsidiaries

US\$'000 US\$'000

31 March 2012 31 March 2011

Opening balance 17,111 8,396

Conversion of Intercompany debt to equity* 2,042 8,715

Impairment loss (19,153) -
Balance 31 March - 17,111

*During year ended 31 March 2012 and year ended 31 March 2011 the Company converted intercompany loans payable by its wholly-owned subsidiary Messina Copper (Botswana) (Pty) Ltd ("Messina") to equity.

As a result of impairments recorded by the group during the year in relation to the property, plant and equipment of the company's subsidiaries a reassessment of the carrying value of the investment in these subsidiaries was performed. Due to the net liability positions of the subsidiaries, the company has impaired the value of its investment.

13. Subsidiary undertakings

Country of incorporation and operation			
Physical activity Holding of equity shares			
2012 Holding of equity shares			
2011			
Mortbury Limited British Virgin Islands Investment	100 %	100 %	
Messina Copper (Botswana) (Pty) Ltd* Botswana Mining	100 %	100 %	
Matsitama Minerals (Pty) Limited* Botswana Exploration	100 %	100 %	
* indirectly held			

14. Other receivables and prepayments

Group Company			
31 March			
2012			
US\$'000 31 March			
2011			
US\$'000 31 March			
2012			
US\$'000 31 March			
2011			
US\$'000			
VAT receivable	1,780	1,290	6 10
Prepayments and other receivables	908	812	57 48
Trade receivables	1,404	1,690	- -
	4,092	3,792	63 58

15. Inventories

Year ended		
31 March 2012		
US\$'000 Year ended		
31 March 2011		
US\$'000		
Stockpile inventories	5,834	8,249
Consumables	2,958	2,234
Total Inventories	8,792	10,483

16. Cash and cash equivalents

Group Year ended		
31 March 2012		
US\$'000 Year ended		
31 March 2011		
US\$'000		
Restricted cash	543	-
Short-term bank deposits	2,101	2,829
Cash at bank	- -	

Bank Overdraft (3,304) -
Cash and cash equivalents in the statement of cashflows (660) 2,829

Company Year ended
31 March 2012
US\$'000 Year ended
31 March 2011
US\$'000
Short-term bank deposits 9 3
Cash at bank - -
Cash and cash equivalents in the statement of cashflows 9 3

Restricted cash includes funds set aside for rehabilitation of the Mowana and Thakadu mine sites in accordance with provisions set out in the mining licence with the Botswana Government.

17. Share Capital

No. of shares US\$'000
Authorised
At 31 March 2010 and 31 March 2011
Ordinary shares of 1p each 495,000,000 7,116
Redeemable preference shares of £1 each 50,000 72

Issued:

Balance at 31 December 2008 146,858,957 2,911
Ordinary shares issued on 28 April 2009 43 -
Ordinary shares issued on 22 May 2009 676,570,500 10,558
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 31 March 2012 928,798,988 15,167

On 28 April 2009 43 new ordinary shares of 1p were issued by the Company in connection with the Company's consolidation of share capital announced on 9 April 2009 as part of the proposed financing transaction that was not completed. The proposed financing transaction necessitated a reorganisation of the Company's share capital resulting in a consolidation of the Company's existing ordinary shares. One new Ordinary Share of 10p was proposed to be created for every 100 existing ordinary shares. At the Extra-Ordinary General Meeting held on 7 May 2009 the requisite level of shareholder approval for the this financial transaction was not received so accordingly it did not proceed to completion.

As part of the financing package arranged with ZCI which was completed on 22 May 2009, a total of 676,570,500 ordinary shares were issued at a price of £0.01 per ordinary share, raising total net proceeds of £6,765,705 (US\$ 10.6m).

On 9 February 2011, the Company completed an agreement with ZCI to exchange US\$9.5 million in current outstanding debt assignments that ZCI held for the issue of 105,369,488 new ordinary shares in the Company at a price of 5.5782p per share ("the Debt Conversion"). The Debt Conversion resulted from ZCI entering into debt assignment agreements with certain of the Company's large creditors, as part of the refinancing of the Company in May 2009.

Share options and warrants

Share
Options
Held at
31 March
2012 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
- - 29 December 2006 £0.775 up to 29 December 2016
16,650,000 - 14 July 2011 £0.031 up to 14 July 2021
18,835,000 2,185,000

Acquisition reserve

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

Foreign currency translation reserve

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

Merger reserve

As permitted by the Companies Act 2006, the merger reserve represents the premium on shares issued to acquire the share capital of Mortbury Limited.

Dividends

The Directors do not recommend the payment of a dividend.

Capital Management

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

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group issues new shares, or sell assets to reduce debt.

At 31 March 2012

US\$'000 At 31 March 2011

US\$'000

Total interest bearing debt 75,132 53,424

Total equity (17,127) 26,520

Debt-to-equity ratio (4.39:1) 2.01:1

Subsequent to the year end it became apparent that the Company's investment in subsidiaries was impaired. This impairment resulted in a significant reduction in net assets to a level where they are less than half of the Company's called up share capital. In accordance with section 656 of the Companies Act 2006 which addresses the serious loss of capital, the Directors will address this issue at the company's forthcoming Annual General Meeting.

18. 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
 Cancelled 3.13p (500,000)
 Forfeited - -
 At 31 March 2012 11.7p 18,835,000
 Exercisable at the end of the year 22.0p 8,545,000

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 year was US\$200,897 (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	16,650,000	-		
11.7p	18,835,000	2,185,000		

The weighted average remaining contractual life of the outstanding options at 31 March 2012 was 8.67 years (2011: 4.5 years).

19. Amounts payable to ZCI Ltd

Amounts payable to ZCI Limited

At 31 March 2012	US\$'000	At 31 March 2011	US\$'000
Non-current facilities :			
Convertible loan	7,891		
Non-convertible loan	24,033		
Development loan	7,500	7,500	
Development facility	12,500	4,000	
March 2010 facility	-	-	
December 2011 facility	-	-	
January 2012 facility	-	-	
Non-current facilities	20,000	43,424	

Current facilities:		
Convertible loan	7,891	-
Non-convertible loan	24,033	-
March 2010 facility	10,000	-
December 2011 facility	2,000	-
January 2012 facility	5,000	-
March 2010 facility	10,000	-
Interest	10,750	-
Current facilities	59,674	10,000
Balance due to ZCI Limited	79,674	53,424

ZCI owns 84.19 percent of the Company (84.19 percent as at 31 March 2011). At 31 March 2012 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 annum and Tranche B that is not convertible of US\$22,750,000 with a coupon of 14% 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% to 90.11%.

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 Tranche A and Tranche 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 Tranche A of US\$1,459,090 and interest payments on Tranche 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, 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 ordinary shares in the Company at a deemed price of 5.5782p per share. The conversion price 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 31 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, to 31 March 2013.

Development Loan

On 29 November 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 two 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, 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 three 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).

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, 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).

Subsequent to the year end, on 8 June 2012, ZCI provided a further US\$6.0 million convertible debt facility. This convertible loan is a secured loan facility with a simple interest rate of 7% and repayable on 31 March 2014 (the "June 2012 Facility"). Interest is accrued annually and interest payments deferred until 31 March 2014. The June 2012 Facility is convertible into ordinary shares of 1p each in the Company at a conversion price of 2.40p per share.

With the exception of the June 2012 Facility, development land and the development facility all other ZCI facilities described above are due and payable on 31 March 2013. Based on the Company's current financial position the Company will not be able to pay the outstanding principal and accrued interest. As these facilities are all due to ZCI the Directors believe this will not be an issue because on 23 June 2012 ZCI pledged to make sufficient resources available to African Copper to allow the Company to meet its liabilities as they fall due in the normal course. The Directors expect in due course that the due dates of each facility will be re-negotiated to include payment dates that will be within the Company's financial capacity.

20. Other Borrowings

At 31 March 2012
 US\$'000 At 31 March 2011
 US\$'000
 Equipment Facility 2,904 -

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 31 March 2012, US\$2.9 million from this facility had been drawn.

21. Rehabilitation Provision

The Company estimates the total discounted amount of cashflows required to settle its asset retirement obligations at 31 March 2012 is US\$7,064,736 (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 48 million Botswana Pula (due to escalation of the Mowana estimate and the new estimate for Thakadu).

During the year the Company set aside US\$0.54 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 will cover the anticipated costs.

Rehabilitation Provision US\$'000
 Balance, 1 April 2011 7,150
 Provision 642
 Foreign exchange on translation (727)
 Balance, 31 March 2012 7,065

22. Trade and other payables

Group Company
 31 March 31 March 31 March 31 March
 2012
 US\$'000 2011
 US\$'000 2012
 US\$'000 2011

US\$'000

Trade payables 16,115 9,101 183 62
Amounts due to related parties (Note 23) 4 3,971 - 41
Withholding taxes 1,917 765 - -
Accrued expenses and other payables 782 771 3,406 72
18,818 14,608 3,589 175

23. Commitments

Contractual Obligations Total

US\$'000 2012

US\$'000 2013

US\$'000 2014

US\$'000 2015 and

thereafter

US\$'000

Goods, services and equipment (a) 6,514 6,514 - - -

Exploration licences (b) 13,183 5,111 8,072 - -

Lease agreements (c) 402 281 106 12 3

20,099 11,906 8,178 12 3

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.

24. 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;

Balance Outstanding as at

31 March 31 March 31 March 31 March

2012

US\$'000 2011

US\$'000 2012

US\$'000 2011

US\$'000

Due to ZCI (see Note 19) 68,924 53,424 68,924 53,424

Amount accrued to ZCI being interest on loan 6,742 5,589 10,750 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. 359 379 - 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 31 89 4 -

Loans to Subsidiaries US\$'000

Balance 1 April 2010 Nil

Amounts advanced to subsidiaries 8,211

Conversion of amounts advanced to equity (8,211)

Balance 31 March 2011 Nil

Amounts advanced to subsidiaries 2,042

Conversion of amounts advanced to equity (2,042)

Balance 31 March 2012 Nil

The amounts due from subsidiaries at 31 March 2012 have been subordinated in favour of other creditors of those companies.

25. Financial instruments

The Group's principal financial liabilities comprise trade payables, purchase contracts, 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.

The Group sells its copper concentrate under pricing arrangements whereby the quoted period established for each sale contract to finalise the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in copper market prices result in the existence of an embedded derivative in the accounts receivable.

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

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

The Group has guaranteed the borrowings of Messina. The primary indebtedness is to ZCI which is also the immediate controlling entity of the Company.

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

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

31 March 2012

US\$000's 31 March 2011

US\$000's

Carrying

value Fair

value Carrying

value Fair

value

Financial assets

Cash and cash equivalents 2,643 2,643 2,829 2,829

Other current assets 4,092 4,092 3,792 3,792

Financial liabilities

Non-current borrowings 71,828 71,828 43,424 43,424

Current borrowings 32,872 32,872 24,608 24,608

(a) Market Risk

(i) Interest rate risk

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

(ii) Foreign exchange risk

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

The Group has not used forward exchange contracts to manage the risk relating to financial assets, future transactions or foreign borrowings. Fluctuations in financial assets, future transactions or foreign borrowings are recognised directly in profit or loss.

The table below shows the currency profiles of cash and cash equivalents:

Group Company

31 March 31 March 31 March 31 March

2012

US\$'000 2011

US\$'000 2012

US\$'000 2011
 US\$'000
 Sterling 5 9 3 1
 South African Rand 149 112 - -
 US Dollars 1,206 1,552 6 2
 Botswana Pula 1,283 1,156 - -
 2,643 2,829 9 3

Cash and cash equivalents bear interest at rates based on LIBOR.

As a result of the Group's main assets and subsidiaries being held in Botswana and having a functional currency different than the presentation currency (Note 2(g)), the Group's balance sheet can be affected significantly by movements in the US Dollar to the Botswana Pula. During 2010/2011 and 2011/2012 the Group did not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with these Botswana subsidiary assets and liabilities as the effective portion of foreign currency gains or losses arising are recorded through the translation reserve.

The table below shows an analysis of net monetary assets and liabilities by functional currency of group companies:

	31 March 2012	31 March 2011
Sterling		
US\$'000 Pula		
US\$'000 Total		
US\$'000 Sterling		
US\$'000 Pula		
US\$'000 Total		
US\$'000		
Sterling	(97) 2 (95) (31) (20) (51)	
Pula	(8) (12,414) (12,422) (6) 6,729 6,723	
Canadian Dollars	(8) - (8) (1) - (1)	
South African Rand	- 149 149 - (685) (685)	
Australian Dollars	- - - - (2) (2)	
US Dollars	(6) 5,787 5,781 (84) (3,404) (3,488)	
Total	(119) (6,476) (6,595) (122) 2,618 2,496	

The table above relates to Group and Company.

Foreign currency risk sensitivity analysis:

Profit/Loss Equity
 31 March 31 March 31 March 31 March
 2012
 US\$'000 2011
 US\$'000 2012
 US\$'000 2011
 US\$'000

If there was a 10% weakening of Pula against US Dollars with all other variables held constant - increase/(decrease) 4,046 2,248 (6,775) (8,502)

If there was a 10% strengthening of Pula against US Dollars with all other variables held constant - increase/(decrease) (4,945) (2,748) 6,775 8,502

(iii) Commodity price risk

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

From time to time the Group may manage its exposure to commodity price risk by entering into put contracts or metal forward sales contracts with the goal of preserving its future revenue streams. As at 31 March 2012, with other variables unchanged, a plus or minus 1% change in commodity prices, on sales revenue, would affect the loss for the year by plus or minus US\$536,515 for the year (2011: US\$326,965).

(b) Credit risk

The Group is exposed to credit risk on its cash and cash equivalents and other receivables as set out in Notes 14 and 16, which represents a maximum exposure to credit risk of US\$6.73 million (2011:US\$6.62 million). The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

(c) Liquidity Risk

As at 31 March 2012 the Group had US\$2.64 million (2011: US\$2.83 million) in cash and cash equivalents, US\$4.09 million (2011: US\$3.79 million) in other receivables and prepayments, US\$79.67 million (2011: US\$53.4 million) due to ZCI and US\$6.21 million (2011: Nil) due to Banc ABC.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of committed credit facilities. Further analysis around the risks and uncertainties relating to the going concern basis of preparation is provided in Note 1. The Group manages liquidity risk by monitoring forecast and actual cashflows and matching maturity profiles of financial assets and liabilities.

Financial liabilities 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
Trade and other payables 10,924 4,750 1,734 1,410
Due to ZCI Ltd - - 10,750 68,924
Due to Banc ABC - - 3,304 2,904

Fair value of financial instruments

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

26. 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.

27. Ultimate Controlling Party

The Directors regard ZCI Ltd, 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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