African Copper Plc: Half-Year Results for the Six Months to 30 September 2012

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LONDON, Dec. 10, 2012 - African Copper plc (AIM:ACU) (BOTSWANA:AFRICAN COPPER), today announces interim results for the six month period ended 30 September 2012.

Highlights

- Copper produced in concentrate during the six-month period increased by 29% compared to the same period last year, and by 31% compared to the six-month period from 1 October 2011 to 31 March 2012;

- Revenues of $27.2 million, an increase of 18% from revenues of $23.1 million for the corresponding period last year;

- Operating income from mining operations of $4.3 million, compared to an operating loss of $4.3 million for the corresponding period last year, driven by investments in enhancing recoveries and in reducing operating costs per ton;

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

- Loss for the period decreased by 44% to $9.0 million, compared to $16.0 million for the corresponding period last year;

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

Commenting on the results, Jordan Soko, Interim Chief Executive Officer and director of African Copper, said, "African Copper made excellent progress during the first half towards realising the full potential of our assets and achieving operating stability. This lays the groundwork for an excellent second half to the year, as we continue to put our past production challenges behind us. As always, we deeply appreciate the support of the communities that surround our properties in Botswana and the skill and commitment of our team."

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

For further information please visit www.africancopper.com

This announcement contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, statements regarding progress towards reaching higher commercial production levels, improvement in production efficiencies, and the realization of increased recoveries as mining operations progressively move from more oxidic areas towards sulphide mineralisation are forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, risks related to failure to convert estimated mineral resources to reserves, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, the possibility that actual circumstances will differ from the estimates and assumptions used in the current mining plans, future prices of copper, unexpected increases in capital or *operating costs, possible variations in mineral resources, possible delays or ability to transport the necessary ore between Thakadu and Mowana, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations, political risks arising from operating in Africa, changes in regulations affecting the Company. All forward-looking information speaks only as of the date hereof and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that its expectations reflected in the forward-looking information, as well as the assumptions inherent therein, are reasonable, forward-looking information is not a guarantee of future performance and, accordingly, undue reliance should not be put on such information due to the inherent uncertainty therein.*

Chairman's and Chief Executive's Review

Overview

African Copper made excellent progress during the six month period ended 30 September 2012 toward achieving stable operations at the Mowana plant and attaining profitability. We produced copper in concentrate of 4,490 Mt, 29% higher than the corresponding period from last year, and we generated operating income from mining operations of $4.3 million, compared to an operating loss of $4.3 million for the corresponding period last year. Although we are not yet operating profitably, we reduced our overall loss for the period by 44%, to $9.0 million from $16.0 million. This all lays the groundwork for an excellent second half of the year.

Our ability to capitalize on our operational progress depends of course on the availability of sufficient and stable finance. At 30 September 2012, our consolidated principal debt was US$89.6 million, all of which we owe to ZCI, and we have net current liabilities of $72.5 million, up $6.2 million from our net current position of $66.3 million at 31 March 2012. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 31 March 2013, and has confirmed it will continue to make sufficient financial resources available to African Copper to allow it to continue to meet its liabilities as they fall due in the course of normal operations.

After taking account of the Group's funding position and its cash flow projections, the letter of support from the directors of ZCI and having considered the risks and uncertainties associated with the Group's cash flow projections and its operations, the Directors have determined that the Group has adequate resources to operate for at least the next 12 months from the date of approval of the half-year financial statements. Beyond this point, the Directors expect the financing position of the Company and Group will progressively improve as we build on the progress we made during this period. The current cash flow projections forecast positive cash flows on a monthly basis during the first half of the next financial year, commencing 1 April 2013.

ZCI has informed the Company that it has initiated a process intended to realise value from its investment in African Copper, a process which may result in the disposal of ZCI's interest.

Production

Copper produced in concentrate in the first half of the current fiscal year increased by 29 per cent compared to the same period last year and by 31% compared to the six-month period from 1 October 2011 to 31 March 2012. In August 2012, we achieved record production levels. The overall increase would have been even higher if not for the failure of the Mowana mill pinion shaft on 20 May 2012, which caused a 43% decline in ore processed between April and May 2012 while we undertook repairs. A total of 15 days were lost during the outage; but during that period we replaced the mill gearbox and pinion shaft assembly, and completed a mill reline.

	Six Months ended	Six Months ended	Year Ended
Description	30 Sept. 2012	30 Sept. 2011	31 March 2012
Ore processed (Mt)	421,913	392,518	738,921
Cu grade (%)	1.86	1.80	1.93
Recovery (%)	57.8	49.2	48.4
Concentrate produced (Mt)	20,698	15,712	31,027
Copper produced in concentrate (Mt)	4,490	3,487	6,910

In a Production Update on 15 October 2012, we described the factors underlying the advances in production levels. We sourced all of the ore processed at the Mowana facilities during the period from the higher grade Thakadu Mine, and the increasing proportion of sulphide ore brought greater flotation stability and improved recoveries, evidenced by the August 2012 flotation recovery of 69.8%. This progress has also allowed us to reduce the costs of deploying the reagent AM2 (secondary collector) and NASH (Sulphidiser), used to treat oxide ores. Plant efficiency has also benefited from the Larox filter plant we installed this year, significantly increasing filtration capacity and reducing moisture content. In the month of August, the mill achieved and exceeded for the first time its design capacity of 150 Mtph. During that month we set a record for milled tonnes of 3,687 Mtpd in 23.5hrs, representing 156.9 Mtph.

Trucking operations from Thakadu to the Mowana Mine processing facilities, a distance of 70km, ran to plan during the period.

Geology/ Exploration

Mowana North Exploration Project

We carried out a total of 34,826 metres of combined diamond and percussion drilling during 2011. 62 new holes were drilled and combined with data from 10 holes drilled during an exploration programme by Falconbridge Exploration between 1977 and 1982. At a 0.0% copper cut off grade, Coffey Mining reported an Inferred Mineral Resource of 56.8 million tonnes grading 0.45% copper.

The estimate is for material between 70 metres below surface to 500 metres below surface. The ore body in this area is overlain by 70 metres of barren Karoo sediments. A percussion rig was used to pre-collar holes through these sediments before changing to diamond drilling to intersect the ore body. The Mowana North ore body remains open to the North beyond the limit of drilling, and below 500 metres depth.

Drilling was conducted over an area of 2km from North to South and approximately 300 metres from West to East. The drill hole spacing is 100 metres in a North - South direction, and 100 metres in a West - East direction.

Additional, more closely-spaced infill drilling between current section lines will be required to re-categorise the current Inferred Resource to Indicated or Measured Resources and to demonstrate continuity between existing high grade borehole intersections. Our exploration campaign will focus on attaining this objective.

Matsitama Minerals Project

The Company is currently committed to a six-month drill-exploration programme to be carried out in two specific areas of the Matsitama exploration licences:

1. The Thakadu Near-Mine Licence area including Matsitama West, aimed at locating additional copper-silver resources to supplement the Thakadu Mine reserves.

2. the Greater Nakalakwana Target Zone, aimed at locating viable Iron Oxide-Copper-Gold mineralisation.

Project Area:	Exploration Budget
Thakadu Near Mine - Initial Phase	$ 100,000
Greater Nakalakwana	$ 500,000
Total	$ 600,000

Results

Income Statement

We reported revenue of US$27.2 million (2011: US$23.1 million), an increase of 18% from the previous period reflecting the enhanced production levels discussed above.

Operating Costs:

	30 September 2012 $ (000's)	30 September 2011 $ (000's)
Mining	7,266	7,910
Transport from Thakadu	4,706	2,139
Processing	5,774	8,315
Engineering	3,896	4,653
Stockpile inventory	(884)	3,008
Operating costs excluding amortisation	20,758	26,025

Despite our increased revenue, our operating costs declined by 20% compared to the comparative period, reflecting the significant increases we obtained in plant efficiency, and the reduced costs flowing from the greater percentage of sulphide ore. Trucking volumes from the Thakadu open-pit to the Mowana processing plant increased during the current period as a result of Thakadu ore being the primary source of feed. During the previous period ended 30 September 2011 both Mowana and Thakadu ore were processed. As at 30 September 2012 there were 56,482 tonnes of Thakadu ore grading 2.25% tCu at the Mowana run-of-mine pad.

We incurred foreign currency exchange losses of $4.4 million in the period under review, an amount largely comparable to the preceding year, arising primarily from translation differences of the US$ denominated ZCI loans reflecting the relative strengthening of the US$ to the Botswana Pula during the period.

Administrative costs increased to $3.9 million from $3.3 million in the comparative period. The increase was primarily driven by greater salary costs, reflecting both strategic determinations related to retention and motivation, and externally-imposed factors. Increased costs related to the safety, health and environmental awareness programme implemented at the Thakadu Mine were also incurred during the current period.

The majority of the interest expense amount of $4.9 million relates to ZCI interest payable as well as associated withholding taxes. The remaining amount mainly relates to interest on facility payments with Banc ABC.

Our overall loss of $9.0 million was lower by 44% than our overall loss of $16.0 million for the corresponding period.

Cashflow

The Company utilized net cash from operating activities of $6.0 million, compared to a net outflow of $58,000 in the corresponding period of 2011. The increase in cash utilisation was impacted by a decrease in payables of $3.4 million as the Group paid creditors in an effort to reduce creditors' days outstanding.

The Company made capital investments of $5.4 million (2011 - $10.0 million) relating primarily to additional property, plant and equipment at Mowana together with the Mowana North drilling programme.

We had a financing inflow of $5.2 million, reflecting $6.0 million additional funding from ZCI and interest and drawdown payments of $0.8 million to Banc ABC.

Financing

At 30 September 2012, our consolidated principal debt was $89.7 million, all of which is owed to ZCI, and we have net current liabilities of $72.5 million. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 31 March 2013, and has confirmed it will continue to make sufficient financial resources available to African Copper to allow it to continue to meet its liabilities in the course of normal operations as they fall due.

ZCI has also informed the Company that it has initiated a process intended to realise value from its investment in African Copper, a process which may result in the disposal of ZCI's interest.

In addition, we have an overdraft facility of $3.95 million and an equipment facility of $3.1 million from Banc ABC. At September 30, 2012, we had withdrawn $2.0 million from the overdraft facility and had utilized $2.4 million from the equipment facility. The overdraft facility is a US$ denominated demand facility that has an initial fixed rate of interest of 8.5% per annum, with Bank ABC reserving the right to change the interest rate in line with changes to the prime lending rate. The equipment facility is a 36 month US$ denominated facility that has a fixed interest rate of 9% per annum.

Outlook

African Copper made excellent progress during this period towards realising the full potential of our assets and achieving operating stability. This lays the groundwork for an excellent second half to the year, as we continue to put our past challenges at the Mowana Mine behind us. At the same time, our exploration drilling programme at Mowana continues to demonstrate extensions to the main ore body - southwards, as announced last year, and now northwards. As always, we deeply appreciate the support of the communities that surround our properties in Botswana, and the skill and commitment of our team.

David Rodier, Chairman

Jordon Soko, Acting Chief Executive

7 December 2012

REGISTERED IN ENGLAND AND WALES NO. 5041259
African Copper Plc
Consolidated Statement of Comprehensive Income
For six months ended 30 September For six months ended 30 September For year ended 31 March
2012 2011 2012
Note US$'000 US$'000 US$'000
Continuing operations
Revenue 3 27,152 23,092 42,772
Operating costs excluding amortization (20,758) (26,025) (43,209)
Amortization of mining properties and equipment (2,080) (1,341) (4,147)

Operating gain/(loss) from mining operations 4,314 (4,274) (4,584)
Impairment of property, plant and equipment - - (15,000)
Operating loss from mining operations 4,314 (4,274) (19,584)
Foreign exchange (loss)/gain (4,441) (4,619) (6,288)
Administrative expenses (3,880) (3,295) (8,094)
Operating loss 4 (4,007) (12,188) (33,966)
Investment income 11 19 2926
Other income 47 - -
Finance costs (5,034) (3,869) (8,617)
Loss before tax (8,983) (16,038) (42,554)

Income tax expense - - -
Loss for the period from continuing operations attributable to equity shareholders of the parent company (8,983) (16,038) (42,554)

Other comprehensive income:
Exchange differences on translating foreign operations 872 (1,217) (1,595)
Other comprehensive income/(expenditure) for the period, net of tax 872 (1,217) (1,595)
Total comprehensive income/(expenditure) for the period attributable to equity shareholders of the parent company (8,111) (17,255) (44,149)

Basic loss per ordinary share 4 $ (0.01) $ (0.02) $ (0.05)
Diluted loss per ordinary share 4 $ (0.01) $ (0.02) $ (0.05)
The notes on pages 11 to 21 are an integral part of these consolidated financial statements.
African Copper Plc
Balance Sheets

30 September Group As At 30 September 31 March
2012 2011 2012
Note US$'000 US$'000 US$'000
ASSETS
Property, plant and equipment 5 67,750 81,360 69,532
Deferred exploration costs 6 8,658 3,462 9,268
Other financial assets 291 313 310
Total non-current assets 76,699 85,135 79,110

Other receivables and prepayments 4,535 5,689 4,092

Inventories 7 9,113 6,538 8,792
Cash and cash equivalents 8 1,240 1,108 2,644
Total current assets 14,888 13,335 15,528
Total assets 91,587 98,470 94,638

EQUITY
Issued share capital 9 15,167 15,167 15,167
Share premium 170,075 170,075 170,075
Other reserve - ZCI Limited convertible loan 502 502 502
Acquisition reserve 8,931 8,931 8,931
Foreign currency translation reserve 5,465 4,971 4,593
Accumulated losses (225,315) (190,020) (216,395)
Total equity (25,175) 9,626 (17,127)

LIABILITIES
Rehabilitation provision 13 6,967 6,044 7,065
Amounts payable to ZCI Limited 11 20,000 47,424 20,000
Other borrowings 12 2,398 1,633 2,904
Total non-current liabilities 29,365 55,101 29,969
Bank overdraft 8 1,998 1,346 3,304
Trade and other payables 15,748 15,015 18,818
Amounts payable to ZCI Limited 11 69,651 17,382 59,674
Total current liabilities 87,397 33,743 81,796
Total equity and liabilities 91,587 98,470 94,638
African Copper Plc
Consolidated statement of changes in equity
Note Share
Capital Share
Premium Other Reserve Acquisition Reserve Foreign Currency Translation Reserve Accumulated
Losses Total
Equity
US$'000 US$'000 US$'000 US$'000 US$'000 US$'000 US$'000

Balance at 1 April 2011 15,167 170,075 502 8,931 6,188 (174,343) 26,520

Foreign exchange adjustments - - - - (1,217) - (1,217)
Loss for the period - - - - - (15,677) (15,677)
Total comprehensive income for the period - - - - (1,217) (15,677) (16,894)

Balance at 30 September 2011 15,167 170,075 502 8,931 4,971 (190,020) 9,626

Foreign exchange adjustments - - - - (378) - (378)
Loss for the period - - - - - (26,877) (26,877)
Total comprehensive income for the period - - - - (378) (26,877) (27,255)

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

Foreign exchange adjustments - - - - 872 872
Loss for the period - - - - - (8,983) (8,983)
Total comprehensive income for the period - - - - 872 (8,983) (8,111)

Share based payments, net of tax - - - - - 63 63
Balance at 30 September 2012 15,167 170,075 502 8,931 5,465 (225,315) (25,175)
The notes on pages 11 to 21 are an integral part of these consolidated financial statements.
African Copper Plc
Consolidated cash flow statement
Six Months ended 30 Sept. Six Months ended 30 Sept. Year ended 31 March
2012 2011 2012
Note US$'000 US$'000 US$'000

Cash flows from operating activities
Operating loss from continuing operations (8,983) (12,188) (42,554)

Increase in receivables (443) (1,864) (299)
Decrease/(increase) in inventories (321) 3,945 1,691
Increase/(decrease) in payables (3,380) 3,920 8,127

Foreign exchange loss 4,441 4,619 6,287
Depreciation and amortization 2,292 1,593 4,613
Share-based payment expense 64 387 201
Rehabilitation provision 331 (470) -
Impairment of property, plant and equipment - - 15,000
Cash used in operating activities (5,999) (58) (6,934)

Interest received (11) 19 29
Other income (46) - -
Finance costs paid 345 - (906)
Finance costs deferred by ZCI 3,976 - 7,711
Net cash outflow from operating activities (1,735) (39) (100)

Cash flows from investing activities
Payments to acquire property, plant and equipment (3,707) (9,454) (15,993)
Payments of deferred exploration expenditures (1,785) (955) (6,782)
Interest received 11 - -
Disposal of property, plant and equipment 46 361 -
Net cash outflow from investing activities (5,435) (10,048) (22,775)

Cash flows from financing activities
Proceeds from ZCI February 2011 development facility - 4,000 8,500
Proceeds from ZCI December 2011 working capital - - 2,000
Proceeds from ZCI January 2012 working capital - - 5,000
Proceeds from ZCI June 2012 working capital 6,000 - -
Finance costs paid (345) - -
Proceeds/(repayment) BancABC (505) 1,633 2,904
Net cash inflow from financing activities 5,150 5,633 18,404

Net decrease in cash and cash equivalents (2,020) (4,454) (4,471)
Cash and cash equivalents at beginning of the period (661) 2,829 2,829
Foreign exchange gain 1,923 1,387 982
Cash and cash equivalents at end of the period 8 (758) (238) (660)

The notes on pages 11 to 21 are an integral part of these consolidated financial statements.

1. Nature of operations and basis of preparation

African Copper Plc ("African Copper" or the "Company") is a public limited company incorporated and domiciled in England and is listed on the AIM market of the London Stock Exchange and the Botswana Stock Exchange. African Copper is a holding company of a copper producing and mineral exploration and development group of companies (the "Group"). The Group's main project is the copper producing open pit Mowana mine. The Group also owns the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama Project. The Mowana Mine is located in the northeastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

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

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements of the year ended 31 March 2012. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2012.

The comparative figures for the financial year ended 31 March 2012 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors included a reference to the going concern basis of preparation which the auditors drew attention to by way of emphasis without qualifying their report.

Going Concern

Since the publication of the Company's annual financial statements on 31 July 2012 which contained details of the key assumptions and factors impacting on the Company and Group's ability to continue as a going concern, progress has been made in respect of production levels as set out in the Chairman's/Chief Executive's Review statement.

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

Conclusion on going concern

After taking account of the Group's funding position and its cash flow projections, the letter of support from the directors of ZCI and having considered the risks and uncertainties associated with the Group's cash flow projections and its operations, the Directors have determined that the Group has adequate resources to operate for at least the next 12 months from the date of approval of these interim 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 unaudited interim financial statements have been approved for issue by the Board of Directors on 7 December 2012.

2. Summary of significant accounting policies

The accounting policies applied by the Consolidated Entity in these condensed consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 31 March 2012. The consolidated financial statements of the Group for the year ended 31 March 2012 are available upon request from the Company's registered office at 100 Pall Mall, St James, London SW1Y 5HP.

a) Statement of Compliance

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

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

c) New standards and interpretations not yet adopted

There are a number of new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 March 2013. None of these have been adopted early in preparing these consolidated financial statements.

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

3. Group Segment reporting

An operating segment is a component of the Group distinguishable by economic activity or by its geographical location, which is subject to risks and returns that are different from those of other operating segments. The Group's only operating segment is the exploration for, and the development of copper and other base metal deposits. All the Group's activities are related to the exploration for, and the development of copper and other base metals in Botswana with the support provided from the UK. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets based on where the assets are located.

Geographic Analysis
For 6 months ended

30 September 2012 United Kingdom
(US$'000) Botswana
(US$'000) Total
(US$'000)
Revenue - 27,152 27,152
Non-current assets - 76,699 76,699
All mining revenue derives from a single customer

4. Basic and diluted loss per share

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year but adjusted for the effects of dilutive options. The key features of share option contracts are described in Note 9.
Basic loss per share
Period ended
30 Sept. 2012 Year ended
31 March 2012

Loss after tax $ 8,983,000 $ 42,554,033
Weighted average number of shares outstanding 928,798,988 928,798,988
Basic loss per share $ 0.01 $ 0.05

Diluted loss per share
Period ended 30 Sept. 2011 Year ended 31 March 2012

Loss after tax $ 8,659,716 $ 42,554,033
Weighted average number of shares outstanding 928,798,988 928,798,988
Weighted average number of shares under options 18,835,000 18,835,000
Diluted loss per share $ 0.01 $ 0.05
5. Property, Plant and Equipment
Mine
Development and
Infrastructure Mine Plant and Equipment
Other
Assets
Total
US$'000 US$'000 US$'000 US$'000
Cost
Balance at 1 April 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

Balance at 1 April 2012 116,801 56,611 17,739 191,151
Additions 2,881 639 2 3,522
Exchange adjustments (23,530) 15,100 (3,322) (11,752)
Balance at 30 September 2012 96,152 72,350 14,419 182,921

Depreciation and impairment losses

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)

Balance at 1 April 2012 (105,831) (7,422) (8,366) (121,619)
Depreciation charge for the year (256) (1 682) (369) (2,307)
Exchange adjustments 20,707 (15,109) 3,157 8,755
Balance at 30 September 2012 (85,380) (24,213) (5,578) (115,171)

Carry amounts
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
Balance at 30 September 2012 10,772 48,137 8,841 67,750
Property, plant and equipment was pledged as security for amounts borrowed from ZCI Limited during the period
(see note 11).
6. Deferred exploration costs
Group
Cost US$'000
Balance 1 April 2011 12,593
Additions 6,783
Exchange adjustment (283)
Balance 31 March 2012 19,093

Balance 1 April 2012 19,093
Additions 1,071
Exchange adjustment (491)
Balance 30 September 2012 19,673

Impairment losses
Balance at 1 April 2011 (9,825)
Impairment of deferred exploration -
Balance at 31 March 2012 (9,825)

Balance at 1 April 2012 (9,825)
Impairment of deferred exploration -
Exchange adjustment (1,190)
Balance at 30 September 2012 (11,015)

Carry amounts
Balance 31 March 2011 2,768
Balance 31 March 2012 9,268
Balance at 30 September 2012 8,658

7. Inventories
Period ended
30 Sept.
2012
US$'000 Year ended
31 March
2012
US$'000
Stockpile inventories 6,084 5,834
Consumables 3,029 2,958
Total Inventories 9,113 8,792
8. Cash and cash equivalents
Period ended
30 Sept.
2012
US$'000 Year ended
31 March
2012
US$'000
Restricted cash 654 543
Short-term bank deposits 586 2,101
Cash at bank - -
Bank overdraft (1,998) (3,304)
Cash and cash equivalents in the statement of cashflows (758) (660)

9. Share Capital
No. of shares US$'000
Authorised
At 31 March 2012 and 30 September 2012
Ordinary shares of 1p each 495,000,000 7,116
Redeemable preference shares of £1 each 50,000 72

Issued:
Balance at 31 March 2011, March 2012 and 30 September 2012 928,798,988 15,167

Share options and warrants
Share Options Held at 30 September 2012 Share Options Held at 31 March 2012 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

16,650,000 16,650,000 14 July 2011 £0.031 up to 14 July 2021

18,835,000 18,835,000

10. Share based payments

African Copper has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p. On 14 July 2011 17,150,000 options were granted at 3.13p.
Weighted average
exercise price
in £per share Options
At 1 April 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
Granted - -
Forfeited - -
At 30 September 2012 11.7p 18,835,000
Exercisable at the end of the period 16.7p 11,975,000

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

The total expense recorded in the profit and loss in respect of share based payments for the period was US$63,608 (31 March 2012: $200,897).
Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date Exercise price in £per share
Shares
30 Sept. 2012 31 March 2012
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 16,650,000
11.7p 18,835,000 18,835,000

The weighted average remaining contractual life of the outstanding options at 30 September 2012 was 8.17 years (31 March 2012: 8.67 years).

11. Amounts payable to ZCI Limited
At 30 Sept.
2012
US$'000 At 31 March
2012
US$'000

Non-current facilities:
Development loan 7,500 7,500
Development facility 12,500 12,500
Non-current facilities 20,000 20,000

Convertible loan 7,891 7,891
Non-convertible loan 24,033 24,033
March 2010 facility 10,000 10,000
December 2011 facility 2,000 2,000
January 2012 facility 5,000 5,000
June 2012 facility 6,000 -
Interest 14,727 10,750
Current facilities 69,651 59,674
Balance due to ZCI Limited 89,651 79,674

ZCI owns 84.19 percent of the Company (84.19 percent as at 31 March 2012). At 30 September 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 Tranch A and Tranch B principal payments in aggregate of US$32,412,000 due on 29 January 2012 to 31 March 2013. In addition, the ZCI Board of Directors further resolved to defer interest payments on Tranch A of US$1,459,090 and interest payments on Tranch B of US$5,201,236 accrued to 31 December 2011 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013, 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 me 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.

June 2012 Facility

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 Loan 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 03 December 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.

12. Other Borrowings

	At 30 Sept. 2012 US$'000	At 31 March 2012 US$'000
Equipment Facility	2,398	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 30 September 2012, US$2.398 million from this facility had been drawn.

13. Rehabilitation Provision

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2012 is US$6,966,671 (31 March 2012 - US$7,064,736). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula. This estimate was recently updated by GeoFlux (Pty) Limited and the undiscounted cost was revised to 45 million Botswana Pula (due to escalation of Mowana estimate and the new estimate for Thakadu). The Company has set aside US$0.65 million (31 March 2012 - 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 cover the anticipated costs.

Rehabilitation Provision US$'000

Balance, 1 April 2012 7,065
Adjustment 331
Foreign exchange on translation (429)
Balance, 30 September 2012 6,967
14. Commitments
Contractual Obligations Total

US$'000 2012

US$'000 2013

US$'000 2014

US$'000
Goods, services and equipment (a) 3 641 14 3 627 -
Exploration licences (b) 4 738 1 620 1 923 1 195
Lease agreements (c) 432 371 55 6
8 811 2 005 5 605 1 201

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.
Under the terms of the Company's prospecting licences Matsitama is obliged to incur certain minimum expenditures.
The Company has entered into agreements to lease premises for various periods.

15. Related party transactions
The following amounts were paid to companies in which directors of the Group have an interest and were incurred in the normal course of operations and are recorded at their exchange amount;
Amount incurred during the period Balance
Outstanding as at
30
Sept. 31
March 30
Sept. 31
March
2012
US$'000 2012
US$'000 2012
US$'000 2012
US$'000
Due to ZCI Limited (see Note 11) 6,000 68,924 87,448 68,924
Amount accrued to ZCI Limited being interest on loan 3 ,615 6,742 14,365 10,750
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. 164 359 27 -
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 55 31 - 4

16. Contingent Liability

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

17. Ultimate Controlling Party

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

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

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