African Copper plc - Final Results for the Year to 31 March 2013

28.06.2013 | Marketwired

LONDON, UNITED KINGDOM -- (Marketwired - June 28, 2013) - African Copper plc (AIM:ACU)(BOTSWANA:AFRICAN COPPER), today announces preliminary audited results for the year ending 31 March 2013.

Summary

- In 2013, production of copper increased by 37% to 9,496 Mt (2012: 6,910 Mt). Record production levels were seen in March 2013 with 1,314 tonnes of copper in concentrate produced.

- Increases in production levels and operational improvements led to revenues increasing by 41.3% to US$60.5 million (2012: US$ 42.8 million).

- Past production issues were addressed to create stable and efficient operations to achieve operating profit from mining operations of US$13.7 million (2012: Loss of US$4.6 million).

- At the Mowana Mine, the plant processed an average of 66,825 tonnes of ore per month (2012: 61,577 Mt).

- 801,901 tonnes of ore were processed this year, a 9% increase from last year (2012: 738,921 Mt). This was all from the Thakadu pit with an average grade of 1.78% (2012: only 73% from Thakadu at 1.93%).

- Overall loss of US$15.8 million due to administrative costs, increased finance costs and foreign exchange losses which was still a reduced loss on the prior year (2012: US$42.6 million).

- In March 2013, we saw the Company's controlling shareholder ZCI limited ("ZCI") suspend its process to unlock value from its investment in African Copper as its board believed it had not received proposals that reflected the true value and potential of the Company. As a result, we have continued to see strong support from ZCI during the year as its board continues to work towards realizing the full value of its investment in African Copper.

Commenting on the results, Jordan Soko, Acting CEO of African Copper, said: "This has been a strong year for African Copper."

"We are not yet free of all our operating challenges but we have made significant progress this year in realizing the full potential of our assets and improvement in our key operating measures. We expect more stable conditions to continue throughout the current year which should allow further encouraging progress from our projects, and in particular from our exploration project in Matsitama."

For further information please visit www.africancopper.com.

CHAIRMAN'S STATEMENT

This has been an overall strong year for African Copper. We made clear progress toward realizing the full potential of our assets, and we generated improvements in all of our key operating measures. The Company increased its production levels and recovery rates, and generated an operating profit from its mining operations, while significantly reducing its overall net loss. We expect generally more stable conditions to continue through the coming year, and we anticipate further encouraging progress from our exploration project at Matsitama. Overall we remain confident in our Company's future.

Overview

We continued our progress this year towards achieving stable operations at the Mowana mine facilities in

north-east Botswana. For the year ended 31 March 2013, we produced copper in concentrate of 9,496 tonnes, 37% higher than the prior year, and we achieved record production levels in March 2013 of 1,314 tonnes of copper in concentrate. We processed 801,901 tonnes of ore in 2013 compared to 738,921 tonnes in 2012 - a 9% increase - and all the ore processed during the year came from the Thakadu pit with an average grade of 1.78%; in 2012, the average grade was 1.93% with 73% of the ore coming from the Thakadu pit and the balance from the Mowana pit. Average recovery rates increased to 66.5% from 48.0% for the year as whole, with the latter months of the financial year recording substantially higher recoveries as was the case in December 2012, when we recorded our highest recovery rate for a month, at 95.6%.

On the whole, we expect more stable conditions to continue throughout the current year and for recovery rates to remain above 80%. This shift will also correspondingly reduce our reliance on costly chemical reagents for treating oxide ores - a significant expense.

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 66,825 tonnes per month during the year compared to 61,577 tonnes in 2012, lower than its design capacity of 90,000 to 100,000 tonnes per month. While we have now addressed many of the past production bottlenecks, the process of treating both oxide and sulphide ores during the year from the Thakadu deposit required changes to settings, all of which increased our production-related costs.

Results

As a result of increased production levels and average copper grades of 1.78% from the Thakadu deposit, revenues for the year to 31 March 2013 increased to US$60.5 million (2012: US$42.8 million). Despite this significant increase in revenues, our operating costs, when compared with the prior year, declined as the Company moved past the challenges it experienced in previous years towards more stable and efficient operations. As a result we recorded an operating profit from mining operations of US$13.7 million, compared to an operating loss from mining operations of US$4.6 million in 2012.

Administrative costs increased, in large part reflecting increased staffing costs. Taking into account a foreign exchange loss of US$11.4 million (2012: loss of US$6.3 million) and increased finance costs of US$10.0 million (2012: US$8.6 million), the Company incurred an overall loss of US$15.8 million, much reduced from a loss of US$42.6 million in the prior year.

Exploration

During the current financial year, we focused our exploration activities primarily in the Nakalakwana area, within prospecting licence PL 17/2004. We carried out an intensive review of all the geological data in the Nakalakwana area, resulting in an eight hole diamond drilling programme targeting iron oxide, copper and gold ("IOCG") mineralization. Drilling results to date have been very promising with rock types and alteration intersected, as seen in other IOCG type deposits. The average footprint of an IOCG deposit worldwide is 10 hectares (500 x 200 metres). Given that the area being explored is greater than 30km2, we are currently assessing modern geophysical techniques to identify areas of high prospectivity before further drilling is undertaken.

Exploration expenditure, mainly within PL 17/2004, totalled US$1.7 million for the financial year.

Financing

The Company's controlling shareholder ZCI Limited ("ZCI") continued to provide strong support during the year. ZCI provided an additional US$6.0 million convertible loan at a simple interest rate of 7 per cent., repayable on 31 March 2014. At 31 March 2013, our consolidated principal debt was US$93.7 million (including US$18.7 million of accrued interest), all of which we owe to ZCI, and we have net current liabilities of $86.4 million, up $20.1 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 June 2014.

In February 2012, the Company reported to shareholders that ZCI had initiated a process intended to unlock value from its investment in African Copper. However, in March 2013, we advised shareholders that the board of ZCI has elected to suspend this process in light of the effect of adverse global market conditions on junior mining companies and the general increased risk aversion among investors. ZCI had received a number of proposals which its board believed did not reflect the intrinsic value of African Copper and accordingly chose not to proceed with any of those proposals. ZCI's board is continuing to work towards

realising the full value of its investment in African Copper.

Outlook

We are not yet free of all our operating challenges but in the context of our operations at the Thakadu pit, we have well founded expectations that their magnitude and impact will continue to diminish. We experienced some production issues subsequent to the end of the year, necessitating production delays for approximately 15 days in April 2013. We have ordered new mill gear critical spares which we expect to be available for installation in August 2013. On the whole however, we expect more stable conditions to continue throughout the current year and for recovery rates to remain above 80%, allowing continuing improvement in all our key operating measures.

We have commenced the preparation work at the Mowana pit, which has been on care and maintenance, to allow for full mining operations to commence there again from October 2013. A successful restart of Mowana, properly co-ordinated with working out the Thakadu pit over the next nine months, is essential to the success of the Company over the next two years and beyond and the Board is ensuring that appropriate focus and resources are devoted to achieving our objectives.

We will continue, of course, to benefit from our highly capable team, and its unflagging commitment to our Company's success. I would also 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.

Finally, I would like to thank our major shareholder, ZCI, for its Directors' belief in our assets and the financial support they have provided and continue to provide which is critical for the success of our business. The Board expects to report further progress towards our goals during the current financial year.

David Rodier, Chairman
28 June 2013

CHIEF EXECUTIVE'S REVIEW

Review of Operations

Overall, this has been a strong year for African Copper. We made clear progress toward realizing the full potential of our assets, and we generated improvements in all of our key operating measures. The Company increased its production levels and recovery rates, and generated an operating profit from its mining operations, while significantly reducing its overall net loss. We expect generally more stable conditions to continue throughout the coming year. We also anticipate further encouraging progress from our exploration project at Matsitama.

Mowana

During the year under review we continued our progress towards achieving stable operations at the Mowana mine facilities in north-east Botswana. For the year ended 31 March 2013, we produced copper in concentrate of 9,496 tonnes, 37% higher than the corresponding period last year, and we achieved record production levels in March 2013 of 1,314 tonnes of copper in concentrate. This increased production reflected the following factors:

- greater plant throughput as the plant became more stable - we processed 801,901 tonnes of ore in 2013 compared to 738,921 tonnes in 2012 - a 9% increase

- all the ore processed during the year came from the Thakadu pit with an average grade of 1.78%; in 2012, the average grade was 1.93% with 73% of the ore coming from the Thakadu pit and the balance from the Mowana pit.

- recovery rates increased to 66.5% from 48.0% for the year as whole, with the latter months of the financial year recording substantially higher recoveries; during December 2012, we recorded our highest recovery rate to date, at 95.6%. This reflects the decline in the relative percentage of oxide ore processed through our plant, and the increase in that of higher-recovery sulphide ore from the Thakadu open-pit.

We experienced some production issues subsequent to the end of the year, necessitating production delays

for approximately 15 days in April 2013. We have ordered new mill gear critical spares which we expect to be available for installation in August 2013. On the whole however, we expect more stable conditions to continue throughout the current year and for recovery rates to remain above 80%. This shift will also correspondingly reduce our reliance on chemical reagents - a significant expense during the period.

The following table summarizes the mine's performance during 2013 compared to 2012:

Description	Jan to March 2013	Jan to March 2012	FY 1 2013	FY 2 2012
Ore processed (Mt)	164,588	177,665	801,901	738,921
Cu grade (%)	1.67	2.06	1.78	1.93
Recovery (%)	88.2	45.8	66.5	48.4
Concentrate produced (Mt)	11,358	7,817	44,041	31,027
Copper produced in concentrate (Mt)	2,429	1,676	9,496	6,910

(1) 12 months ended 31 March 2013
(2) 12 months ended 31 March 2012

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 66,825 tonnes per month during the year compared to 61,577 tonnes in 2012, lower than its design capacity of 90,000 to 100,000 tonnes per month. While we have now addressed many of the past production bottlenecks, a change to a new mining contractor in January and February 2013 at Thakadu, contributed to ore delivery delays thereby increasing production-related costs.

During the year we spent approximately US$ 6.6 million on capital expenditure upgrades at the plant and capitalized deferred stripping costs at Thakadu. The major areas of expenditure at the plant, including expenditures on future projects, were as follows:

- a primary crusher to increase throughput and plant availability - the fabrication is complete and installation is planned in July 2013.

- upgrades to conveyors and pumps - these are ongoing and will help sustain stable plant operations.

- automated bagging of concentrates to reduce cost - this is at the design stage

- treatment of tailings to recover locked-in copper - this is at the test-work stage

To accelerate the shift to the higher-grade Thakadu sulphides, we suspended our mining activities at the Mowana open-pit during fiscal 2012, and the Mowana mining fleet moved to Thakadu. We plan to recommence full mining activities at the Mowana pit in October 2013 although a small fleet has been mobilized in June 2013 to prepare for full operations. Our mining schedule has been designed to provide sufficient time to perform the required waste stripping necessary to expose supergene ore for processing after the reserves at Thakadu are depleted, which we expect to be in mid-2014. At Mowana, oxide ores provide recoveries of approximately 60% whereas supergene ore recoveries are approximately 80%. We therefore plan to stockpile the oxide ore encountered at higher levels of the mine and process the supergene ore as a priority.

Thakadu

Thakadu is our higher grade copper-silver deposit, lying about 70km from the Mowana processing infrastructure. Thakadu's ore is transported by road to the Mowana mine processing facility and it shares the Mowana mine infrastructure and management.

During the year under review, mining operations reached below 60 metres depth in the Thakadu open pit, with a corresponding increase in the proportion of sulphide ore mined and processed. With the exception of April 2013 ore supplied to the plant since December 2012 has been primarily sulphides, generating monthly recoveries in excess of 85%. In December 2012 we established a record monthly recovery rate of 95.6%. In May 2013 we produced 1,408 Mt of copper in concentrate, our highest ever production, benefiting from both higher throughput and a recovery in excess of 89%.

From a mining perspective, operations at Thakadu performed below budget due to a change in mining

contractor and to persistent equipment and efficiency problems with the drilling contractor. In addition, during the year we identified certain localized instability on the north eastern highwall of the Thakadu pit. To address this instability, the mine plan was re-designed including the development of a new ramping system on the hanging wall side (south west). As part of this re-design, haul road widths were also increased from 15m to 20m to accommodate larger capacity trucks. The impact of the budget shortfalls and re-design of the pit has caused the forecast strip ratio for the Thakadu pit to increase from 6.4 to 8.7 until it is depleted in 2014.

The change in mining and drilling contractors in February and March 2013 generated immediate production increases. We believe this enhanced performance will continue, putting us in a good position to achieve the objectives set out in the Thakadu mine plan.

Geology and Exploration

During the current financial year, we focused our exploration activities primarily in the Nakalakwana area, within prospecting licence PL 17/2004.

We carried out an intensive review of all the geological data in the Nakalakwana area, resulting in an eight hole diamond drilling programme targeting iron oxide, copper and gold (IOCG) mineralization. Drilling results to date have been very promising with rock types and alteration intersected, as seen in other IOCG type deposits. The average footprint of an IOCG deposit worldwide is 10 hectares (500 x 200 metres). Given that the area being explored is greater than 30km2, we are currently assessing modern geophysical techniques to identify areas of high prospectivity before further drilling would be undertaken.

Exploration expenditure, mainly within PL 17/2004, totalled US$ 1.7 million for the financial year.

We continue to enjoy a very productive relationship with the Botswana Government. In the normal course we have exploration and prospecting licences which come up for renewal from time to time. At the moment we have a prospecting licence and an exploration licence to the north of our mining licence area which have expired but for which we have filed applications with the Government of Botswana for renewal. In addition we have a prospecting licence that falls due for renewal at 31 December 2013 and five more that fall due for renewal in 2014. We currently intend to seek renewal of all our existing licences since the work done to date has confirmed our interest in and potential of the underlying properties. We believe the likelihood of their renewal is supported by our strong relationship with the Government of Botswana and the past work and expenditures we have incurred. However, no assurance exists that any new licences will be granted on a timely basis, nor that all or any of our existing licences will be renewed for the same areas or with the same terms and conditions that currently apply.

Environmental activity

We place great emphasis on our responsibility to the environment and communities surrounding our properties in Botswana, and we submitted quarterly reports to the Botswana Chamber of Mines on our performance in this regard during the year. Among other things, we deployed more than 10,000m3 of waste water for use in access road rehabilitation, saving both potable water and diesel fuel, and are currently investigating the potential to use waste water for agricultural purposes. We also carried out procedures to improve sewage management and are investigating means of suppressing dust production from different aspects of our operations, including the main Mowana access road.

Human Resources

We again experienced a very busy year, requiring significant commitment and resourcefulness from all parties involved in our Company, and I congratulate all for a job well done. I would like to thank our majority shareholder ZCI for its financial and operational support and to recognize the hard work from our chairman and our full team in Botswana. In addition, I again express special thanks to the communities that surround our properties in Botswana for their tremendous support and for the vital role they play in our progress.

Outlook

As already noted, we are not yet free of all our operating challenges; however, their magnitude and impact continue to diminish, and we expect more stable conditions to continue throughout the current year, allowing continuing improvement in all our key operating measures. We will continue of course to benefit from our highly capable team, and its unflagging commitment to our Company's success.

Jordan Soko, Acting Chief Executive Officer
28 June 2013

FINANCIAL REVIEW
Income Statement
(US$ '000) Year ended
31 March 2013 Year ended
31 March 2012
Revenue 60,464 42,772
Operating cost excluding amortization (42,736) (43,209)
Amortization of mining properties and equipment (4,016) (4,147)
Operating profit/(loss) from mining operations 13,712 (4,584)

Administration expenses (8,265) (8,094)
Impairment loss - (15,000)
Operating loss 5,447 (27,678)

Investment and other income 91 29
Finance Costs (10,030) (8,617)
Foreign exchange loss (11,335) (6,288)
Net loss (15,827) (42,554)

As a result of increased production levels and improved copper recoveries from the Thakadu deposit, revenues for the year to 31 March 2013 increased to US$60.5 million (2012: US$42.8 million). Despite this significant increase in revenues, total operating costs declined, as the Company moved past the challenges experienced in the prior year, towards more stable and efficient operations. Therefore the Company earned an operating profit from mining operations of US$13.7 million in the current year, compared to an operating loss from mining operations of US$4.6 million in 2012.

Administrative costs increased, in part reflecting increased staffing costs, and after taking into account a foreign exchange loss of US$11.3 million (2012: loss of US$6.3 million) and increased finance costs of US$10.0 million (2012: US$8.6 million), the Company incurred an overall loss of US$15.8 million, reduced from a loss of US$42.6 million in the prior year.

Copper Produced In Concentrate (Mt): http://media3.marketwire.com/docs/628acu_graph1.jpg

For the year ended 31 March 2013, the Company produced copper in concentrate of 9,496 Mt, 37% higher than the 6,910 Mt produced in the previous year. Ore processed through the Mowana plant increased by 9.0% to 801,901 Mt, from 738,921 Mt in 2012, reflecting the benefits of a more stable operating environment overall. Recovery rates increased to 66.5% from 48.0% for the year as whole, with the latter months of the financial year recording substantially higher recoveries. This reflects the decline in the relative percentage of oxide ore processed through our plant, and the increase in that of higher-recovery sulphide ore from the Thakadu plant.

Revenue:
Fiscal 2013 Fiscal 2012
Revenues: (US$ 000's)
Copper (1) 53,643 38,536
Silver 6,821 4,236
Total Revenue 60,464 42,772

Average realized copper price ($ per Mt) 7,839 8,505
Average realized copper concentrate price ($ per tonne of concentrate) 1,251 1,296
Average realized silver price ($ per oz) 31.31 33.76

Sales Statistics:
Copper (payable tonnes) 8,692 6,245
Copper concentrate (tonnes) 42,883 29,858
Silver (payable ounces) 226,047 125,477
(1) Copper revenue is defined as realized copper selling price less treatment, refining, freight and royalty.

Revenue of US$60.5 million (2012: US$42.8 million) was generated from the sale of 8,692Mt (2012: 6,245Mt) of copper concentrates, primarily reflecting an increase in the tonnes of copper concentrate

produced as a result of improvements in production throughput and average grades. These increases were somewhat offset by the average realized prices for copper and copper concentrate which decreased by 7.8% and 3.5% respectively over the same period in fiscal 2012.

Operating Cost:

Operating expenses before amortization were slightly lower in the current year at US$42.7 million (2012: US$43.2 million). The following operating costs were of particular note during fiscal 2013:

Mining costs - during fiscal 2013 all ore was sourced from the Thakadu open-pit mine thereby accounting for the significant increase in Thakadu mining related expenditures. Mining activities at Mowana were suspended during fiscal 2012 to allow the mining fleet to focus on the higher grade ore from the Thakadu open-pit. Mining activities have re-commenced on a limited basis at Mowana subsequent to the end of the reporting period, during June 2013 with full mining operations scheduled to start in October 2013. The following table illustrates gross mining costs incurred during the year:

Thakadu open-pit: (US$000's) Fiscal 2013 Fiscal 2012
Mining overheads expensed 5,225 1,126
Contract mining cost expensed 14,142 11,240
Deferred stripping cost capitalized (4,706) (5,100)
Total Thakadu mining costs expensed 14,661 7,266
Mowana open-pit: Fiscal 2013 Fiscal 2012
Mining overheads expensed - 1,292
Contract mining cost expensed - 8,496
Deferred stripping cost capitalized - (4,050)
Total Mowana mining costs expensed - 5,738

All of the ore processed during fiscal 2013 was sourced from the Thakadu open-pit. As mining progressed during the year through the deposit, the percentage of sulphide ore increased with a corresponding decrease in the percentage of oxide ores, which are harder to process. To improve oxide recoveries the Company employed relatively expensive chemical re-reagents to assist in improving recoveries, significantly increasing the cost of processing. Due to the lower percentage of oxide ores processed during fiscal 2013, the Company spent a total of US$3.8 million on reagents, compared to US$7.7 million in the previous year.

The Thakadu pit is 70km away from the Mowana processing facility. Trucking is a critical success factor in treating the Thakadu ore. Reflecting the greater activity at Thakadu, the Company spent a total of US$9.2 million in fiscal 2013 on Thakadu trucking compared to US$4.9 million in 2012.

Power costs decreased slightly during fiscal 2013 to US$2.1 million compared to US$2.2 million in fiscal 2012

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

Other Expenses:

General, administration and depreciation and other expenses for fiscal 2013 were US$8.3 million (2012: US$8.1 million). Salaries and benefits increased, reflecting both strategic determinations related to retention and motivation, and externally-imposed factors. The Company also incurred costs relating to stock option expense of US$0.2 million (2012: US$0.2 million) reflecting the timing of awards.

The Company recorded a foreign exchange loss of U$11.3 million in fiscal 2013, increased from a loss of US$6.3 million in 2012, 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 6.99 to the US$ at the end of fiscal 2012 to 8.03 at the end of fiscal 2013.

The Company incurred finance costs of US$10.0 million, an increase of 16% from US$8.6 million in 2012. Loans payable to ZCI increased to US$74.9 million at 31 March 2013 from US$68.9 million at 31 March 2012. In addition, accrued interest payable to ZCI increased from US$10.8 million at 31 March 2012 to US$18.7 million at 31 March 2013. At the end of the year Messina borrowings from Banc ABC, a Botswana based lending institution, decreased to US$0.1 million (2012: US$3.3 million) drawn on the bank overdraft facility and US$1.9 million (2012: US$2.9 million) owing on the equipment facility.

Cash Flow Statement
(US$ '000) Year ended
31 March 2013 Year ended

31 March 2012
Opening cash (660) 2,829
Outflow from/(used) for operating activities 8,703 (100)
Outflow from/(used) for investing activities (8,245) (22,775)
Inflow from financing activities 4,357 18,404
Exchange (loss)/gain (1,722) 982
Closing cash at 31 March 2,433 (660)

Cashflow:

Cash inflows from operations in fiscal 2013 were US$8.7 million compared to cash outflows of US$0.1 million in fiscal 2012. The Company's overall cashflow from operations benefited from improvements in all key operating areas at the Mowana mine.

Investing cash outflows of US$8.2 million included US$6.6 million (2012: US$16.0 million) to acquire property, plant and equipment and US$1.7 million (2012: US$6.8 million) on exploration activities at its Matsitama project.

Net financing cash inflows amounted to US$4.4 million (2012: US$18.4 million), predominantly as the result of further loans of US$6.0 million from ZCI. At 31 March 2013, after receiving this further debt financing from ZCI, the Company's consolidated principal debt to ZCI was US$74.9 million (2012: US$68.9 million) plus accrued interest of US$18.7 million (2012: US$10.8 million). In addition, at 31 March 2013 the Company had a US$33 million overdraft facility with Banc ABC of which US$0.1 million (2012: US$3.3 million) was borrowed and an equipment financing facility of US$3.1 million of which US$1.9 million (2012: US$2.9 million) was borrowed.

For further information on the amount and terms of loans from ZCI, please refer to Note 19 of the Company's audited Financial Statements for the year ended 31 March 2013.

Financial Position:
ASSETS (US$ 000's) 31 March 2013 31 March 2012
Non-current assets 72,635 79,110
Cash and cash equivalents 2,464 2,644
Other current assets 14,104 12,884
Total assets 89,203 94,638

Shareholders' equity - net (liabilities)/assets (29,931) (17,127)

LIABILITIES (US$ 000's)
Non-current liabilities 16,149 29,969
Current liabilities 102,985 81,796
Total liabilities 119,134 111,765

Weighted average number of shares (for basic earnings per share) 928,798,988 928,798,988
Outstanding shares 928,798,988 928,798,988

At 31 March 2013 the Company held cash and cash equivalents of US$2.5 million (31 March 2012: US$2.6 million) and overdrafts of US$0.03 million (31 March 2012: US$3.3 million). As at 31 March 2013 the Group had a total net working capital deficit of US$ 86.4 million and a principal debt owing to ZCI of US$74.9 million plus accrued interest owing to ZCI of US$18.7 million. Overall, the Group had an equity deficiency of US$29.9 million at 31 March 2013 compared to a deficiency of US$17.1 million at 31 March 2012, reflecting the overall loss for the year.

The Company's ability to capitalize on its operational progress depends on the availability of sufficient and stable finance. ZCI has agreed to defer all principal and interest payments arising from the Company's debt obligations until June 2014. In February 2012, the Company reported to shareholders that ZCI had initiated a process intended to unlock value from its investment in African Copper. However, in March 2013, we advised shareholders that the board of ZCI has elected to suspend this process in light of the effect of adverse global market conditions on junior mining companies and the general increased risk aversion among investors, ZCI had received a number of proposals which its board believed did not reflect the intrinsic value of African Copper and accordingly chose not to proceed with any of those proposals. ZCI's board is continuing to work towards realizing the full value of its investment in African Copper.

The Directors have updated the Company's and Group's cash flow projections, to identify the projected possible 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, 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

Attention is drawn to disclosure surrounding the going concern basis of preparation. Further information is provided in Note 1: Nature of operations and basis of preparation to the Group and Company's audited financial statements for the year ended 31 March 2013.

Brad Kipp, Chief Financial Officer

28 June 2013

DIRECTORS' REPORT

The Directors present their report with the consolidated financial statements of the Company for the year ended 31 March 2013.

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 liabilities 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 mining licence 2006/53L, with an area of 32.7 km2 and valid until the end of 2031. In addition Messina has re-applied for 2 exploration licences directly north of the mining licence area including prospecting licence PL 33/2005 which expired on 30 June 2012 and exploration licence180/2008 which covers an area of 114.4 km2to 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;
Chief Executive's Review;
Financial Review;
Statement of Directors' Responsibilities;
Statement of Corporate Governance Review; and

Directors' Remuneration Report.

Results

The Group's loss after taxation for the year ended 31 March 2013 was US$15.8 million compared to a loss of US$42.6 million for the year ended 31 March 2012. A financial review of the Group's activities can be found in the Financial Review section of the annual report.

Proposed Dividend

The Directors do not recommend the payment of a dividend for the year (2012: Nil).

Directors
The directors who held office during the year were as follows:
D Rodier Chairman
B R Kipp Chief Financial Officer
J Soko Acting Chief Executive Officer
R D Corrans Non-Executive
Prof S Simukanga Non-Executive
S Georgala Non-Executive

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 28 June 2013 the Company was aware of the following substantial share interests
Ordinary shares %
ZCI Limited 781,939,988 84.19

Key Performance Indicators ("KPI's")

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.

Operational KPI's

Copper production is a key operational parameter for the Group as copper is the main revenue generating product. During fiscal 2013, copper produced in concentrate increased to 9,496 tonnes, 37% higher than the prior year. Higher plant throughput also contributed to increased copper production as the Group processed 801,901 tonnes of ore in fiscal 2013 compared to 738,921 tonnes in 2012 - a 9% increase
Copper recovery is a key operational parameter because of the variance in recovery levels that are realized depending on the ore that is being processed (ie oxide, supergene or sulphide). Recovery rates increased to 66.5% from 48% for the year as a whole, with the latter months of the financial year recording substantially higher recoveries; during December 2012, the Group recorded its highest recovery rate to date, at 95.6%. This reflects the decline in the relative percentage of oxide ore processed during the year due to the increased levels of higher-recovery sulphide ore from the Thakadu open-pit.
Lost time injury frequency rate ("LTIFR") - safety is a key priority for the Group with the LTIFR being one of the principal measures of this. During the year the LTIFR was 0.70 lost time injuries per 200,000 man hours worked.
Cash costs is a key indicator of operational efficiency. Cash costs include manpower, contract mining costs, processing (consumables, power, and maintenance) and administrative costs. Cost management strategies include value enhancing procurement to get superior materials and spares at the best prices and also

focusing on consumption rates. Mining costs for the year were US$2.47 per tonne of material mined/moved (2012: US$2.82 per tonne), processing costs US$23.2 per tonne of ore milled (2012: US$31.7 per tonne), on-mine administrative costs US$0.27 per pound of recovered copper (2012:US$0.36 per pound). During fiscal 2013 the Company achieved an overall cash cost of production of US$2.30 per pound (2012: US$3.17)

Financial KPI's

Revenue represents the income from sales of copper as well as silver by-product credits. Revenues for the year ended 31 March 2013 increased to US$60.5 million, 41% higher than the prior year.
Earnings before interest, taxes and amortization ("EBITDA") is a measure of the Group's underlying profitability from mining operations. EBITDA for the current year was positive for the first time in the Company's history. The Group recognized EBITDA of 9.5 million.
Capital expenditure is a measure of the Group's investment in current operations and growth projects. The Group invested a total of $8.2 million including $1.9 million related to the capital expenditure programme at the Mowana plant, $4.7 million on deferred stripping activities at the Thakadu open pit mine and $1.7 million on exploration activities at its Matsitama project.
Net cash from operating activities is an indication of the funds generated by the business and available for future growth, debt service and return to shareholders. The Group generated positive net cash from operating activities for the year of $8.7 million which was offset by capital expenditures during the year of $8.2 million.

Attracting and retaining key commercial and technical staff is a key success factor in light of market conditions in the resource sector. The Group monitors current 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 maintain and improve the Thakadu and Mowana mine at current 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. The Company operates a single processing line, and although capital expenditures in recent years have greatly increased the reliability of this structure, any disruption within the line can have an immediate impact on the entirety of mining operations. The Company's ability to meet its capital and operating cost estimates also depends heavily on factors including, but not limited to:

The performance of the parties with whom the Company contracts to carry out mining operations, which remains ultimately beyond its control;
Its ability to retain the services of a small number of key personnel of the appropriate calibre. The Group has entered into employment agreements with certain of its key executives. The success of the Group depends, and will continue to depend, to a significant extent, on the expertise and experience of the Directors and senior management, and the departure of all or any of these individuals might have an immediate negative impact on the efficiency and effectiveness of operations

The Company's plans are believed to provide adequate time to perform the waste stripping necessary to enable the Mowana pit to provide the necessary ore after the reserves at Thakadu are depleted, expected to occur in mid-2014. However, any adverse experience in any of the areas described above might mean that the Company fails to achieve this goal, with disruption to its operations and a negative impact on recovery rates if Mowana oxide ore rather than the planned supergene ore is available for processing.

The Company currently intends to seek renewal of all its existing exploration and prospecting licences as they become due, and believes the likelihood of success of these applications is supported by its strong relationship with the Government of Botswana. However, no assurance exists that any new licences will be

granted on a timely basis, nor that all or any of the Company's existing licences will be renewed for the same areas or with the same terms and conditions that currently apply.

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 Thakadu and Mowana mines 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 an 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.

Political and Charitable Donations

The Group made no political contribution and no charitable donation during year ended 31 March 2013 (2012: nil).

On behalf of the board:

Brad Kipp, Chief Financial Officer

28 June 2013

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 Chief Financial Officer. 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 auditors' 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 in the Directors' Remuneration Report section of this annual report.

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 2013 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 Officer) 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 Company's current financial condition and the 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 2013.

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 no options granted to executive directors during the year ended 31 March 2013.

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 2013.

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 2013:

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 no options granted to directors during the year ended 31 March 2013.

The following compensation table sets out the compensation paid to each of the Company's Directors during the year ended 31 March 2013:

Name	Fees earned (US$)	Share-based awards (US$)	All other Compensation (US$)	Total (US$)
D. Rodier Chairman	48,813	N/A	N/A	48,813
R. Corrans Independent Director	43,694	N/A	N/A	43,694
S.Simukanga Independent Director	38,839	N/A	N/A	38,839

J. Soko
Acting CEO and Director
31,557
N/A
N/A
31,557

B. Kipp
CFO and Director
179,684
N/A
N/A
179,684

S. Georgala
Independent Director
31,479
N/A
N/A
31,479

The Directors who held office at 31 March 2013 had the following interests in the ordinary shares of the Company:
Director

Shares
held at
31 March
2013

Shares
held at
31 March
2012

Share Options
held at
31 March
2013

Share
Options held
at
31 March
2012

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
500,000 500,000 3.13p 14/07/11 to
14/07/16

D. Rodier - - 500,000 500,000 3.13p 14/07/11 to
14/07/16
J. Soko - - 2,500,000 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 2,500,000 3.13p
14/07/11 to
14/07/16

There have been no changes in the Directors' interests between 1 April 2012 and the date of this Report.

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

We have audited the financial statements of African Copper PLC for the year ended 31st March 2013. 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.

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. 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 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, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 Company's affairs as at 31st March 2013 and of the Group's loss for the year then ended;
the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
the Company's 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; and
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 disclosure made in Note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern; in particular the Group's exposure to copper price, the importance of switching mining operations and processing of ore from the Thakadu pit after it is depleted to the Mowana pit and the continued availability of such existing and additional funding as may be required from ZCI Limited, the immediate parent company. These matters indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and parent company 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared 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 matters where the Companies Act 2006 requires us 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 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.

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
28 June 2013

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
2013 2012
Note US$'000 US$'000
Continuing operations
Revenue 3 60,464 42,772
Operating costs excluding amortization (42,736) (43,209)
Amortization of mining properties and equipment (4,016) (4,147)
Operating profit/(loss) from mining operations before impairment 13,712 (4,584)
Impairment of property, plant and equipment - (15,000)
Operating profit/(loss) from mining operations 13,712 (19,584)

Administrative expenses (8,265) (8,094)
Operating profit/(loss) 4 5,447 (27,678)
Investment and other income 91 29
Foreign exchange loss (11,335) (6,288)
Finance costs (10,030) (8,617)
Loss before tax (15,827) (42,554)

Income tax expense 6 - -
Loss for the period from continuing operations attributable to equity shareholders of the parent company (15,827) (42,554)
Other comprehensive income:
Exchange differences on translating foreign operations 2,860 (1,595)
Other comprehensive (expense)/income for the year, net of tax 2,860 (1,595)
Total comprehensive income for the year attributable to equity shareholders of the parent company (12,967) (44,149)

Basic and diluted loss per ordinary share 7 $(0.01) $(0.05)

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

African Copper Plc
Balance Sheets
Group
As at 31 Company
As at 31
March March March March
2013
2012
2013
2012

Note US$'000 US$'000 US$'000 US$'000
ASSETS
Property, plant and equipment 8 63,054 69,532 - -
Deferred exploration costs 9 9,311 9,268 1 1
Other financial assets 10 270 310 - -
Long term receivables 11 - - 12 13
Investments in subsidiaries 12 - - - -
Total non-current assets 72,635 79,110 13 14

Other receivables and prepayments 14 5,213 4,092 62 63
Inventories 15 8,891 8,792 - -
Cash and cash equivalents 16 2,464 2,644 190 9
Total current assets 16,568 15,528 252 72
Total assets 89,203 94,638 265 86

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 7,453 4,593 (14,838) (15,065)
Accumulated losses (232,059) (216,395) (194,361) (191,317)
Total equity (29,931) (17,127) (6,320) (3,503)

LIABILITIES
Rehabilitation provision 21 6,766 7,065 - -
Amounts payable to ZCI Ltd 19 7,500 20,000 - -
Other borrowings 20 1,883 2,904 - -
Total non-current liabilities 16,149 29,969 - -

Bank overdraft 31 3,304 - -
Trade and other payables 22 16,783 18,818 303 183
Amounts payable to ZCI Ltd 19 86,171 59,674 - -
Amounts payable to subsidiary 22 - - 6,282 3,406
Total current liabilities 102,985 81,796 6,585 3,589
Total equity and liabilities 89,203 94,638 265 86

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

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2013 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 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)
Foreign exchange adjustments - - - 2,860 - - 2,860
Loss for the year - - - - - (15,827) (15,827)
Total comprehensive income for the year - - - 2,860 - (15,827) (12,967)
Share based payments, net of tax - - - - - 163 163
Balance at 31 March 2013 15,167 170,075 8,931 7,453 502 (232,059) (29,931)

The notes 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 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)

Loss for the year - - - - - (3,106) (3,106)
Foreign exchange due to conversion from GBP to US Dollar - - - 227 - - 227
Total comprehensive loss for the year - - - 227 - (3,106) (2,879)

Share based payments, net of tax - - - - - 62 62
Balance at 31 March 2013 15,167 170,075 17,135 (14,838) 502 (194,361) (6,320)

The notes are an integral part of these consolidated financial statements.
African Copper Plc
Consolidated cash flow statement
Year
ended
31 March Year
ended
31 March
2013 2012
Note US$'000 US$'000

Cash flows from operating activities
Operating loss from continuing operations (15,826) (42,554)

Increase in receivables (1,121) (299)
(Increase)/decrease inventories (99) 1,691
(Decrease)/increase in payables (2,034) 8,127
Share based payment expense 163 201
Foreign exchange loss 11,335 6,287
Rehabilitation provision 649 -
Depreciation and amortization 4,453 4,613
Impairment of property, plant and equipment - 15,000
(2,480) (6,934)

Interest received (21) 29
Other income (70) -
Finance costs paid 622 (906)
Finance costs deferred by ZCI 10,652 7,711
Net cash inflow/(outflow) from operating activities 8,703 (100)

Cash flows from investing activities
Payments to acquire property, plant and equipment (6,648) (15,993)
Payments of deferred exploration expenditures (1,688) (6,782)
Income from sale of asset 70 -
Interest received 21 -
Net cash outflow from investing activities (8,245) (22,775)

Cash flows from financing activities
Proceeds from ZCI loans 6,000 15,500
(Payments) to / Proceeds from Banc ABC (1,021) 2,904
Finance costs paid (622) -
Net cash inflow from financing activities 4,357 18,404

Net (decrease)/increase in cash and cash equivalents 4,815 (4,471)
Cash and cash equivalents at beginning of the year (660) 2,829
Foreign exchange (loss)/gain (1,722) 982
Cash and cash equivalents at end of the year 16 2,433 (660)

The notes are an integral part of these consolidated financial statements.
African Copper Plc
Company cash flow statement
Year
Ended
31 March Year
Ended
31 March
ended
2013 2012
Note US$'000 US$'000

Cash flows from operating activities
Operating loss from continuing operations (3,106) (20,666)
(Increase)/decrease in receivables 1 (5)
Increase in payables 3,175 -
Foreign exchange loss/(gain) (179) -
Share based payment expense 63 200
Impairment of investment 1,856 19,153
Cash used in operating activities 1,810 1,318

Interest received - 2
Net cash outflow from operating activities 1,810 1,320

Cash flows from investing activities
Decrease/Increase in loans to subsidiaries 1,372
Payments to acquire PPE (1,856)
Net cash outflow from investing activities (1,856) 1,372

Cash flows from financing activities
Issue of equity capital on conversion of debt - -
Net cash inflow from financing activities - -

Net decrease/increase in cash and cash equivalents (46) 52
Cash and cash equivalents at beginning of the year 9 3
Exchange (loss)/gain (46)
Cash and cash equivalents at end of the year 16 (37) 9

The notes 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 had been curtailed but mining operations recommenced in June 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 ("£") 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 2013, the consolidated financial statements show a loss before tax of US$15.8 million (2012: US$42.6 million) and at 31 March 2013, net current liabilities of US$86.4 million (2012: US$66.2).

The Company's principal subsidiary sold a total of 9,496 Mt of copper in concentrate during the financial year to 31 March 2013 (2012: 6,910 Mt), i.e. an average of 791 tonnes per month, with the highest and lowest months' production yielding 1,314 tonnes and 270 tonnes respectively.

The average price per tonne achieved during the financial year was US$7,839 (2012: US$8,505).

Since the end of the year, copper produced in concentrate for April and May was 556 Mt and 1,408 Mt of copper in concentrate respectively. April's production figures were lower than expected as a result of a mechanical failure in the processing plant which interrupted production for 15 days during the month.

Current funding

At 31 March 2013, the consolidated principal debt of the Group was US$74.9 million (2012: US$68.9 million) all of which is owed to ZCI Limited ("ZCI"), African Copper's immediate parent company, as set out in note 19 to the financial statements. Further, accrued interest on the principal amounted to US$18.7 million at 31 March 2013 (2012: US$10.8 million).

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. The Group also maintains facilities with African Banking Corporation of Botswana Limited ("ABCB") including an overdraft facility of $3 million and a capital equipment facility of $3.1 million. At 31 March 2013, the overdraft facility supporting working capital was drawn at US$0.1 million and the capital equipment facility was also drawn at US$1.8 million. At 31st May 2013, there was no change in the amount owing to ZCI, the overdraft balance was $1.1m and the balance on the equipment facility remained $1.7 million.

The Directors of the Company have received a waiver letter from ZCI whereby ZCI has agreed to defer all principal and interest payments arising from the Company's debt obligations until 31 July 2014. In addition, 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. Further, the Directors have also received a letter of financial support from ZCI.

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.

For the next 12 months from the date of approval of these financial statements the mining outputs are projected to be primarily from the Thakadu pit which the Company is currently mining. In addition, the majority of the project ore extracted from the Thakadu pit is anticipated to be sulphide ore with recoveries in excess of 80% since the depth of mining has surpassed the oxide ore levels. The projections contemplate the recommencement of mining at Mowana on a limited basis commencing in June 2013 with full mining activities at the Mowana pit starting in October 2013. In addition, the projections contemplate that mining activities will identify and stockpile Mowana oxide ores so that when processing of Mowana ore commences in mid-2014 that the material processed will have recoveries in the 80% range. The Directors believe the Mowana mining schedule provides adequate time to perform the waste stripping necessary to enable the Mowana pit to provide the necessary ore of sufficient quality after the reserves at Thakadu are depleted, which is expected to be in mid-2014.

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 2012 projections prepared by the Company were not achieved, the Directors believe that the projections for at least the 12 months to June 2014 are achievable, based on the forecast average throughput of 82,436 tonnes for this period being 22% higher than the 65,592 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, prepared as at 31 March 2013, assume an average copper price per tonne over the 12 month period to June 2014 of US$7,546 and average monthly production of 1,289 Mt of copper in concentrate.

Although the Group has demonstrated its ability to produce at a sustainable monthly level during the second half of the financial year being reported on, it is inherently exposed to fluctuations in the copper price. The Directors monitor the copper price on a daily basis and being mindful of the decline in copper price since the original projections were prepared, have tested the Group's projected funding position using a copper price of $6,612 per tonne. At this pricing level, the projections continue to show that the Group does not require any new funding in the course of the next 12 months from the date of approval of these financial statements. In the event the copper price were to suffer a material decline from current levels the Group may not have sufficient funds to meet its costs. In addition to the Group's inherent exposure to copper price, the Thakadu pit will be depleted within the next 12 months and the Group's future cash generation beyond 2014 is entirely reliant on a successful and timely restart of mining operations at the Mowana pit and associated processing of the supergene ore. If there is a material slippage in the timetable for bringing the Mowana pit back into production, the Group may not have sufficient funds to meet its costs. If necessary, the Directors are confident that actions to conserve cash together with the additional support by ZCI will be adequate to meet the Group and Company's liabilities as they arise. The exposure to copper pricing, the timely switchover of mining operations and processing of ore from the Thakadu pit to the Mowana pit and the availability of such funding from ZCI as may be necessary, together, represent a material uncertainty which 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, 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 28 June 2013.

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 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.

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 2013. 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 unrealized gains on transactions between group companies are eliminated. Unrealized losses are eliminated in the same way as unrealized 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 recognized 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 finalize 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 presentation currency

The consolidated financial statements are presented in US dollars which is the presentation 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 presentation currency are translated into the presentation 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized 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.

Amortization methods and amortization 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 are amortised using the units-of-production method based on the estimated economically recoverable metal during the life of mine plan. Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of- production basis. Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping, (i.e., overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation. Stripping costs incurred subsequently during the production stage of its operation are deferred for those operations where this is the most appropriate basis for matching the cost against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in stripping costs over the life of the mine. The amount of stripping costs deferred is based on the strip ratio obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore. Stripping costs incurred in the period are deferred to the extent that the current period ratio exceeds the life of the mine strip ratio. Such deferred costs are then charged to the statement of comprehensive income to the extent that, in subsequent periods, the current period ratio falls short of the life of mine (or pit) ratio. The life of mine (or pit) ratio is based on economically recoverable reserves of the mine (or pit).

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) 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.

k) 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.

l) 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 recognized in the Statement of Comprehensive Income as an impairment reversal. An impairment reversal is recognized 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 recognized had the original impairment not occurred.

m) 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 capitalized 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.

n) Provisions

Provisions are recognised when, the Group has a legal or constructive obligation as a result of past events, 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.

o) Trade and other payables

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

p) 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.

q) 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.

r) 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 amortized 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, cash flows 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.

s) Investment in subsidiaries

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

t) 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 management's 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
Estimation of rehabilitation provision amounts - Note 21

u) Borrowing costs.

Borrowing costs are expensed as incurred, unless they are directly attributable or can reasonably be apportioned to a qualifying asset 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 and mining of copper and other base metal deposits. All the Group's activities are related to the exploration for, and the development and mining 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 2013 United Kingdom ($US'000) Botswana ($US'000) Total (US$'000)
Revenue - 60,464 60,464
Non-current assets 1,298 71,337 72,635
Geographic Analysis For year ended 31 March 2012 United Kingdom ($US'000) Botswana ($US'000) Total (US$'000)
Revenue - 42,772 42,772
Non-current assets 19,167 59,943 79,110

All mining revenue derives from a single customer.
4. Loss on operations before tax
Year
ended 31 March
2013
US$'000 Year
ended 31 March
2012
US$'000
Loss on ordinary activities is stated after charging:
Amortisation 4,016 4,147
Share based payment expense 163 201
Depreciation 437 466
Auditors remuneration:
- Fees payable to the Company's auditor for the audit of the Company's annual accounts 120 118
- Fees payable to the Company's auditor and its associates for other services:
- the audit of the Company's subsidiaries, pursuant to legislation 19 63

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 2013 Number of
Employees

Year ended
31 March 2012
Finance and administration 44 34
Technical and operations 272 210
316 244
The aggregate payroll costs of these persons were as follows:
Year ended
31 March
2013
US$'000 Year ended
31 March
2012
US$'000
Wages and salaries 8,314 8,680
Benefits 2,181 1,364
10,495 10,044
Remuneration of directors and other key management personnel
Year ended 31 March 2013 Directors
Fees
US$'000 Basic annual remuneration
US$'000 Other
benefits
US$'000 Total remuneration
US$'000

Directors:
R D Corrans 44 - - 44
B R Kipp - 180 - 180
J Soko 32 - - 32
D Rodier 49 - - 49
Prof S Simukanga 39 - - 39
S Georgala 30 - - 30

Total directors' remuneration 194 180 - 374

Non-directors - 1,591 1,122 2,713

Total 194 1,771 1,122 3,087
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$'000 Total remuneration
US$'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

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 - 24% (2012:26.0%)
Year ended 31 March
2013

US$'000 Year ended 31 March
2012
US$'000
Tax reconciliation
Loss on ordinary activities before tax (15,827) (42,554)
Tax at 24% (2012: 26%) (3,798) (11,064)

Effects (at 24% (2012: 26%)) of:
Expenses not deductible for tax purposes 2,278 136
Other costs - deferred tax 245 (2,191)
Unrealized exchange gains 2,748 1,360
Tax losses carried forward 138 8,810
Capital allowances in excess of depreciation (1,611) 2,949
Loss brought forward and utilised - -
Tax charge - -

Unrecognised deferred tax assets and liabilities
Temporary differences Year ended
31 March
2013
US$'000 Year ended
31 March
2012
US$'000
Losses 214,756 241,911
Asset retirement provision 6,766 7,065
Inventory movement (5,829) (6,990)
Arising on share options - -
Accelerated waste stripping (4,459) (9,062)
Unrealised exchange gains 16,090 6,017
Share options 358 -
Deferred exploration and accelerated capital allowances (65,491) (61,897)
Temporary differences not recognised 162,191 177,044

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 2013, the Group did not recognize deferred tax assets of US$37,661,000 (2012: US$39,122,000) 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 loss per share

Basic loss 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.

8. Property, Plant and Equipment
Group Mine
Development,
Exploration 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
Reclassifications (4,446) 3,672 - (774)
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 5,726 796 127 6,649
Reclassifications (17,807) 19,372 (2,421) (856)
Disposals - - (248) (248)
Exchange adjustments (13,575) (9,478) (1,954) (25,007)
Balance at 31 March 2013 91,145 67,301 13,243 171,689
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 (569) (3,175) (724) (4,468)
Reclassifications 15,193 (16,569) 2,819 1,443
Disposals - - 226 226
Exchange adjustments 11,756 3,271 756 15,783
Balance at 31 March 2013 (79,451) (23,895) (5,289) (108,635)

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 31 March 2013 11,694 43,406 7,954 63,054

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 2011 1,196 23 1,219
Additions - - -
Balance 31 March 2012 1,196 23 1,219
Balance at 1 April 2012
1,196
23
1,219
Additions - - -
Balance 31 March 2013 1,196 23 1,219

Depreciation and Impairment losses:
Balance at 1 April 2011 (1,196) (23) (1,219)
Depreciation charge for the period - - -
Balance 31 March 2012 (1,196) (23) (1,219)

Balance at 1 April 2012 (1,196) (23) (1,219)
Depreciation charge for the period - - -
Balance 31 March 2013 (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 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 recognized 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 2013, following this review and making estimates of the value in use of the Mowana mine the Directors concluded that no impairment charges or impairment reversals were required in respect of the Mowana mine or any of the other cash generating units.

9. Exploration and evaluation assets Group

Group Company
Cost US$'000 US$'000

Balance 1 April 2011 12,593 301
Additions 6,783 -
Reclassifications 774 -
Exchange adjustment (283) -
Balance 31 March 2012 19,093 301
Balance 1 April 2012
19,093

301

Additions 1,688 -
Reclassifications 1,409 -
Exchange adjustment (2,668) -
Balance 31 March 2013 19,522 301

Impairment losses
Balance at 1 April 2011 and 31 March 2012 (9,825) (300)

Balance at 1 April 2012 (9,825) (300)
Reclassifications (1,904) -
Exchange adjustments 1,518 -
Balance March 31, 2013 (10,211) (300)

Carry amounts
Balance 31 March 2011 2,768 1
Balance 31 March 2012 9,268 1
Balance 31 March 2013 9,311 1

10. Other Financial Assets
Group Year ended
31 March
2013
US$'000 Year ended
31 March
2012
US$'000
Bank guarantee 270 310
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 2013 31 March 2012
Loans to Subsidiary undertakings
Opening balance 13 13
Movement 1,856 2,042
Conversion of intercompany debt to equity (1,857) (2,042)
Balance 31 March 12 13

12. Company - Investments in subsidiaries
US$'000 US$'000
31 March 2013 31 March 2012
Opening balance - 17,111
Conversion of Intercompany debt to equity* 1,223 2,042
Impairment loss (1,223) (19,153)
Balance 31 March - -

*During year ended 31 March 2013 and year ended 31 March 2012 the Company converted intercompany

loans payable from its wholly-owned subsidiary Matsitama Minerals (Pty) Limited to equity.
13. Subsidiary undertakings
Country of incorporation and operation
Physical activity Holding of equity shares
2013 Holding of equity shares
2012
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
2013
US$'000 31 March
2012
US$'000 31 March
2013
US$'000 31 March
2012
US$'000
VAT receivable 1,195 1,780 18 6
Prepayments and other receivables 1,413 908 44 57
Trade receivables 2,605 1,404 - -
Balance 31 March 5,213 4,092 62 63

15. Inventories
Year ended
31 March
2013
US$'000 Year ended
31 March
2012
US$'000
Stockpile inventories 5,416 5,834
Consumables 3,475 2,958
Total Inventories 8,891 8,792
16. Cash and cash equivalents
Group Year ended
31 March
2013
US$'000 Year ended
31 March
2012
US$'000
Restricted cash 944 543
Cash at bank - -
Short-term bank deposits 1,520 2,101
Bank Overdraft (31) (3,304)
Cash and cash equivalents in the statement of cashflows 2,433 (660)

Company Year ended
31 March
2013
US$'000 Year ended
31 March
2012
US$'000
Cash at bank - -
Short-term bank deposits 204 9
Cash and cash equivalents in the statement of cashflows 204 9
17. Share Capital
No. of shares US$'000
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 2012 and 31 March 2013 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 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$10.6 million). 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 2013 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

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
2013

US$'000 At 31 March
2012
US$'000
Total interest bearing debt 76,927 75,132
Total equity (29,931) (17,127)
Debt-to-equity ratio (2.57:1) (4.39:1)

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
per share Options
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 and 31 March 2013 11.7p 18,835,000
Exercisable at the end of the year 16.0p 12,175,000

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$162,985 (31 March 2012: US$200,897).
Share options outstanding at the end of the year have the following expiry date and exercise prices:
Expiry date Exercise price per share
Shares
31 March 2013 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 31 March 2013 was 7.67 years (2012: 8.67 years).

19. Amounts payable to ZCI Ltd

Amounts payable to ZCI Limited
At 31 March
2013
US$'000 At 31 March
2012
US$'000
Non-current facilities:
Development loan (non-current liability) 7,500 7,500
Development facility (non-current liability) - 12,500
Non-current facilities 7,500 20,000
Current facilities:
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
Convertible loan 6,000 -

Development loan 12,500 -
Interest 18,747 10,750
Current facilities 86,171 59,674
Balance due to ZCI Limited 93,671 79,674

ZCI owns 84.19 percent of the Company (84.19 percent as at 31 March 2012). At 31 March 2013 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 per cent. to 90.11 per cent.

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

On 20 December 2011 the board of directors of ZCI resolved to defer 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 deferred to 31 March 2013.

ZCI Debt Acquisitions

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

March 2010 Facility

On 31 March 2010 the Company announced it had arranged agreement with ZCI pursuant to which ZCI would fund immediately a US$10 million term loan facility at an interest rate of 6% per annum, payable quarterly, to be repaid on or before 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 million due on 31 March 2012 to 31 March 2013. In addition, the ZCI board of directors further resolved to defer interest payments accrued to 31 December 2011 of US$900,822 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013 deferred to 31 March 2013.

Development Loan

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

The Development Facility

On February 9, 2011 the Company announced the Development Facility of US$12.5 million from ZCI. The

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

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

20. Other Borrowings
At 31 March
2013
US$'000 At 31 March
2012
US$'000
Equipment Facility 1,883 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 2013, US$1.9 million (2012: US$2.9 million) from this facility had been drawn.

21. Rehabilitation Provision

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 March 2013 is US$6,765,844 (2012 - US$7,064,736). Although the ultimate amount to be incurred is uncertain, the undiscounted cost estimate of US$6.0 million is based on the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006 and updated by GeoFlux (Pty) Limited in 2011 to take into account the escalation of Mowana estimate and the new estimate for Thakadu mine.

During the year the Company set aside US$0.13 million (2012:US$0.54 million) to a separate bank account to provide for rehabilitation of the Mowana and Thakadu Mines site at closure. These deposited restricted cash amounts are not netted off the rehabilitation provision and are presented separately and set aside on the rate of reserves depletion basis. The Company will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned will cover the anticipated costs. Based on the current life of mine, the restoration liabilities are expected to be realised from June 2019 when the processing plant will run out of ore to process. Currently the Company is planning to complete an underground mining feasibility study to access further Mowana resources, in which case the liabilities would be deferred as the plant and buildings to which they relate will remain in use for the extended life of mine.
Rehabilitation Provision US$'000
Balance, 1 April 2011 7,150
Provision 642
Foreign exchange on translation (727)
Balance, 31 March 2012 7,065
Balance, 1 April 2012 7,065
Provision 615
Foreign exchange on translation (914)
Balance, 31 March 2013 6,766

22. Trade and other payables
Group Company
31 March 31 March 31 March 31 March
2013
US$'000 2012
US$'000 2013
US$'000 2012
US$'000
Trade payables 13,136 16,115 303 183
Amounts due to related parties (Note 24) - 4 6,282 3,406
Withholding taxes 3,317 1,917 - -
Accrued expenses and other payables 330 782 - -
16,783 18,818 6,585 3,589
23. Commitments

Contractual Obligations Total
US$'000 2013
US$'000 2014
US$'000 2015
US$'000 2016 and thereafter
US$'000
Goods, services and equipment (a) 9,127 9,127 - - -
Exploration licences (b) 3,064 2,066 998 - -
Lease agreements (c) 200 156 10 10 24
12,391 11,349 1,008 10 24

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
2013
US$'000 2012
US$'000 2013
US$'000 2012
US$'000
Due to ZCI (Note 19) 74,924 68,924 74,924 68,924

Amount accrued to ZCI being interest on loan 7,997 6,742 18,747 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. 293 359 - -

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 6 31 - 4

Amount paid to Dikgaka Mining and Management Consultants, a company controlled by a director of a subsidiary, in respect of provision of operations management services. 49 - - -

Loans to Subsidiaries US$'000
Balance 31 March 2011 Nil
Amounts advanced to subsidiaries 2,042
Conversion of amounts advanced to equity (2,042)
Balance 31 March 2012 Nil
Amounts advanced to subsidiaries 1,856
Conversion of amounts advanced to equity (1,856)
Balance 31 March 2013 Nil

The amounts due from subsidiaries at 31 March 2013 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 finalize 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 2013 US$000's		31 March 2012 US$000's	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	2,464	2,464	2,643	2,643
Other current assets	5,213	5,213	4,092	4,092
Financial liabilities				
Non-current borrowings	9,383	9,383	71,828	71,828
Current borrowings	102,985	102,985	32,872	32,872

(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
2013
US$'000 2012
US$'000 2013
US$'000 2012

US$'000
Sterling 10 5 10 3
South African Rand 34 149 - -
US Dollars 1,001 1,206 180 6
Botswana Pula 1,419 1,283 - -
2,464 2,643 190 9

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 2011/2012 and 2012/2013 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 2013 31 March 2012
Sterling
US$'000 Pula
US$'000 Total
US$'000 Sterling
US$'000 Pula
US$'000 Total
US$'000
Sterling (134) - (134) (97) 2 (95)
Pula - (8,241) (8,241) (8) (12,414) (12,422)
Canadian Dollars 14 - 14 (8) - (8)
South African Rand - (300) (300) - 149 149
US Dollars (115) 11,840 11,725 (6) 5,787 5,781
Total (235) 3,299 3,064 (119) (6,476) (6,595)

The table above relates to Group and Company.

Foreign currency risk sensitivity analysis:
Loss Equity
31 March 31 March 31 March 31 March
2013
US$'000 2012
US$'000 2013
US$'000 2012
US$'000
If there was a 10% weakening of Pula against US Dollars with all other variables held constant - increase/(decrease) 1,323 4,046 (2,193) (6,775)
If there was a 10% strengthening of Pula against US Dollars with all other variables held constant - increase/(decrease) (1,616) (4,945) 2,663 6,775

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. Copper concentrate are sold under pricing arrangements with the off-take partner whereby revenue is recognized at the time of shipment (delivery of the products at the mine gate), at which time legal title and risk pass to the off-take partner and provisional revenue is recorded at current month average price. The quoted period established for each sale contract to finalize the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled.

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 2013, 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$627,333 for the year (2012:US$536,515).

(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$7.68 million (2012:US$6.73 million). The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

(c) Liquidity Risk

As at 31 March 2013 the Group had US$2.46 million (2012: US$2.64 million) in cash and cash equivalents, US$5.21 million (2012:US$4.09 million) in other receivables and prepayments, US$93.67 million (2012:US$79.67 million) due to ZCI and US$1.91 million (2012: US$6.21 million) due to Banc ABC.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of committed credit facilities. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.
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 6,326 365 426 9,525
Due to ZCI Ltd - - 86,171 7,500
Due to Banc ABC - - 31 1,914

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.

Contact Information

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