

African Copper Plc: Half-Year Results for the Six Months to 30 September 2013

30.12.2013 | [Marketwired](#)

LONDON, UNITED KINGDOM -- (Marketwired - Dec. 30, 2013) - [African Copper Plc](#) (AIM:ACU) (BOTSWANA:AFRICAN COPPER) ("African Copper" or the "Company"), today announces unaudited interim results for the six month period ended 30 September 2013.

Highlights

- Copper produced in concentrate during the six-month period increased by 10% compared to the same period last year;
- Revenues were \$29.7 million, an increase of 9% from \$27.2 million for the corresponding period last year;
- Operating income from mining operations was \$6.5 million, an increase of 51% from \$4.3 million for the corresponding period last year, driven by better recovery rates on sulphide ore and lower operating costs per ton;
- The Company reviewed its estimated net present value of future cash flows for Thakadu and Mowana. As a result of the analysis, a non-cash asset impairment charge of \$25 million was recorded within operating expenses;
- Excluding the \$25 million impairment charge, the loss for the period was \$4.1 million compared with a loss of \$9.0 million for the corresponding period last year;
- With the Thakadu mine now only about 11 months away from the end of its assessed economic life, the Directors are engaged in a detailed assessment of African Copper's options as to how it best recommences work at the Mowana mine; and
- The Company continues to require the support of its parent company and principal shareholder, ZCI Limited ("ZCI"), and discussions are ongoing with ZCI to extend the ZCI Letter of Financial Support and Waiver of Interest and Principal Payments past the current date of 30 June 2014 on the \$97.7 million principal and interest owed by the Company to ZCI.

Commenting on the results, Jordan Soko, Acting Chief Executive Officer and director of African Copper, said, "We are able to report improvements during this six month period in all our key operating measures. This reflects our focus on raising production levels further towards capacity by improving plant efficiency and increasing throughput. However, operations during the period were by no means perfect, and our future remains subject to significant risks and uncertainties, as set out in Note 1 to our interim financial statements, and as reflected in part in the \$25 million non-cash impairment loss recognised during the period.

The Directors continue to consider all aspects of our operations and capital structure and the options facing the Company. While the remaining mine production from Thakadu is expected to yield good cash margins, the cessation of operations at Thakadu and the move back into the Mowana open pit will require significant operational and capital resources. Considering the risks inherent in these activities carefully is a vital exercise and must be measured against the availability of funding from within the group and ZCI. Discussions will continue with ZCI and we will update the market in the coming months."

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

For further information please visit www.africancopper.com.

This announcement contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or

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

Chairman's and Chief Executive's Review

Overview

African Copper reported improvements in all its key operating measures during the six month period ended 30 September 2013. We produced copper in concentrate of 4,937 Mt, 10% higher than the corresponding period from last year, and we generated operating income from mining operations of \$6.5 million, an increase of 51% from \$4.3 million for the corresponding period last year. However, because of a non-cash impairment charge of \$25 million, our overall loss for the period increased to \$29.1 million from a loss of \$9.0 million for the same period a year ago.

Our ability to capitalise on our operational progress depends in large part on the availability of sufficient and stable finance. At 30 September 2013, our consolidated principal debt was \$97.7 million, all of which we owe to ZCI, and we have net current liabilities of \$99.2 million, up \$12.8 million from our net current position of \$86.4 million at 31 March 2013. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 30 June 2014, and has confirmed it will continue to make sufficient financial resources available to African Copper to 30 June 2014 to allow it to continue to meet its liabilities as they fall due in the course of normal operations. However, the Directors have not yet received confirmation from ZCI that it will extend the terms of the deferral of principal and interest and of its formal financial support beyond 30 June 2014.

After taking account of African Copper's funding position and its cash flow projections, and the past record of ZCI in deferring the repayment of its debt and in providing financial support, and having considered all other risks and uncertainties attaching to our current strategies, the Directors have concluded that the Group has adequate resources to operate for at least the next 12 months from the date of approval of the half-year financial statements. However, there are a number of matters which together amount to there being a material uncertainty in respect of the Group and Company being a going concern. Note 1 to the interim financial statements describes these matters in greater detail.

Production

As noted above, copper produced in concentrate for this six month period increased by 10% compared to the same period last year. However, this increase would have been significantly greater if not for production problems during the second half of the period, causing a 12% overall reduction in the volume of processed ore.

During the first three months of the period, sulphide ore constituted 92% of the total volume processed, and we recorded aggregate recoveries of 84%. However, we subsequently experienced a shortage of high grade sulphide ore from the Thakadu pit, directly attributable to the mining contractor's poor performance in

stripping the required amounts of hanging wall waste to expose high grade sulphide ore. Because of the shortfall, we processed a greater volume than anticipated of stockpiled Thakadu oxide ore and of mixed oxide/supergene ore from the Mowana open pit, resulting in lower recoveries.

Our key statistics for the period were as follows:

| Description | Six Months ended 30 Sept. 2013 | Six Months ended 30 Sept. 2012 | Six Months ended 30 Sept. 2011 |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Ore processed (Mt) | 373,274 | 421,913 | 392,518 |
| Cu grade (%) | 1.81 | 1.86 | 1.80 |
| Recovery (%) | 73.0 | 57.3 | 49.2 |
| Concentrate produced (Mt) | 22,212 | 20,855 | 15,712 |
| Copper produced in concentrate (Mt) | 4,937 | 4,490 | 3,487 |

We continued to upgrade our processing facility during the quarter, installing a new primary crusher over a five day period at the start of July. During this period, the team took the opportunity to carry out extensive plant maintenance and clean up. However, the plant downtime required for this upgrade further reduced the volume of ore we were able to process during the period. Our throughput was also affected by mill stoppages in August and September to repair and replace the mill actuator and brush ring on the main mill motor. Unfortunately, events subsequent to the end of the period continued to affect our throughput into October and November, including further challenges with contractors, and an additional one week shutdown to replace further components and to carry out electrical work.

Geology/Exploration

Geological mapping, a geophysical survey and geochemical soil sampling were undertaken within the Nakalakwana area of the Matsitama Minerals exploration licences. Work was also carried out to identify additional resources within the current mining areas.

Iron oxide-copper-gold ('IOCG') mineralisation is the focus of our exploration activities in the Greater Nakalakwana area where we have nearly completed geochemical soil sampling and magnetic survey over a prominent 35 Km² gravity anomaly with no surface outcrop, adjacent to the promising zone of altered and mineralised rock units tested by drilling early this year. The Company is actively seeking to secure a JV partner to continue with exploration efforts of the Nakalakwana area.

Near-Mine Exploration

Five geotechnical boreholes were drilled across the thicker part of the Mowana Mine resource and these will be incorporated in studies for the proposed underground mine. Near-mine exploration at Thakadu comprised trenching, limited drilling and geological modelling to determine the potential for additional resources. Shallow in-house drilling is on-going within the Makala resource block to determine the depth to oxidation and the opportunity for shallow sulphide ore which can be mined to complement the Thakadu mine open-pit resources.

Results

Income Statement

We report revenue of \$29.7 million (2012: \$27.2 million), an increase of 9% from the previous period. The increase reflects greater copper in concentrate produced due to higher average recoveries during the period from a higher percentage of sulphide ore processed, but was also constrained by the production problems during the period, referred to previously.

Operating Costs:

| | 30 September 2013 | 30 September 2012 | Difference |
|--|-------------------|-------------------|------------|
| | \$ (000's) | \$ (000's) | \$ (000's) |
| Mining | 12,158 | 7,266 | 4,892 |
| Transport from Thakadu | 3,233 | 4,706 | (1,473) |
| Processing and engineering | 7,680 | 9,670 | (1,990) |
| Accelerated waste stripping and inventory movement | (3,303) | (884) | (2,419) |
| Operating costs excluding amortisation | 19,768 | 20,758 | (990) |

Despite our increased revenue, our operating costs declined by 4.8% compared to the comparative period, reflecting the following:

1. Mining costs: mining activities at Thakadu accelerated during the period in an effort to make good on previous shortfalls in mining and drilling activity. During fiscal 2013 mining at Thakadu performed below budgeted levels due to a change in mining contractor and to persistent equipment and efficiency problems with the drilling contractor. In addition, the Thakadu mine was redesigned in fiscal 2013 to include a new ramping system on the hanging wall side (south west). The impact of the extra expenditure and the re-design of the pit resulted in the need for additional waste mining activities during the current six month period, together with the associated cost.
2. Transport costs: transport costs decreased during the current six month period due to a reduction in ore trucked from the Thakadu pit to the Mowana processing facility. During the three months ended 30 September 2013, mining activities at Thakadu focused on waste stripping which reduced the amount of Thakadu ore trucked to Mowana.
3. Processing and engineering costs: these decreased during the current period due to the processing of a higher percentage of Thakadu sulphide ore which requires less expensive reagent chemicals than oxide ores processed in the comparative period. In addition, the benefits of past capital expenditures served to decrease maintenance and repair costs.

During the period, we reassessed the recoverability of the carrying value of our capitalised property, plant and equipment. As a result of this assessment, we recognised an impairment loss of \$25 million, reflecting our best current estimate of the amount by which our mining assets' value in use exceeds their carrying value. The value in use represents the estimated present value of the future cash flows expected to be derived from the current Thakadu and Mowana life of mine plans, discounted at a rate of 17%.

Administrative costs increased to \$4.4 million from \$3.9 million in the comparative period. The increase was primarily driven by greater salary costs, reflecting both strategic determinations related to retention and motivation, and externally-imposed factors.

We incurred foreign currency exchange losses of \$1.2 million, compared to \$4.4 million in the previous period, arising primarily from translation differences of the US\$ denominated ZCI loans reflecting the relative strengthening of the US\$ to the Botswana Pula during the period.

Interest expense of \$4.9 million, comparable to the comparative period, predominantly relates to ZCI interest payable as well as associated withholding taxes. The remaining amount relates to interest on a capital facility provided by the African Banking Corporation of Botswana Limited ("ABCB") and a loan provided by MRI Trading AG.

Cashflow

The Company utilised net cash from operating activities of \$4.1 million, compared to a net outflow of \$6 million in the corresponding period of 2012.

The Company made capital investments of \$7.2 million (2012 - \$3.7 million) relating primarily to mine development and infrastructure and \$0.5 million (2012 - \$1.8 million) relating to expenditures on its exploration properties.

During the six months ended 30 September 2013 we had a financing inflow of \$3.0 million from our offtake partner MRI Trading AG, as a prepayment loan of copper in concentrate deliveries. Also during the current period the ABCB overdraft facility was paid off and the facility closed.

Financing

At 30 September 2013, our consolidated principal debt was \$97.7 million, all of which is owed to ZCI, and we have net current liabilities of \$99.2 million. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 30 June 2014, and has confirmed it will continue to make sufficient financial resources available to African Copper to allow it to continue to meet its liabilities in the course of normal operations as they fall due.

In addition, we maintain a US \$3.1 million capital equipment facility with ABCB and during the three months ended 30 September 2013 the Group entered into a US \$3.0 million pre-payment loan with its off-take partner MRI Trading AG ("MRI"). At 30 September 2013, the ABCB capital equipment facility was drawn at \$ 1.4 million and the MRI prepayment balance was \$2.6 million.

Outlook

We are able to report improvements during this six month period in all our key operating measures. This reflects our focus on raising production levels further towards capacity by improving plant efficiency and increasing throughput. However, operations during the period were by no means perfect, and our future remains subject to significant risks and uncertainties, as set out in note 1 to our interim financial statements, and as reflected in part in the \$25 million non-cash impairment loss recognised during the period.

The Directors continue to consider all aspects of our operations and capital structure and the options facing the Company. While the remaining mine production from Thakadu is expected to yield good cash margins, the cessation of operations at Thakadu and the move back into the Mowana open pit will require significant operational and capital resources. Considering the risks inherent in these activities is a vital exercise that must be measured against the availability of funding from within the group and ZCI.

As always, we deeply appreciate the support of the communities that surround our properties in Botswana and the skill and commitment of our team.

David Rodier, Chairman

Jordon Soko, Acting Chief Executive Officer

30 December 2013

REGISTERED IN ENGLAND AND WALES NO. 5041259

African Copper Plc

Consolidated Statement of Comprehensive Income

Six months

ended 30 September Six months

ended 30 September Year

ended 31 March

2013 2012 2013

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

Continuing operations

Revenue 3 29,742 27,152 60,464

Operating costs excluding amortization (19,769) (20,758) (42,736)

Amortisation of mining properties and equipment (3,442) (2,080) (4,016)

Operating profit from mining operations before impairment and administrative expenses 6,531 4,314 13,712

Impairment of property, plant and equipment (25,000) - -

Administrative expenses (4,324) (3,880) (8,265)

Operating (loss) / profit (22,793) 434 5,447

Investment and other income 9 58 91

Sale of asset (320) - -

Foreign exchange loss (1,196) (4,441) (11,335)

Finance costs (4,834) (5,034) (10,030)

Loss before tax (29,134) (8,983) (15,827)

Income tax expense - - -

Loss for the period from continuing operations attributable to equity shareholders of the parent company

(29,134) (8,983) (15,827)

Other comprehensive income:

Exchange differences on translating foreign operations 155 872 2,860

Other comprehensive income for the period, net of tax 155 872 2,860

Total comprehensive expenditure for the period attributable to equity shareholders of the parent company
(28,979) (8,111) (12,967)

Basic loss per ordinary share 4 \$ (0.03) \$ (0.01) \$ (0.01)

Diluted loss per ordinary share 4 \$ (0.03) \$ (0.01) \$ (0.01)

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

African Copper Plc
Balance Sheets

30 September Group
As At
30 September

31 March
2013
2012
2013

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

ASSETS

Property, plant and equipment 5 39,046 67,750 63,054

Deferred exploration costs 6 9,540 8,658 9,311

Other financial assets - 291 270

Total non-current assets 48,586 76,699 72,635

Other receivables and prepayments 4,775 4,535 5,213

Inventories 7 7,609 9,113 8,891

Cash and cash equivalents 8 6,804 1,240 2,464

Total current assets 19,188 14,888 16,568

Total assets 67,774 91,587 89,203

EQUITY

Issued share capital 9 15,167 15,167 15,167

Share premium 170,075 170,075 170,075

Other reserve - ZCI Limited convertible loan 502 502 502

Acquisition reserve 8,931 8,931 8,931

Foreign currency translation reserve 7,607 5,465 7,453

Accumulated losses (261,150) (225,315) (232,059)

Total equity (58,868) (25,175) (29,931)

LIABILITIES

Rehabilitation provision 13 6,875 6,967 6,766

Amounts payable to ZCI Limited 11 - 20,000 7,500

Other borrowings 12 1,372 2,398 1,883

Total non-current liabilities 8,247 29,365 16,149

Bank overdraft 8 - 1,998 31

Other borrowings 12 2,629 - -

Trade and other payables 18,076 15,748 16,783

Amounts payable to ZCI Limited 11 97,690 69,651 86,171

Total current liabilities 118,395 87,397 102,985

Total equity and liabilities 67,774 91,587 89,203

African Copper Plc
Consolidated statement of changes in equity
Note Share
Capital Share
Premium Acquisition
Reserve Foreign
Currency

| Translation | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
|--|----------|----------|----------|----------|----------|-----------|----------|
| Reserve Hedging/ | | | | | | | |
| Other | | | | | | | |
| Reserve Accum- | | | | | | | |
| loss Total | | | | | | | |
| Equity | | | | | | | |
| Balance at 1 April 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 loss for the period | - - - | 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) |
| Foreign exchange adjustments | - - - | 154 | - - | 154 | | | |
| Loss for the period | - - - - | (29,134) | (29,134) | | | | |
| Total comprehensive income for the period | - - - | 154 | - | (29,134) | | (28,980) | |
| Share based payments, net of tax | - - - - | 43 | 43 | | | | |
| Balance at 30 September 2013 | 15,167 | 170,075 | 8,931 | 7,607 | 502 | (261,150) | (58,868) |
| The notes are an integral part of these consolidated financial statements. | | | | | | | |
| African Copper Plc | | | | | | | |
| Consolidated cash flow statement | | | | | | | |
| Six Months | | | | | | | |
| ended | | | | | | | |
| 30 Sept. Six Months | | | | | | | |
| ended | | | | | | | |
| 30 Sept. Year | | | | | | | |
| ended | | | | | | | |
| 31 March | | | | | | | |
| 2013 2012 2013 | | | | | | | |
| Note US\$'000 US\$'000 US\$'000 | | | | | | | |
| Cash flows from operating activities | | | | | | | |
| Operating loss from continuing operations (29,134) (8,983) (15,826) | | | | | | | |
| Decrease/(increase) in receivables 438 (443) (1,121) | | | | | | | |
| Decrease/(increase) in inventories 1,283 (321) (99) | | | | | | | |
| Increase/(decrease) in payables 1,291 (3,380) (2,034) | | | | | | | |
| Foreign exchange loss 1,196 4,441 11,335 | | | | | | | |
| Share-based payment expense 44 64 163 | | | | | | | |
| Rehabilitation provision 328 331 649 | | | | | | | |
| Depreciation and amortisation 3,629 2,292 4,453 | | | | | | | |
| Impairment of property, plant and equipment 25,000 - - 4,075 (5,999) (2,480) | | | | | | | |
| Interest received (9) (11) (21) | | | | | | | |
| Other income - (46) (70) | | | | | | | |
| Finance costs paid 96 345 622 | | | | | | | |
| Finance costs deferred by ZCI Limited 4,738 3,976 10,652 | | | | | | | |
| Net cash inflow / (outflow) from operating activities 8,900 (1,735) 8,703 | | | | | | | |
| Cash flows from investing activities | | | | | | | |
| Payments to acquire property, plant and equipment (7,224) (3,707) (6,648) | | | | | | | |
| Payments of deferred exploration expenditures (530) (1,785) (1,688) | | | | | | | |
| (Loss) / Income from sale of asset - 46 70 | | | | | | | |
| Interest received 9 11 21 | | | | | | | |
| Net cash outflow from investing activities (7,745) (5,435) (8,245) | | | | | | | |
| Cash flows from financing activities | | | | | | | |
| Proceeds from ZCI Limited loans - 6,000 6,000 | | | | | | | |

Payments to African Banking Corporation of Botswana (511) (505) (1,021)
Proceeds from MRI Trading AG 3,000 - -
Payments to MRI Trading AG (371) - -
Finance costs paid (96) (345) (622)
Net cash inflow from financing activities 2,022 5,150 4,357

Net increase / (decrease) in cash and cash equivalents 3,177 (2,020) 4,815
Cash and cash equivalents at beginning of the period 2,433 (661) (660)
Foreign exchange gain / (loss) 1,194 1,923 (1,722)
Cash and cash equivalents at end of the period 8 6,804 (758) 2,433

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 project is the copper producing open pit Mowana mine. The Group also owns the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama Project. The Mowana Mine is located in the north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

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

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements of the year ended 31 March 2013. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2013. The comparative figures for the financial year ended 31 March 2013 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors included a reference to the going concern basis of preparation which the auditors drew attention to by way of emphasis without qualifying their report.

Going Concern

At 30 September 2013, the consolidated principal debt of the Group was \$74.9 million (31 March 2013: \$74.9 million) all of which is owed to ZCI Limited ("ZCI"), African Copper's immediate parent company, as set out in note 11 to the financial statements. Further, accrued interest on the principal amounted to \$22.8 million at 30 September 2013 (31 March 2013: \$18.7 million). The Group's facility with ZCI is currently fully drawn.

The Group also maintains a US \$3.1 million capital equipment facility with African Banking Corporation of Botswana Limited ("ABCB") and during the three months ended 30 September 2013 the Group entered into a US \$3.0 million pre-payment loan with its off-take partner MRI Trading AG ("MRI"). At 30 September 2013, the ABCB capital equipment facility was drawn at \$ 1.4 million and the MRI loan balance was \$2.6 million (see note 12).

The Directors of the Company received a waiver letter dated 21 June 2013 (the "Waiver Letter") from ZCI whereby ZCI agreed to defer all principal and interest payments arising from the Group's debt obligations until 30 June 2014. Further, the Directors have also received a letter of financial support dated 21 June 2013 (the "Letter of Financial Support") from ZCI whereby ZCI stated that at the date of the letter it is ZCI's policy to make sufficient financial resources available to the Group in order to allow the Group to continue to meet its liabilities as they fall due in the normal course of its operations. ZCI has issued the Waiver Letter and the Letter of Financial Support to the Directors in the past and has extended the terms of the deferral of principal and interest on three previous occasions. However, the Directors have asked for but not yet received confirmation from ZCI that it will extend the terms of the deferral of principal and interest and of its financial support beyond 30 June 2014 due to the detailed discussions currently underway about the strategic options

for the Company as explained in more detail below.

Projected funding requirements and current activities

In the Annual Report for the year to 31 March 2013, the Directors summarised the cash flow projections covering at least the 12 month period from the date of approval of those financial statements. The projections contemplated that the mining outputs within that 12 month period would be primarily from the Thakadu pit which the Group is currently mining, and contemplated 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. This schedule, in the opinion of the Directors at that time, would have provided 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 was expected to be in mid-2014.

The Directors have continued to assess and reconsider the key assumptions underlying these projections. The Thakadu pit will be depleted within the next 12 months and the Group's future cash generation beyond 2014 depends entirely on a successful and timely restart of mining operations at the Mowana pit and associated processing of the supergene ore. However, numerous significant challenges and risks exist in attaining this situation at Mowana and these challenges and risks are of a kind that have often impeded the Group's operations in the past. In particular, the Group over the years has experienced recurring problems with the quality of its mining contractors and other aspects of production, causing production levels to be significantly below planned levels. In light of this past history, the Directors have continued to debate the relative merits and strategies to developing the Mowana project further, and of focusing the Group solely on maximising the remaining potential of the Thakadu pit. To develop Mowana as an open pit would require a significant investment in waste stripping; consequently the Directors have continued to consider alternative plans for the Mowana mine including developing it only on a smaller or staged basis, especially if the economics of underground mining scenarios are possible.

The Group's inherent exposure to copper price continues to underlie these considerations, and the Directors monitor the copper price on a daily basis. The Group's current projections are based on key assumptions regarding copper prices of \$7,165 to \$6,936 per tonne, lower than the price of \$7,264 per tonne quoted on the London Metals Exchange as of 20 December 2013. However, copper prices are inherently volatile, and in the event the copper price were to suffer a material decline from its current levels, this would further weaken the case for continuing to develop the Mowana open pit on a full scale basis and negatively impact the forecast net present value very significantly.

As explained further in note 5 to the financial statements, during the six months ended 30 September 2013 the Group has recognised an impairment loss of US \$25 million against its property, plant and equipment, reflecting the excess of the estimated recoverable amount over the previous carrying value. The calculation of the recoverable amount remains highly sensitive to changes in the key assumptions used in the cash flow projections, which in turn depend in large part on the resolution of the major strategic uncertainties described above.

The combination of the uncertainties surrounding the most appropriate strategic direction for the Group at the current time, in particular the appropriate course of action regarding the Mowana open pit, the exposure to copper pricing, and the availability of such funding from ZCI as may be necessary, collectively represent a material uncertainty casting 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 and its cash flow projections, and the past record of ZCI providing the Waiver Letters and Letters of Financial Support and having considered the risks and uncertainties described above, the Directors have concluded 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, the Directors continue to prepare the financial statements on the going concern basis. However, material uncertainty exists firstly in respect of the Group's dependency on the copper price and hence mining the remaining deposit at Thakadu profitably and secondly in being able to access the Mowana mine supergene ore in a manner which manages risk, is cost effective and therefore will not require additional new funding. If the Group is unsuccessful in extending the Waiver Letter and the Letter of Financial Support past 30 June 2014 then the going concern basis of preparation will not be appropriate. Without such extension, the full amount of ZCI principal and interest of \$ 97.7 million outstanding at 30 September 2013 (the "ZCI Obligation") would be contractually payable on demand. Under no current scenario would the Group be in a position to have the necessary resources available to pay the ZCI

Obligation should a demand for payment be made by ZCI. In addition, the effectiveness of the Letter of Financial Support is dependent on ZCI's access to sufficient financial resources to respond to the Group's needs should they arise. The Directors have concluded those resources are available to ZCI up to 30 June 2014. These financial statements do not include any adjustments that would be necessary if the going concern basis of preparation were determined to be inappropriate.

The address of African Copper's registered office is 100 Pall Mall, St James's London SW1Y 5HP. These unaudited interim financial statements have been approved for issue by the Board of Directors on 27 December 2013.

2. Summary of significant accounting policies

The accounting policies applied by the Consolidated Entity in these condensed consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 31 March 2013.

a) Statement of Compliance

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

b) Standards adopted during the period

The Group has adopted IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" in preparing these condensed consolidated financial statements. On adoption there was no material adjustment to be reported.

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 2014. None of these have been adopted early in preparing these consolidated financial statements.

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

3. Group Segment reporting

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

For the six months ended 30 September 2012:

Geographic Analysis United Kingdom
(US\$'000) Botswana
(US\$'000) Total
(US\$'000)
Revenue - 27,152 27,152

Non-current assets - 76,699 76,699

For the six months ended 30 September 2013:

Geographic Analysis United Kingdom
(US\$'000) Botswana

(US\$'000) Total
 (US\$'000)
 Revenue - 29,742 29,742
 Non-current assets 1,085 72,501 73,586
 All mining revenue derives from a single customer

4. Basic and diluted loss per share

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year but adjusted for the effects of dilutive options. The key features of share option contracts are described in Note 10.

Basic loss per share
 Period ended
 30 Sept.
 2013
 (000's) Year ended
 31 March
 2013
 (000's)
 Loss after tax \$ 29,134 \$ 15,827
 Weighted average number of shares outstanding 928,799 928,799
 Basic loss per share \$ 0.03 \$ 0.01

Diluted loss per share
 Period ended
 30 Sept.
 2013
 (000's) Year ended
 31 March
 2013
 (000's)
 Loss after tax \$ 29,134 \$ 15,827
 Weighted average number of shares outstanding 928,799 928,799
 Weighted average number of shares under options 18,835 18,835
 Diluted loss per share \$ 0.03 \$ 0.01

5. Property, Plant and Equipment

Mine
 Development and Infrastructure Mine Plant and Equipment
 Other
 Assets
 Total
 US\$'000 US\$'000 US\$'000 US\$'000
 Cost
 Balance at 1 April 2012 116,801 56,611 17,739 191,151
 Additions 5,726 796 127 6,649
 Reclassifications (17,80) 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
 Balance at 1 April 2013 91,145 67,301 13,243 171,689
 Additions 6,952 146 126 7,224
 Reclassifications (556) 556 - -
 Disposals - (595) (1) (596)
 Exchange adjustments (2,055) (2,173) (386) (4,614)
 Balance at 30 September 2013 95,486 65,235 12,982 173,703

Depreciation and impairment losses

Balance at 1 April 2012 (105,831) (7,422) (8,366) (121,619)
 Depreciation charge for the year (569) (3,175) (724) (4,468)
 Reclassification 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)

Balance at 1 April 2013 (79,451) (23,895) (5,289) (108,635)
 Depreciation charge for the year (1,889) (1,436) (311) (3,636)
 Disposals - 234 1 235
 Impairment of property, plant and equip. (15,581) (9,419) - (25,000)
 Exchange adjustments 1,435 773 171 2,379
 Balance at 30 September 2013 (95,486) (33,743) (5,428) (134,657)

Carry amounts

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
 Balance at 30 September 2013 - 31,492 7,554 39,046

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

Impairment

During the period, the Group reassessed the recoverability of the carrying value of its mine development and infrastructure asset and mine plant and equipment asset, following continuing operating challenges and its ongoing reconsideration of the strategic direction of its mining operations (see note 1 - Going Concern). As a result of this assessment, the Group has recognised an impairment loss of \$25 million, reflecting its best current estimate of the amount by which the mining assets' value in use exceed their carrying value. The value in use represents the estimated present value of the future cash flows expected to be derived from the asset, discounted at a rate of 17%.

The value in use calculation depends heavily on assumptions and estimates that, in the Group's current circumstances (see note 1 - Going Concern), have a significant risk of resulting in further impairment losses within the next financial year. In particular, the calculation is based on key assumptions regarding copper prices of \$7,165 to \$6,936 per tonne. By way of illustration of the assumptions, a 5% decrease in copper price impacts the net present value of future cashflows by approximately \$15.8 million.

6. Deferred exploration costs

Group

Cost US\$'000

Balance 1 April 2012 19,093
 Additions 1,688
 Reclassifications 1,409
 Exchange adjustment (2,668)
 Balance 31 March 2013 19,522

Balance 1 April 2013 19,522
 Additions 530
 Exchange adjustment (631)
 Balance 30 September 2013 19,421

Impairment losses

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

Balance at 1 April 2013 (10,211)
 Exchange adjustment 330
 Balance at 30 September 2013 (9,881)

Carry amounts

Balance 31 March 2012 9,268
 Balance 31 March 2013 9,311
 Balance at 30 September 2012 9,540

7. Inventories

Period ended
 30 Sept.
 2013
 US\$'000 Year ended
 31 March
 2013
 US\$'000
 Stockpile inventories 4,262 5,416
 Consumables 3,347 3,475
 Total Inventories 7,609 8,891

8. Cash and cash equivalents

Period ended
 30 Sept.
 2013
 US\$'000 Year ended
 31 March
 2013
 US\$'000
 Restricted cash 919 944
 Short-term bank deposits 5,885 1,520
 Cash and cash equivalents in the statement of cashflows 6,804 2,464

9. Share Capital

| | No. of shares | US\$ '000 |
|--|---------------|-----------|
| Issued: | | |
| Balance at 31 March 2012, March 2013 and 30 September 2013 | 928,798,988 | 15,167 |

On 30 September 2013 the Company announced that pursuant to the \$31,129,100 term loan facility agreement with ZCI, dated 18 June 2009 (see note 11 - Amounts Payable to ZCI Limited), ZCI provided notice to convert the \$8,379,100 Tranche A Loan outstanding into ordinary shares of the Company.

At the conversion rate of 1 pence per ordinary share and at the exchange rate as set out in the conversion notice of \$1.5062 to £1, this equated to the issue of 556,307,263 new ordinary shares in the Company for a conversion sum of £5,563,072.63. (see note 18 - Subsequent Event)

Share options and warrants

Share Options Held at 30 September 2013 Share Options Held at 31 March 2013
 Date of Grant

Option Price per Share

Exercise Period
 375,000 375,000 12 November 2004 £0.76 up to 12 November 2014
 60,000 60,000 12 November 2005 £0.76 up to 12 November 2015
 1,750,000 1,750,000 1 August 2006 £0.775 up to 1 August 2016
 16,650,000 16,650,000 14 July 2011 £0.031 up to 14 July 2021
 18,835,000 18,835,000

10. Share based payments

African Copper has established a share option scheme with the purpose of motivating and retaining qualified

management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p. On 14 July 2011 17,150,000 options were granted at 3.13p.

| | Weighted average exercise price in £ per share | Options |
|--------------------------------------|---|------------|
| At 31 March 2012 and 31 March 2013 | 11.7p | 18,835,000 |
| Granted | - | - |
| Forfeited | - | - |
| At 30 September 2013 | 11.7p | 18,835,000 |
| Exercisable at the end of the period | 13.6p | 15,505,000 |

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

The total expense recorded in the profit and loss in respect of share based payments for the period was \$44,099 (31 March 2013: \$162,985).

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

| Expiry date | Exercise price in £ per share | Shares | |
|-------------|-------------------------------|---------------|---------------|
| | | 30 Sept. 2013 | 31 March 2013 |
| 2014 | 76p | 375,000 | 375,000 |
| 2015 | 76p | 60,000 | 60,000 |
| 2016 | 77.5p | 1,750,000 | 1,750,000 |
| 2021 | 3.13p | 16,650,000 | 16,650,000 |
| | 11.7p | 18,835,000 | 18,835,000 |

The weighted average remaining contractual life of the outstanding options at 30 September 2013 was 7.17 years (31 March 2013: 7.67 years).

11. Amounts payable to ZCI Limited

| | At 30 Sept. 2013 US\$ '000 | At 31 March 2013 US\$ '000 |
|-------------------------------------|-------------------------------|-------------------------------|
| Non-current facilities: | | |
| Development loan | - | 7,500 |
| Non-current facilities | - | 7,500 |
| Convertible loan | 7,891 | 7,891 |
| Non-convertible loan | 24,033 | 24,033 |
| March 2010 facility | 10,000 | 10,000 |
| December 2011 facility | 2,000 | 2,000 |
| January 2012 facility | 5,000 | 5,000 |
| June 2012 facility Convertible loan | 6,000 | 6,000 |
| Development loan | 7,500 | - |
| Development loan | 12,500 | 12,500 |
| Interest | 22,777 | 18,747 |
| Current facilities | 97,701 | 86,171 |
| Balance due to ZCI Limited | 97,701 | 93,671 |

ZCI owns 84.19 percent of the Company (84.19 percent as at 31 March 2013) (see note 18 - Subsequent Event). At 30 September 2013 the Group 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 \$31,129,100 comprising a convertible Tranche A of \$8,379,100 with a coupon of 12% per annum and Tranche B that is not convertible of \$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 \$22,750,000 to \$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 ordinary share. On 30 September 2013 the Company announced that ZCI had provided notice to convert the Tranche A Loan outstanding into ordinary shares in the Company (see note 18 - Subsequent Event). At the conversion rate of 1 pence per ordinary share and at the exchange rate as set out in the conversion notice of \$1.5062 to £1, this equated to the issue of 556,307,263 new ordinary shares in the Company for a conversion sum of £5,563,072.63. The converted shares were credited to ZCI as fully paid on 18 October 2013. Following the issue of the converted shares the entire amount of the Tranche A loan was extinguished although the interest outstanding and accrued up to the conversion date remains payable.

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 \$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 \$1,459,090 and interest payments on Tranche B of \$5,201,236 accrued to 31 December 2011 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013, to 31 March 2013.

ZCI Debt Acquisitions

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

March 2010 Facility

On 31 March 2010 the Company announced it had arranged agreement with ZCI pursuant to which ZCI would fund immediately a \$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 \$10,000,000 due on 31 March 2012 to 31 March 2013. In addition, the ZCI Board of Directors further resolved to defer interest payments accrued to 31 December 2011 of \$900,822 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013, to 31 March 2013.

Development Loan

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

The Development Facility

On February 9, 2011 the Company announced the Development Facility of \$12.5 million from ZCI. The purpose of the Development Facility was to provide the Group with further working capital and funds to execute the planned investment programme at its Mowana Mine facilities and accelerate mining activities at

the Thakadu deposit. The Development Facility is a three year secured loan facility with an interest rate of 9.0%, repayable in January 2014. Interest is to be paid semi-annually in arrears on 31 December and 30 June each year, commencing on 31 December 2011 with this payment including accrued interest from the closing of the Facility. The terms and conditions of the Development Facility are on substantially similar terms to Convertible Loan Facility (with the exception of the convertible option).

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

June 2012 Facility

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

With the exception of the June 2012 Facility, Development Loan and the Development Facility all other ZCI facilities described above are due and payable on 31 March 2013. Based on the Company's current financial position the Group will not be able to pay the outstanding principal and accrued interest. The Directors of the Company received the Waiver Letter (see note 1 - Going Concern) from ZCI whereby ZCI agreed to defer all principal and interest payments arising from the Group's debt obligations until 30 June 2014. Further, the Directors also received a Letter of Financial Support (see note 1 - Going Concern) from ZCI whereby ZCI stated that at 21 June 2013 it is ZCI's policy to make sufficient financial resources available to the Group in order to allow the Group to continue to meet its liabilities as they fall due in the normal course of its operations. ZCI has issued the Waiver Letter and the Letter of Financial Support to the Directors in the past and has extended the terms of the deferral of principal and interest previously. However, the Directors have not yet received confirmation from ZCI that it will extend the terms of the deferral of principal and interest and of its financial support beyond 30 June 2014.

12. Other Borrowings

| | At 30 Sept. 2013 | At 31 March 2013 |
|----------------------------------|------------------|------------------|
| | US\$ '000 | US\$ '000 |
| Equipment Facility - non-current | 1,372 | 1,883 |
| MRI Prepayment Loan - current | 2,629 | - |

An equipment facility of \$3.1 million was obtained from Banc ABC, a Botswana based lending institution. The equipment facility is a 36 month US\$ denominated facility that has a fixed interest rate of 9% per annum. At 30 September 2013, \$1.372 million from this facility had been drawn.

A prepayment loan of \$3.0 million was obtained from MRI Trading AG ("MRI"), the Group's off-take partner. The prepayment loan is US\$ denominated and is repaid by way of offset against deliveries of copper concentrates in eight equal monthly installments starting in September 2013. The prepayment loan has an interest rate of LIBOR 1 month plus 5%. On 11 December 2013, MRI granted the Group two months grace in the repayment schedule in December 2013 and January 2014. From February 2014 repayment of instalments and any accrued interest is scheduled to restart.

13. Rehabilitation Provision

The Group estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2013 is \$6.875 million (31 March 2013 - \$6.766 million). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula. This estimate was recently updated by GeoFlux (Pty) Limited and the undiscounted cost was revised to 45 million Botswana Pula (due to escalation of Mowana estimate and the new estimate for Thakadu).

The Group has set aside \$Nil (31 March 2013 - \$0.13 million) to a separate bank account to provide for rehabilitation of the Mowana and Thakadu Mines site at closure. The cash provision is historically set aside

annually at the fiscal year-end on the rate of reserves depletion basis. The Group will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned cover the anticipated costs.

Rehabilitation Provision US\$'000
 Balance, 1 April 2013 6,766
 Charged to Profit & Loss 328
 Foreign exchange on translation (219)
 Balance, 30 September 2013 6,875

14. Commitments

Contractual Obligations Total 2013 2014 2015 2015

US\$'000 US\$'000 US\$'000 US\$'000 US\$'000
 Goods, services and equipment (a) 2,773 2,773 - - -
 Exploration licences (b) 2,428 1,462 966 - -
 Lease agreements (c) 1052 21 51 33 10
 5,306 4,256 1,017 33 10

(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 Group's prospecting licences Matsitama is obliged to incur certain minimum expenditures.

(c) The Group has entered into agreements to lease premises for various periods.

15. Related party transactions

The following amounts were paid to companies in which directors of the Group have an interest and were incurred in the normal course of operations and are recorded at their exchange amount;

Amount incurred during the period Balance

Outstanding as at

30

Sept. 31

March 30

Sept. 31

March

2013

US\$'000 2013

US\$'000 2013

US\$'000 2013

US\$'000

Due to ZCI Limited (see Note 11) 74,924 74,924 74,924 74,924

Amount accrued to ZCI Limited being interest on loan 4,030 7,997 22,777 18,747

Amount paid to iCapital Limited for the provision of technical and operational support to the Group. J. Soko, a director of the Company, is a principal of iCapital Limited. (see note 18 - Subsequent Event) 122 293 19 -

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 - -

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 - -

16. Contingent Liability

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

17. Ultimate Controlling Party

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

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

18. Subsequent Event

On 30 September 2013 the Company announced that pursuant to the \$31,129,100 term loan facility agreement with ZCI, dated 18 June 2009 (see note 11 - Amounts Payable to ZCI Limited), ZCI provided notice to convert the \$8,379,100 Tranche A Loan outstanding into ordinary shares of the Company.

At the conversion rate of 1 pence per ordinary share and at the exchange rate as set out in the conversion notice of \$1.5062 to £1, this equated to the issue of 556,307,263 new ordinary shares ("the Converted Shares") in the Company for a conversion sum of £5,563,072.63.

The Converted Shares were credited to ZCI as fully paid on 18 October 2013 and admitted to trading on AIM on the same date. Following the issue of the Converted Shares the entire amount of the Tranche A Loan was extinguished although the interest outstanding and accrued remains payable on the due date.

Immediately following the issue of the Converted Shares to ZCI, 247,575,741 of the Converted Shares were transferred by ZCI to iCapital (Mauritius) Limited ("iCapital") in settlement for certain performance fees set out in an Investment Advisory and Management Agreement between ZCI and iCapital (the "Transfer"), at a price equivalent to 1 pence per Ordinary Share. iCapital is a private company incorporated in Mauritius in which Mr. Jordan Soko, a director of the Company, indirectly controls a majority stake. The Investment Advisory and Management Agreement was entered into between ZCI and iCapital, dated 11 December 2008, in terms of which iCapital was engaged to advise ZCI on various prospective investment targets and, if an investment was approved by the Board, to provide investment management services to ZCI.

Following the Transfer, Mr. Soko owns indirectly or through entities associated with him 247,575,741 Ordinary Shares (the "Transfer Shares") equating to 16.67% of the 1,485,106,251 enlarged issued share capital of the Company (the "Enlarged Share Capital") and he owns directly 2,500,000 share options convertible into Ordinary Shares of the Company (the "Share Options"). Including the Transfer Shares and the Share Options, Mr. Soko owns indirectly or through entities associated with him 15.0% of the 1,666,977,641 fully diluted share capital of the Company (the "Fully Diluted Share Capital"). The Fully Diluted Share Capital includes the Enlarged Share Capital increased for the effects of 18,835,000 outstanding dilutive share options (the "Total Share Options") and the outstanding 8 June 2012 ZCI \$6 million convertible loan facility (the "Outstanding Convertible Loan Facility") which is convertible into ordinary shares of 1p each in the Company at a conversion price of 2.40 pence per Ordinary Share.

Following the issue of the Converted Shares to ZCI and the subsequent Transfer, ZCI holds 1,090,671,510 ordinary shares, equating to 73.44% of the Enlarged Share Capital, and the Outstanding Convertible Loan Facility. In total ZCI owns 75.21% of the Fully Diluted Share Capital adjusted for the Total Share Options and the Outstanding Convertible Loan Facility.

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