AFRICAN COPPER PLC

Annual Report

For the year ended
31 March 2011

African Copper plc

Registered in England and Wales no. 5041259

Contents

Chairman's statement

The year under review saw African Copper make good progress overall towards its goal of delivering sustainable commercial production levels from the Company's high quality copper assets in north eastern Botswana.

Overview

At the Mowana Mine, the programme to upgrade and de-bottleneck the production facilities was continued with key plant CAPEX projects awaiting delivery, installation and commissioning of units following placement of orders. Throughput has risen and progress is being made on opening up the Mowana pit by increasing the stripping ratios in the short term to increase the available ore extraction footprint. These have resulted in demand for increased drilling, blasting and load and haul capacity.

Despite the constraints on production which were mostly caused by circuit bottlenecks and breakdowns progress was made during the year as ore processed increased to 632,981Mt compared to 290,259Mt in the previous 15 month fiscal period.

Following the award of a Mining Licence for the Thakadu deposit, which is approximately 70km from Mowana mine, the start of ore extraction further increased the utilisation of the Mowana facilities. Currently, ore processing at the Mowana facilities continues to be batch processed on an alternating basis between Mowana and Thakadu ores due to differences in ore quality that require different chemical reagent suites to maximise copper recovery.

At Thakadu itself, full scale mining has commenced with a ramp up to required volumes expected in the next few months. Thakadu operations have created both mining and processing flexibility with marked positive impact on de-stressing mining operations at the Mowana pit. Negotiations are at an advanced stage with the Botswana Government on the remaining part of the copper deposit under the Archaeological Site. There are some positive indications of ore quality improvement with significant pockets of sulphide ore having been extracted resulting in copper recoveries being higher than target for this ore.

At the beginning of the financial year under review, the Company resumed exploration activities on its exploration permits at the adjacent Matsitama Project. A panel of internationally recognised geological experts was assembled and an experienced exploration manager was hired. The expert panel identified ten new and highly prospective targets during the review process and the Matsitama exploration staff have systematically executed on an exploration programme to assess these targets.

Due to the positive results to date and the planned exploration programme aimed at further defining known targets, the Company's subsidiary was granted a two year renewal on four of its six prospecting licences by the Minister for Minerals, Energy and Water Resources, Botswana. The four prospecting licenses, PL 14/2004, 15/2004, 16/2004 and 17/2004, total 1,988.6km^2 in extent and cover much of the highly prospective Matsitama Schist Belt. The Company's subsidiary also holds title to two other prospecting licenses in the Matsitama Schist Belt, which collectively cover an area of 96.2km^2.

Results

As a result of the more than doubling of ore processed year-on-year, the increases in grades and recovery and generally buoyant copper prices, revenues for the year to 31 March 2011 were US$24.7 million (15 months to 31 March 2010: US$7.4 million). After the higher operating costs commensurate with the increased production and increased amortisation, these revenues led to a much reduced operating loss of US$2.3 million (15 month period to 31 March 2010: loss of US$11.6 million, calculated prior to taking account of the US$46.0 million reversal of prior period impairment charges)

Administrative expenses were cut significantly to US$4.8 million from US$7.9 million in the prior period, reflecting expenses over a twelve month period compared to a fifteen month period and significant professional fees and other one-time costs incurred during the financial restructuring that was completed during 2009. After increased finance costs due to both the quantum and interest cost of borrowings being higher, loss before tax was US$9.0 million, compared to a profit of US$30.7 million in the prior period, which included a US$46.0 million reversal of prior period impairment charges.

Chairman's statement

continued

Financing

To support the completion of the infrastructure upgrades at the Mowana and Thakadu mines and renewed exploration efforts at Matsitama, the Company's controlling shareholder ZCI Limited ("ZCI") has provided strong support during the year. After providing a $10 million working capital facility in March 2010 (the **"March Facility"**), ZCI provided a further $7.5 million development facility for exploration drilling at Matsitama and Mowana North, scoping study at the Makala deposit and certain plant enhancements at Mowana. Their commitment was further demonstrated in February 2011 with a $12.5 million development facility for Mowana plant enhancements, acceleration of mining activities at Thakadu and working capital. At 31 March 2011 $4.0 million of the available $12.5 million had been drawn. At 31 March 2011 ZCI also provided a 1 year extension on the payment of the March Facility which was due.

Outlook

At Mowana, the constraint on production levels remains ore delivery to the mill as a result of poor secondary and tertiary crusher availability and although these constraints have been somewhat offset by improving mill feed copper grades during the past three months, a permanent solution needs to be implemented.

The Amec Minproc Study on the Secondary and Tertiary crushers – long a bottleneck at the Mowana facilities – has been completed, and the Company is reviewing the report's recommendations for modification to determine a cost-effective implementation plan to upgrade the circuits as soon as possible. Once such a plan is in hand and with access to the February 2011 development facility provided from ZCI, the Company will expeditiously move to make the changes necessary to be able to ramp up production to levels that the assets at Mowana, Thakadu and, in due course, Matsitama justify.

In summary I would like to recognise and give thanks to 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 towards moving the Mowana mine to full production. I am confident that their contributions will ensure African Copper's bright future. The Board expects to report further progress towards our goals during the current financial year.

David Rodier
Chairman

29 June 2011

Chief Executive's review of operations

Review of operations

We are looking forward to the coming year as many of the initiatives we have put in place are expected to be implemented and should result in the Mowana mine finally reaching sustained commercial production levels. Looking back, the past year has been a challenging one but we have achieved a considerable amount and laid the foundation for success in our operations. In addition, we also are looking forward to encouraging results from our exploration project Matsitama.

Mowana

Work was completed on many fronts during the year as part of our plant and related infrastructure refurbishment programme that is required to establish stable commercial operations at the Mowana mine. Throughout the year management repeatedly tried to drive operations to full capacity but were consistently met with circuit bottlenecks and breakdowns that needed to be addressed. However, even with these production challenges progress was made during the year as ore processed increased to 632,981 Mt compared to 290,259 Mt in the previous 15 month fiscal period as evidenced in the table below:

Description	Jan to March 2011	Jan to March 2010	Oct to Dec 2010	Oct to Dec 2009	**FY[1] 2011**	FY[2] 2010
Ore processed (Mt)	131,604	92,047	182,013	148,286	**632,981**	290,259
Cu grade (%)	1.68	1.12	1.39	1.25	**1.37**	1.24
Recovery (%)	50	41	49	49	**48**	45
Concentrate produced (Mt)	5,034	1,936	5,829	3,203	**18,778**	6,280
Copper produced in concentrate (Mt)	1,107	428	1,246	907	**4,143**	1,620
Payable copper sold (Mt)	1,266	460	981	975	**3,841**	1,435

1. 12 months ended 31 March 2011
2. 15 months ended 31 March 2010

Over the year a number of improvements were implemented and programmes commenced to improve performance at Mowana including:

1. Migration from a dry tailings facility to a more conventional wet tailings system – Stage 1 of the wet tailings storage facility was completed in April 2011 under the technical supervision of Scott Wilson Africa. Stage 1 provides capacity to store 3.8 million tonnes of tailings and corresponds to a life of 3.5 years. The tailings storage facility will thereafter be raised in stages as required.

2. Mining operations – after appointing a new mining contractor at the Mowana pit in March 2011 efforts are being concentrated on increasing the stripping ratios in the short term to increase the available ore extraction footprint. Previous mining and blasting activities had been stretched as a result of low availability, and hence reliability of the previous mining and drilling contractor's fleet. This had an adverse impact on tonnage, dilution rates and consequently copper production. Currently 4 large 60 tonne trucks and an associated large excavator have been deployed at Mowana with 5 additional 60 tonne trucks and 120 and 50 tonne excavators due to arrive shortly. We are also planning to double the mining and drilling fleet at the Thakadu mine to ramp up the volumes to coincide with the current life of mine plan.

3. Copper concentrate filtration – the existing copper concentrate filtration system has been a capacity bottleneck and has produced unacceptably high moisture levels. Committed plans are in place to add an additional press filter which is expected to reduce the cake moisture and increase filtration capacity by 250 tonnes per day. The order has been placed for installation in January 2012.

4. Column cells – the main objective of this initiative is to reduce the level of silica (and related silica penalty costs) in the final copper concentrate. The order for the new column cells has been placed for installation in August 2011.

5. Dense media separation plant – plans had initially been made for the purchase and installation of a dense media separation ("DMS") plant. Based on the importance and cost of other competing initiatives to increase production it was decided the DMS be delayed so that management could focus on these other production initiatives including changes to the secondary and tertiary plant modifications discussed below.

Chief Executive's review of operations
continued

6. Wet season mining plan – a comprehensive wet season mining plan was successfully implemented which limited the amount of mining in wet ore. Initiatives such as the construction of a lifted road around the pit perimeter avoided surface drainage into the pit, the construction of adequate sumps and associated pipe installation for pit dewatering, and the acquisition of pit dewatering pumps were all effective in reducing the amount of wet ore fed to the plant.

7. Secondary and tertiary plant – the primary constraint on production levels remains ore delivery to the mill as a result of poor secondary and tertiary ("SnT") crusher availability. The Amec Minproc study on the SnT crusher modifications was completed during the year, and the Company is reviewing the report to determine a cost-effective implementation plan to complete modifications as soon as possible. As part of this circuit modification the addition of a washing plant is being recommended to screen and wash out the fine fraction from the ore to further alleviate the demands on the SnT crusher. In an effort to supplement existing SnT capacity mobile crushing capacity was added during the year. While the mobile crushers provided intermittent capacity during the year, reliability and downtime of the units were problematic and combined with their relative inability to consistently crush the harder Mowana ore limited their contribution to mill feed.

Thakadu

The receipt of the Thakadu mining licence (the "Mining Licence") from the Botswana Government in December 2010 was a major milestone for the Company. The high grade Thakadu copper-silver deposit lies about 70 km from the Mowana processing infrastructure. The open pit mining area embodied in the Mining Licence excludes the archaeological site that is still under negotiations with the Botswana Government. The goal is to receive permission under the issued Mining Licence to mine out the ore reserve directly underneath the Thakadu archaeological site by open pit means. It is anticipated that the current interim open pit cut design allows for the extraction of approximately 1.4 million tonnes of ore out of the 2.4 million available reserves.

Thakadu's high grade mineral reserves will be developed on a relatively small scale (and relatively low cost) operation with a low stripping ratio and will share the Mowana Mine infrastructure and management. The pure Thakadu oxide layer is a relatively small portion of the deposit and is estimated to range approximately 30 metres from surface. To date this highly oxidized ore has been difficult to process with recoveries generally below 50%. After mining down approximately 15 metres there are some positive indications of ore quality improvement with significant pockets of sulphide ore having been extracted. Historical test work estimated 40% recovery for the Thakadu oxide ore but significant improvement for the Thakadu sulphide ore of 90%. Management is looking forward to accessing sulphide material with grades in excess of 2% over the next year from Thakadu which is expected to have a significant impact on copper units produced. The processing mining plan for the upcoming year contemplates 60% of the ore processed from Thakadu.

Based on the importance of accessing more sulphide ore at Thakadu the Company is planning to invest in accelerating mining activities at the Thakadu deposit. A portion of the use of proceeds from the $12.5 million development facility secured from ZCI in February 2011 is allocated to mining activities at Thakadu. As reported in the Company's Management Discussion & Analysis, announced in June 2010, the principal operational requirement at Thakadu will be to establish sustained transport between Thakadu and Mowana. To date trucking from Thakadu has not been a bottleneck and successful negotiations have been completed by signing longer term contracts to secure the required capacity.

Geology and exploration

Management focused on the strengthening of our technical team during the year with new hiring taking place within our mine technical services team, which covers Geology, Mine Planning, Survey and Geotechnical Services. The new team has identified several possible opportunities to increase the Mowana Resource Base. We have undertaken successful drilling of a > 1,000 metre deep borehole north of the current pit, examining its implications for future underground mining, and as a result of this drilling we have proved potential lateral and vertical extent of mineralisation at the site. The recruitment of a senior mine geologist to manage the near mine exploration programmes highlights the serious potential we believe is present here.

During the year our Board also committed to exploration at the Matsitama Project which encompasses the highly prospective Matsitama Schist Belt and has demonstrated similarities to iron oxide copper gold ("IOCG") deposit types. During the first quarter of the past year an experienced exploration manager was hired to oversee exploration activities and a panel of internationally recognised geological experts were engaged to help generate new exploration strategies, refine mineral emplacement and deposit models, and assist in target generation.

This programme was designed to ensure that exploration commitments of the Company were met and exploration expenditures optimally spent, in order to allow African Copper to apply and obtain extensions of the existing exploration licences. On 24 June 2011 the Company announced the successful renewal of these licences for a period of two years. Results from the current programme were also announced on 24 June 2011.

Human resources

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

Outlook

Our properties provide tremendous opportunities for growth. However, we understand that to achieve this potential we must realise the full operational capacity at the Mowana mine as soon as possible. There is no doubt that the upcoming year will be a pivotal time in our Company's development as many of the key initiatives at Mowana are implemented to maximise production and minimise costs. Our goal this year is to have the operations at Mowana and Thakadu reach sustainable profitability so we can start to leverage off the considerable assets we have in Botswana. We have a highly capable team that is committed to achieving success and building the future of our Company.

Jordan Soko
Acting Chief Executive Officer

29 June 2011

Financial review

Income statement

($US 000's)	**Year ended 31 March 2011**	15 months ended 31 March 2010
Revenue	**24,731**	7,392
Operating cost	**(27,038)**	(18,965)
Reversal of impairment of property, plant and equipment	**–**	46,013
Results from operating activities	**(2,307)**	34,440
Investment and other income	**31**	44
Finance costs	**(6,693)**	(3,770)
Net income	**(8,969)**	30,714

Revenue of $24.7 million (2010: $7.4 million) was generated from the sale of copper concentrates. Production commenced at the Mowana mine in August 2009 so the comparative period reported revenue was for seven months of production.

Operating costs per ton remained above budgeted levels as a result of maintenance costs (caused by major component inefficiencies and design upgrades) throughout the plant being higher than originally anticipated. While many of the production bottlenecks were proactively addressed during the current year the Mowana plant saw the introduction of highly oxidized ore from the Thakadu deposit which required different plant set-up and settings while the processing characteristics of the oxide ore were understood. Due to the demands of responding to these challenges, production related costs consequently increased.

The Company does not believe that the operating results for this period of production will be indicative of those it will achieve over time, after the plant is operated at full commercial levels.

Included in the operating costs is amortisation of $3.5 million (2010: $1.1 million) of the Mowana Mine's property, plant and equipment. In addition, operating costs include administrative expenses totalling $4.8 million (2009:$7.9 million) and are reflective of a reduction in costs that were incurred during 2009 as a result of the restructuring of the Company during that period.

During the 15 month period ended 31 March 2010 the Company recognised a $46.0 million partial reversal of the impairment of property, plant and equipment provision that was recognised in fiscal 2008.

Cash flow statement

($US millions)	**Year ended 31 March 2011**	15 months ended 31 March 2010
Opening cash	**10.0**	2.5
Used for operating activities	**(10.9)**	(20.1)
Used for investing activities	**(11.2)**	(8.1)
Inflow from financing activities	**11.5**	33.6
Exchange gain	**3.4**	2.1
Closing cash at 31 March	**2.8**	10.0

Cash used in operating for the current year was $10.9 million compared to $20.1 million in the 15 months ended 31 March 2010. The primary factor, after adjusting for the $46.0 million reversal of impairment recognised in the comparative period, was a lower operating loss from operations of $2.3 million in the current year compared to $11.6 million in the comparative period. Further capital expenditures of $11.2 million (2010: $8.1 million) were invested by the Company including $8.5 million (2010:$8.1 million) spent on Mowana and related infrastructure capital expenditure projects and $2.7 million (2010: $38K) on its portfolio of exploration prospects. To fund these operating losses and investments the Company secured $11.5 million (2010: $33.6 million) during the year.

The current financing activities included the following:

	$m
• Proceeds from the November 2010 ZCI Development Facility	7.5
• Amount drawn from February 2011 ZCI Development Facility	4.0
	11.5

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 2011.

Group liquidity

At 31 March 2011 the Group held cash and cash equivalents of $2.8 million (31 March 2010: $10.1 million. As at 31 March 2011 the Group had a total principal debt of US$53.4 million to ZCI:

- a US$31.9 million Convertible Loan Facility;
- a US$10.0 million working capital facility provided in March 2010;
- a US$7.5 million development loan provided in November 2010; and
- US$4.0 million drawn on a US$12.5 million development facility approved by ZCI in February 2011.

In advance of the year-end the Company exchanged $9.5 million in current outstanding debt assignment agreements held by ZCI 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.

The Convertible Loan Facility and the two development facilities are longer term debts repayable in approximately three years time. The $10 million working capital facility was originally due on 31 March 2011 but ZCI consented to a deferral of this repayment date to 31 March 2012.

In addition, on 24 March 2011, the Group entered into a facility with African Banking Corporation of Botswana Limited ("ABCB") to provide working capital and finance for certain items of capital equipment. As such, the capital equipment facility is not generally available although the projected capital expenditure does include items that would be covered by the terms of this facility. The working capital facility is for an amount of US$3.0 million and the capital equipment facility is for an amount of US$3.1 million. Both facilities were undrawn at the year-end pending completion of documentation.

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 Company's audited financial statements for the year ended 31 March 2011.

Resources and reserves

Mowana Mine

The table below sets out estimates of proven and probable mineral reserves and additional inferred mineral resources at the Mowana Mine. These estimates were prepared for ZCI by Read, Swatman & Voigt (Pty) Ltd ("RSV") in connection with the preparation of a circular to ordinary shareholders of ZCI dated 17 December 2009, and appeared in a Competent Persons Report of RSV dated October 2009 (the "CPR").

In preparing the CPR, RSV reviewed the Company's existing Mineral Resource and Mineral Reserve models for the Mowana Mine, which were calculated on assumptions determined to be appropriate by African Copper (including a 0.10% Cu cut-off grade), and which have previously been disclosed by African Copper in its announcement dated 26 November 2007. RSV applied its own set of assumptions (including a higher cut-off grade of 0.25% Cu) and re-estimated certain values as shown below. These reserves have been re-estimated allowing for depletions due to mining between the periods August 2009 to 31 March 2011.

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Proven & Probable In-pit Mineral Reserves and In-pit Inferred Mineral Resources at a 0.25% Cu cut-off as at 31 March 2011:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	7.46	1.26	93,970
Probable Reserves	3.14	1.60	50,179
Sub Total	10.60	1.36	144,149
In-pit Inferred Resources	2.51	1.20	30,127

* Rounding of figures may result in minor computational discrepancies

The inferred material has been included at the bottom of the Mowana Mineral Reserve statement because it is incidental to the mine plan. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

During the year under review, African Copper completed the drilling of a deep borehole north of the current open pit to confirm the existence of mineralisation below 500 metres depth. This borehole showed copper mineralisation to 1,000 metres depth before passing into footwall lithologies.

A drilling exploration programme commenced in January 2011 to evaluate copper mineralisation over a 2km strike length northwards of the current Mowana open pit. The Mowana ore body is known to extend from previous sparse exploration drilling carried out by Falconbridge exploration during the early 1980's.

Thakadu Mine

The table below sets out the most recent estimates of proven and probable mineral reserves and additional inferred mineral resources at the Thakadu Mine. In preparing these estimates, which appeared in the RSV CPR, RSV reviewed the Company's existing Mineral Resource models for the Thakadu Mine, which were calculated based on assumptions determined to be appropriate by African Copper (including a 0.5% Cu cut-off grade utilising ordinary kriging), and which had previously been disclosed by the Company in its announcement dated 25 July 2007.

In converting the Resources to Probable Mineral Reserves RSV applied its own set of assumptions (including a higher cut-off grade of 0.5% Cu), to evaluate an economic pit-shell based on African Copper's existing proposed pit design.

These reserves have been re estimated allowing for depletions due to mining between August 2009 and 31 March 2011.

Probable In-pit Mineral Reserves at a 0.5% Cu cut-off as at 31 March 2011:

Category	Tonnage (Mt)	Copper (%)	Contained metal (Tonnes Cu)
Proven Reserves	Nil	–	–
Probable Reserves	2.36	2.14	50,584
Sub Total	2.36	2.14	50,584
In-pit Inferred Resources	Nil	–	–

* Rounding of figures may result in minor computational discrepancies

Matsitama Minerals

Matsitama Mineral's holds title to six prospecting licenses ("PL's") in east-central Botswana, 60km to 90km west of Francistown. The PL's are contiguous with Mowana Mine to the north and Thakadu Mine to the south. The licenses cover much of the highly prospective Matsitama Schist Belt ("MSB") and total 2,084.8km^2 in extent.

Exploration activities recommenced in the MSB in March 2010 after a hiatus of some 15 months. An experienced exploration manager was hired to oversee exploration activities and the belt was re-examined with fresh eyes and from a totally new perspective. A number of world renowned earth scientists skilled in a range of disciplines were brought into Botswana to assess and evaluate the existing datasets. The international panel applied the latest thinking and generated a number of new, highly prospective, hitherto unexplored targets.

A one year, fast-track exploration program was drawn up in June 2010. Fieldwork commenced in the latter half of 2010 and the new ideas and concepts put forward by the panel of international experts were quickly shown to hold true. It was soon realised that intensive field programs spanning a number of years would be required to move the new exploration targets forward so that detailed mineral resource assessments and economic studies, if warranted, could be carried out.

Exploration in the MSB is now focused on iron-oxide-copper-gold ("IOCG") mineralisation. These deposits can be very large, capable of supporting mining operations for periods of 30 or more years. It has long been believed that the MSB may host IOCG mineralisation but until recently no conclusive proof had been found to confirm the existence of this type of deposit in the belt.

Three highly prospective IOCG targets have now been identified in the MSB, namely the Nakalakwana, Lepashe and Matsitama West targets. The Nakalakwana target also hosts a pre-tectonic, copper-rich protore of possible basaltic affinity. Resources for the protore have recently been estimated by the MSA Group using historical, unverified drill hole data. The resource estimate was completed in order to guide future exploration activities at Nakalakwana.

In addition, the Company is currently evaluating banded iron formation (**"BIF"**) exposures in the Gamogae area for both iron and gold. The BIF can be traced over a distance of 13km. Only the extreme northern portion of the target has been sampled to date.

Results from the current programme were announced on 24 June 2011 and included the following:

Table 1. Nakalakwana IOCG target

Borehole ID[1]		From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)
NTRC02		72	160	88	0.12	0.23
	Includes:	95	123	28	0.21	0.69
		98	102	4	0.62	0.90
		99	104	5	0.46	2.42

1 Borehole drilled October 2010.

Table 2. Nakalakwana protore resource estimate[1]

Target	Cut-off (% Cu)	Tonnage (Mt)	Cu (%)	Au (g/t)
Nakalakwana Hill	0.3	18.8	0.52	0.06
	0.0	33.7	0.39	0.05

1 The resource estimate is based on historical, unverified drill hole data. Consequently, Matsitama Minerals does not consider the estimate to be compliant with modern reporting codes but does consider the estimate to be a reasonable indication of the potential.

Table 3. Matsitama West IOCG target

Grab sample (selection of better assays)[1]	Cu (%)	Au (g/t)	Ag (g/t)
Gossanous quartz-chlorite schist	1.90	0.89	8.66
	0.33	3.71	1.26
	1.74	0.95	6.34
Gossanous vein quartz	3.02	0.50	5.79

1 Total of 28 samples taken; average Cu value = 1.22%; average Au value = 0.49g/t; average Ag value = 2.39g/t; samples taken across two areas measuring 200m × 75m and 175m × 75m, respectively, in extent.

Table 4. Lepashe IOCG target

Grab sample (all samples)[1]	Cu (%)	Au (g/t)	Ag (g/t)
Amphibolite, quartz-haematite breccia	2.14	0.05	3.47
Amphibolite	1.82	0.05	1.07
Quartz-haematite breccia	0.64	0.18	2.06

1 Total of three samples taken over an area measuring 25m × 25m in extent.

Financial review
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Table 5. Gamogae BIF target

Grab sample (35 samples)[1]	Fe (%, lowest value)	Fe (%, highest value)	Fe (%, average value)
BIF, Fe-rich quartzite	10.4	41.0	26.6

1 Total of 35 samples taken over the northern and central portions of the BIF.

Note
The technical information relating to Matsitama has been reviewed and approved by Warwick Bullen, M.Sc., Pr.Sci.Nat., Exploration Manager – Matsitama Minerals. Warwick Bullen is a Qualified Person for the purposes of NI 43-101, and a Competent Person for the purposes of SAMREC and JORC and the current Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in June 2009. Exploration data is acquired by Matsitama Minerals and its consultants under strict quality assurance and quality control protocols. Samples are prepared and assayed at ALS Chemex laboratory located near Johannesburg, South Africa. All gold assay values are accredited in accordance with the recognised International Standard ISO/IEC 17025:2005. All copper samples assaying at >0.2% Cu are re-assayed using the ALS Chemex Cu-OG62 method and these sample assays are similarly accredited. On-site quality control procedures follow industry standard protocols.

Four key exploration licenses, namely PL's 14/2004, 15/2004, 16/2004 and 17/2004, were set to expire on 31 June 2011. All four licenses, which total 1,988.6km^2 in extent, have now been extended by the Botswana Government for another two years renewable for a further two years. Detailed exploration activities have been planned for the upcoming two-year period and budgets determined accordingly.

Brad Kipp
Chief Financial Officer

29 June 2011

Director's report

The Directors present their report with the consolidated financial statements of the Company for the year ended 31 March 2011.

The Financial Statements are presented in US dollars.

The Company changed its accounting reference date during 2009 from 31 December to 31 March to align with ZCI Limited (formerly Zambia Copper Investments Limited) ("**ZCI**") which is also the immediate controlling entity of the Company and to streamline its accounting processes, resulting in a transition period of 15 months for the comparative period.

Principal activity

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

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

Group overview

African Copper is a base metals company, incorporated in England and Wales, with mining and exploration interests in Botswana. Its ordinary shares are listed on the AIM market of the London Stock Exchange ("**AIM**") under the symbol "ACU" and on the Botswana Stock Exchange ("**BSE**") under the symbol "African Copper".

The Mowana Mine, owned by the Company's subsidiary Messina Copper Botswana (Pty) Limited ("**Messina**") is located close to Botswana's second largest city, Francistown, in the north-eastern part of the country. Mowana and all current estimated mineral resources and reserves are part of the Dukwe Project, comprising;

1) exploration licence PL 33/2005, with an area of 139.6 km^2, and (within that exploration licence) mining licence 2006/53L, with an area of 32.7 km^2 and valid until the end of 2031.
2) exploration licence 180/2008, covering an area of 114.4 km^2 to the north of PL 33/2005. The Dukwe Project also encompasses north and south extensions of mineralisation 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 mineralisation.

With corporate offices in the UK, African Copper has offices in Johannesburg and Francistown and a Group workforce of more than 300 employees.

Business review

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

- Chairman's Statement on pages 1 to 2;
- Chief Executive's Review on pages 3 to 5;
- Financial Review on pages 6 to 10;
- Statement of Directors' Responsibilities on page 14;
- Statement of Corporate Governance Review on page 15; and
- Directors' Remuneration Report on pages 16 to 17.

Results

The Group loss after taxation for the year was US$9.0 million compared to a profit of US$30.7 million, which included a US$46.0 million reversal of prior period impairment charges, for the 15 months ended 31 March 2010. A financial review of the Group's activities can be found on pages 6 to 10.

Proposed dividend

The Directors do not recommend the payment of a dividend for the year (2010: nil).

Directors

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

D Rodier	Chairman
B R Kipp	Finance Director
J Soko	Acting Chief Executive Officer
R D Corrans	Non-Executive
Prof S Simukanga	Non-Executive

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

Director's report
continued

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 29 June 2011 the Company was aware of the following substantial share interests:

	Ordinary shares	%
ZCI Limited	781,939,988	84.19

Share capital

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 a proposed comprehensive financing package. This financing package 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 Extraordinary General Meeting held on 7 May 2009 the requisite level of shareholder approval for this financing package was not received so accordingly the financing did not proceed to completion.

As part of the ZCI financing package 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.

On 9 February 2011, the Company completed an agreement with ZCI to exchange USD9.5 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.

Creditor payment terms

It is the Group's policy to settle all amounts due to creditors in accordance with agreed terms of supply and market practice in the relevant country. The Company's average creditor payment period at 31 March 2011 was 30 days.

Key performance indicators

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

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

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

Risks and key dependencies

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

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

The capital and operating cost estimates and mining and processing plans anticipated for the Mowana and Thakadu mines are estimates only and may not reflect the actual capital and operating costs incurred by the Company.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions, and government regulations may have an adverse effect on the Company.

The Company's ability to meet its obligations and continue as a going concern is dependent on its ability to generate positive cashflow from operations at the Mowana Mine.

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

- The Group is dependent on the continuing support of ZCI not to call for the repayment of amounts owed to it. If ZCI calls for repayment, the Group would, in the absence of alternative sources of funds, have insufficient funds to repay the loans.

- In January 2008, the Group entered into the Off-take Agreement (for copper concentrate sales) with MRI Trading AG of Zug Switzerland covering 100% of Mowana Mine production during the first 5 years of production. The Off-take Agreement is based on generally accepted international terms for copper concentrates and is benchmarked to published treatment and refining charges. The Off-take Agreement is renewable.

- The Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The Group has entered into employment agreements with certain of its key executives. The success of the Group is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management.

- At the Mowana and Thakadu mines the Group uses contract mining services and is dependent on the good mining practices of the contract miner for recovery of all the ore and for minimising dilution of the ore.

Financial interests

The Group's principal financial liabilities comprise trade payables, purchase contracts, guarantees on debts owed to ZCI and accrued expenses. The Group has various financial assets such as cash and cash equivalents, provisional revenue receivables and interest receivables, which arise directly from its operations. In addition, the Company's financial assets include amounts due from subsidiaries.

The Group sells its copper concentrate under pricing arrangements whereby the quoted period established for each sale contract to finalise the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled.

Political and charitable contributions

The Group made no political contribution and no charitable donation during the period ended 31 March 2011 (2010: Nil).

Auditors

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

On behalf of the board:

Brad Kipp
Chief Financial Officer

29 June 2011.

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 three 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 be reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Group from another company. Such packages include performance related bonuses and the grant of share options.

The Remuneration Committee comprises the non-executive directors, Mr R. Corrans (Chairman), Mr D. Rodier and Professor S. Simukanga. The Directors' remuneration report appears on pages 16 to 17.

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 2011 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. Neither member of the Committee has any personal financial interest (other than as a shareholder), conflicts of interests, or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No director plays a part in any discussion about his own remuneration. In determining the directors' remuneration for the year, the Committee consulted Mr. J Soko (acting Chief Executive) and Mr. B Kipp (Chief Financial Officer) about its proposals.

Remuneration policy for Executive Directors

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

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

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

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

Annual bonus payment
Although, generally the Company has not paid cash bonuses to executive directors, the Remuneration Committee has been provided with the discretion to award bonuses when executive directors demonstrate exceptional performance, in circumstances where the Company is in the financial position to make such awards. Given that the Mowana Mine has yet to reach commercial production levels and the resulting limited financial resources of the Company, the Remuneration Committee did not consider granting discretionary bonus payments to executive directors for the year ended 31 March 2011.

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 2011.

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 2011.

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 program 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 2011:

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 2011.

The following compensation table sets out the compensation paid to each of the Company's directors during the year ended 31 March 2011:

Name[1]	Fees earned (US$)	Share-based awards (US$)	All other Compensation (US$)	Total (US$)
D. Rodier, Chairman	48,750	N/A	N/A	48,750
R. Corrans[2], Independent Director	45,000	N/A	N/A	45,000
S. Simukanga, Independent Director	40,000	N/A	N/A	40,000
J. Soko, Acting CEO and Director	33,750	N/A	N/A	33,750
B. Kipp, CFO and Director	140,249	N/A	N/A	140,249

The Directors who held office at 31 March 2011 had the following interests in the ordinary shares of the Company:

Director	Shares held at 31 March 2011	Shares held at 31 March 2010	Share Options held at 31 March 2011	Share Options held at 31 March 2010	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
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

There have been no changes in the Directors' interests between 1 April 2010 and the date of this Report.

Independent Auditor's report to the members of African Copper Plc

We have audited the financial statements of African Copper PLC for the year ended 31st March 2011 set out on pages 19 to 48. 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 set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31st March 2011 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 qualified, we have considered the adequacy of the disclosures set out in note 1 of the financial statements concerning the Group's and Company's ability to continue as a going concern which depends in particular on the ability of the business to produce sufficient levels of copper in concentrate and for the copper price to be maintained at a sufficiently high level. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and 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

29th June 2011

Consolidated statement of comprehensive income

	Note	**For year ended 31 March 2011 US$'000**	For period ended 31 March 2010 US$'000
Continuing operations			
Revenue	3	**24,731**	7,392
Operating costs excluding amortisation		**(21,317)**	(11,839)
Amortisation of mining properties and equipment			
		(3,508)	(1,104)
Operating loss from mining operations		**(94)**	(5,551)
Foreign exchange gain		**3,418**	2,075
Administrative expenses		**(4,757)**	(7,898)
Depreciation		**(874)**	(199)
Reversal of impairment of property, plant and equipment		**–**	46,013
Operating (loss)/profit	4	**(2,307)**	34,440
Investment income		**26**	44
Other income		**5**	–
Finance costs		**(6,693)**	(3,770)
(Loss)/profit before tax		**(8,969)**	30,714
Income tax expense	6	**–**	–
(Loss)/profit for the period from continuing operations attributable to equity shareholders of the parent company		**(8,969)**	30,714
Other comprehensive income:			
Exchange differences on translating foreign operations		**9,047**	(6,288)
Other comprehensive income/(expenditure) for the year, net of tax		**9,047**	(6,288)
Total comprehensive income for the year attributable to equity shareholders of the parent company		**78**	24,426
Basic earnings/(loss) per ordinary share	7	**$(0.01)**	$0.05
Diluted earnings/(loss) per ordinary share	7	**$(0.01)**	$0.05

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Balance sheets

	Note	Group As at 31 March 2011 US$'000	Group As at 31 March 2010 US$'000	Company As at 31 March 2011 US$'000	Company As at 31 March 2010 US$'000
ASSETS					
Property, plant and equipment	8	**81,485**	65,224	**–**	–
Deferred exploration costs	9	**2,768**	38	**1**	1
Other financial assets	10	**345**	327	**–**	–
Long term receivables	11	**–**	–	**13**	12
Investments in subsidiaries	12	**–**	–	**17,111**	8,396
Total non-current assets		**84,598**	65,589	**17,125**	8,409
Other receivables and prepayments	14	**3,792**	936	**58**	98
Inventories	15	**10,483**	1,780	**–**	–
Cash and cash equivalents	16	**2,829**	10,047	**3**	150
Total current assets		**17,104**	12,763	**61**	248
Total assets		**101,702**	78,352	**17,186**	8,657
EQUITY					
Issued share capital	17	**15,167**	13,469	**15,167**	13,469
Share premium		**170,075**	162,328	**170,075**	162,328
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		**6,188**	(2,859)	**(15,017)**	(15,395)
Accumulated losses		**(174,343)**	(165,374)	**(170,851)**	(169,481)
Total equity		**26,520**	16,997	**17,011**	8,558
LIABILITIES					
Rehabilitation provision	20	**7,150**	4,051	**–**	–
Amounts payable to ZCI Ltd	19	**43,424**	31,924	**–**	–
Total non-current liabilities		**50,574**	35,975	**–**	–
Trade and other payables	21	**14,608**	5,935	**175**	99
Amounts payable to ZCI Ltd	19	**10,000**	19,445	**–**	–
Total current liabilities		**24,608**	25,380	**175**	99
Total equity and liabilities		**101,702**	78,352	**17,186**	8,657

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2011 and signed on their behalf by:

David Rodier
Director

Bradley Kipp
Director

Consolidated statement of changes in equity

	Note	Share Capital US$'000	Share Premium US$'000	Acquisition Reserve US$'000	Foreign Currency Translation Reserve US$'000	Hedging/ Other (ZCI) Reserve US$'000	Accumu-lated loss US$'000	Total Equity US$'000
Balance at 1 January 2009		2,911	162,328	8,931	3,429	–	(196,131)	(18,532)
Foreign exchange adjustments		–	–	–	(6,288)	–	–	(6,288)
Loss for the period		–	–	–	–	–	30,714	30,714
Total comprehensive income for the period		–	–	–	(6,288)	–	30,714	24,426
New share capital subscribed	17	10,558	–	–	–	–	–	10,558
Credit arising on share options		–	–	–	–	–	43	43
Equity component of ZCI convertible loan		–	–	–	–	502	–	502
Balance at 31 March 2010		13,469	162,328	8,931	(2,859)	502	(165,374)	16,997
Foreign exchange adjustments		–	–	–	9,047	–	–	9,047
Loss for the year		–	–	–	–	–	(8,969)	(8,969)
Total comprehensive income for the year		–	–	–	9,047	–	(8,969)	78
New share capital subscribed	17	1,698	7,747	–	–	–	–	9,445
Balance at 31 March 2011		**15,167**	**170,075**	**8,931**	**6,188**	**502**	**(174,343)**	**26,520**

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Company statement of changes in equity

	Note	Share Capital US$'000	Share Premium US$'000	Merger Reserve US$'000	Foreign Currency Translation Reserve US$'000	Hedging/ Other (ZCI) Reserve US$'000	Accumu-lated loss US$'000	Total Equity US$'000
Balance at 1 January 2009		2,911	162,328	17,135	(15,207)	–	(166,475)	692
Loss for the period		–	–	–	–	–	(3,007)	(3,007)
Foreign exchange due to conversion from GBP to US Dollar		–	–	–	(188)	–	–	(188)
Total comprehensive loss for the period		–	–	–	(188)	–	(3,007)	(3,195)
New share capital subscribed	17	10,558	–	–	–	–	–	10,558
Credit arising on share options		–	–	–	–	–	1	1
Equity component of ZCI convertible loan		–	–	–	–	502	–	502
Balance at 31 March 2010		13,469	162,328	17,135	(15,395)	502	(169,481)	8,558
Loss for the year		–	–	–	–	–	(1,370)	(1,370)
Foreign exchange due to conversion from GBP to US Dollar		–	–	–	378	–	–	378
Total comprehensive loss for the year		–	–	–	378	–	(1,370)	(992)
New share capital subscribed	17	1,698	7,747	–	–	–	–	9,445
Balance at 31 March 2011		**15,167**	**170,075**	**17,135**	**(15,017)**	**502**	**(170,851)**	**17,011**

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

	Note	**Year ended 31 March 2011 US$'000**	15 Month Period ended 31 March 2010 US$'000
Cash flows from operating activities			
Operating (loss)/profit from continuing operations		**(2,307)**	34,440
(Increase)/decrease in receivables		**(2,875)**	725
Increase in inventories		**(8,703)**	(636)
Increase/(decrease) in payables		**8,673**	(4,101)
Share based payment expense		**–**	33
Reversal of impairment of property, plant and equipment		**–**	(46,013)
Foreign exchange gain		**(3,418)**	(2,075)
Depreciation and amortisation		**4,383**	1,303
Cash used in operating activities		**(4,247)**	(16,324)
Interest received		**26**	44
Other income		**5**	–
Finance costs		**(6,693)**	(3,770)
Net cash outflow from operating activities		**(10,909)**	(20,050)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(8,496)**	(8,075)
Payments of deferred exploration expenditures		**(2,731)**	(38)
Net cash outflow from investing activities		**(11,227)**	(8,113)
Cash flows from financing activities			
Issue of equity share capital, net of issue costs		**–**	10,558
Repayment/Proceeds from interest bearing borrowings		**–**	(19,383)
ZCI Convertible loan- share premium		**–**	502
Proceeds from ZCI Convertible/non-convertible loans		**–**	31,924
Proceeds from ZCI March 2010 Facility		**–**	10,000
Proceeds from ZCI November 2010 development loan		**7,500**	–
Proceeds from ZCI February 2011 development facility		**4,000**	–
Issue of equity capital on conversion of debt		**9,445**	–
Repayment of debt on conversion to equity		**(9,445)**	–
Net cash inflow from financing activities		**11,500**	33,601
Net (decrease)/increase in cash and cash equivalents		**(10,636)**	5,438
Cash and cash equivalents at beginning of the year		**10,047**	2,534
Foreign exchange gain		**3,418**	2,075
Cash and cash equivalents at end of the year	16	**2,829**	10,047

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Company cash flow statement

	Note	**Year ended 31 March 2011 US$'000**	15 Month Period ended 31 March 2010 US$'000
Cash flows from operating activities			
Operating loss from continuing operations		**(1,363)**	(2,919)
Decrease/(increase) in receivables		**39**	(13)
Increase/(decrease) in payables		**76**	(410)
ZCI convertible loan share premium		**–**	502
Cash used in operating activities		**(1,248)**	(2,840)
Interest received		**8**	2
Net cash outflow from operating activities		**(1,240)**	(2,838)
Cash flows from investing activities			
Increase in loans to subsidiaries		**(8,716)**	(8,408)
Payments of deferred exploration expenditures		**–**	(1)
Net cash outflow from investing activities		**(8,716)**	(8,409)
Cash flows from financing activities			
Issue of equity share capital, net of issue costs		**–**	10,558
Issue of equity capital on conversion of debt		**9,445**	–
Net cash inflow from financing activities		**9,445**	10,558
Net decrease in cash and cash equivalents		**(511)**	(689)
Cash and cash equivalents at beginning of the year		**150**	1,116
Exchange gain/(loss)		**364**	(277)
Cash and cash equivalents at end of the year	16	**3**	150

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Notes to the 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
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 31st March 2011, the consolidated financial statements show a loss before tax of US$8,969,000 and at 31st March 2011, net current liabilities of US$7,504,000.

The Company's principal subsidiary sold a total of 3,841 tonnes of copper in concentrate during the financial year to 31st March 2011 of which 1,266 tonnes were produced in the final quarter of the year, i.e. an average of 422 tonnes for each of the three months. The average price per tonne achieved during the financial year was US$8,347.00. Since the end of the year, copper produced in concentrate for April and May was 564 tonnes and 508 metric tonnes ("Mt") respectively and the average price per tonne achieved was US$9,315.00.

Current funding
At 31st March 2011, the consolidated principal debt of the Group was US$53.4 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. Of this figure, US$10.0 million is classified as a current liability and is included in calculating the figure for net current liabilities that existed at the year-end of US$7,504,000; the balance of the debt is classified as a non-current liability.

The Group has an additional US$8.5 million of undrawn facility with ZCI.

In addition, on 24 March 2011, the Group entered into a facility with African Banking Corporation of Botswana Limited ("ABCB") to provide working capital and finance for certain items of capital equipment. As such, the capital equipment facility is not generally available although the projected capital expenditure does include items that would be covered by the terms of this facility. The working capital facility is for an amount of US$3.0 million and the capital equipment facility is for an amount of US$3.1 million. Both facilities were undrawn at the year-end pending completion of documentation.

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 yield achieved in the processing operations. The projections show that, if the key financial assumptions are achieved, the existing facility with ZCI and new facility with ABCB will be sufficient to provide

Notes to the consolidated financial statements
continued

1. Nature of operations and basis of preparation continued

the necessary funding for the Group for at least the next 12 months from the date of approval of these financial statements and in addition, enable the Group to repay US$10.0 million of debt to ZCI which is due, under the terms of the particular facility agreement, in March 2012.

However, the mining operations at Mowana and Thakadu have yet to reach full commercial production rates on a consistent basis and produce positive cash flow. The Directors have already addressed a number of the issues that have impacted the ramp up to full production, especially at the Mowana mine, and the projections include capital expenditure to improve the processing capability of the operations, principally the secondary and tertiary crusher availability. The Directors believe that with these improvements and a number of other initiatives which are referred to in the Review of Operations on pages 3 to 5 that the projections are achievable.

The key assumptions relating to production and pricing assume an average copper price per tonne over the 12 month period to June 2012 of US$9,593 and average monthly production of copper in concentrate of 1,257 Mt of copper.

The average copper price for each tonne produced would have to fall to US$7,400 for the March 2012 repayment to ZCI to be at risk. On the assumption that ZCI was prepared to reschedule the debt repayment to the following year, the average copper price per tonne could fall to US$6,500 before the Group was obliged to seek additional external funding.

The average monthly production of copper produced in concentrate needs to be at least 875 Mt before the repayment of debt to ZCI in March 2012 is at risk of not being paid. Again assuming that the repayment could be rescheduled, average monthly production of copper in concentrate needs to be at least 775 Mt before the Group has to seek additional funding.

The required levels of production of copper produced in concentrate compare with the actual rates of production achieved in the first two months of the new financial year of 564 Mt and 508 Mt in April and May respectively. The unproven ability of the Group to achieve the ramp up in production and the volatility of the copper price represent a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as a going concern.

If projected production levels and pricing fall to the levels outlined above, the Directors would first seek to reschedule the debt repayment due to ZCI in March 2012. If further funding was required, in addition to deferring repayment of the ZCI debt, the Directors would seek new sources of finance from outside the Group although currently there are no plans to do so. In the event that further funding was not available to the Directors, the Group would be unlikely to be able to realise its assets and discharge its liabilities in the normal course of business.

Conclusion
After taking account of the 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 Group has adequate resources to operate for at least the next 12 months from the date of approval of these financial statements. For these reasons, they continue to prepare the financial statements on the going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

The address of African Copper's registered office is 100 Pall Mall, St James's London SW1Y 5HP. These consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2011.

2. Summary of significant accounting policies

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

a) Comparative accounting reference date
In the prior period the Company extended its reporting period from 31 December 2009 to 31 March 2010 in order to align its year end with that of its parent company ZCI. Accordingly the results for the comparative period are for the fifteen months ended 31 March 2010. Information for the current year ended 31 March 2011 is for the twelve month period and may therefore not be directly comparable to the comparative 15 month period.

b) 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

2. Summary of significant accounting policies continued

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.

c) 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.

d) 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 December 2010. 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.

e) 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 2011. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

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

ii) Interest income
Interest income is recognised as it accrues to the Company.

g) 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 Pounds Sterling since this is a non-trading holding Company located in the United Kingdom that has Pounds Sterling 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.

Notes to the consolidated financial statements
continued

2. Summary of significant accounting policies continued

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 recognised in profit and loss.

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

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

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

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

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

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

Other assets
These assets are depreciated using the straight line method over the useful life of the asset as follows:

- Vehicles 4 years
- Information technology 3 years
- Furniture & equipment 5 years

i) 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.

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

k) Derivative financial instruments
Copper forward exchange contracts are entered into to hedge anticipated future transactions.

2. Summary of significant accounting policies continued

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

l) 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.

m) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realisable 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.

n) Impairment

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

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

(i) unexpected geological occurrences that render the resource uneconomic;

(ii) title to the asset is compromised;

(iii) variations in metal prices that render the project uneconomic; and

(iv) variations in the currency of operation.

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

o) Share based payment

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

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

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

Notes to the consolidated financial statements
continued

2. Summary of significant accounting policies continued

p) 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.

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

r) 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 (g) above.

s) 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.

t) Asset retirement obligations
Asset retirement obligations are future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site. The asset retirement cost is capitalised as part of the asset's carrying value and amortised over the asset's useful life. Subsequent to the initial recognition of the asset retirement obligation and associated asset retirement cost and changes resulting from a revision to either timing or the amount estimated, 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.

u) Investment in subsidiaries
Investments in subsidiaries are recognised at cost less any provision for impairment.

v) 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(n) and Note 9
- Capitalisation and impairment of Property Plant and Equipment – Note 2(n) and Note 8
- Estimation of share based compensation amounts – Note 2(o) and Note 18

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

3. Group Segment reporting

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

Geographic Analysis	United Kingdom ($US'000)	Botswana ($US'000)	Total (US$'000)
Revenue	–	24,731	24,731
Non-current assets	17,125	67,473	84,598

All mining revenue derives from a single customer.

4. (Loss)/Profit on operations before tax

	Year ended 31 March 2011 US$'000	15 Month period ended 31 March 2010 US$'000
Profit/(Loss) on ordinary activities is stated after charging:		
Depreciation	**874**	1,889
Amortisation	**3,508**	–
Auditors remuneration:		
– Audit fee KPMG	**70**	–
– Audit fee PKF	**8**	70
Fees payable to PKF for other services:		
– Other services relating to tax	**9**	22
– All other services	**8**	44

5. Staff numbers and costs

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

Group	**Number of Employees Year ended 31 March 2011**	Number of Employees Period ended 31 March 2010
Finance and administration	**40**	18
Technical and operations	**263**	167
	303	185

Notes to the consolidated financial statements
continued

5. Staff numbers and costs continued

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2011 US$'000	Period ended 31 March 2010 US$'000
Wages and salaries	**6,092**	5,677
Benefits	**1,004**	107
	7,096	5,784

Remuneration of directors and other key management personnel

Year ended 31 March 2011	**Directors Fees US$'000**	**Basic annual remuneration US$'000**	**Other benefits US$'000**	**Compensation for loss of office US$'000**	**Total remuneration US$'000**
Directors:					
R D Corrans	**45**	**–**	**–**	**–**	**45**
B R Kipp	**–**	**140**	**–**	**–**	**140**
J Soko	**34**	**–**	**–**	**–**	**34**
D Rodier	**49**	**–**	**–**	**–**	**49**
Prof S Simukanga	**40**	**–**	**–**	**–**	**40**
Total directors' remuneration	**168**	**140**	**–**	**–**	**308**
Non-directors	**–**	**1,968**	**321**	**–**	**2,289**
Total	**168**	**2,108**	**321**	**–**	**2,597**

Remuneration of directors and other key management personnel

Year ended 31 March 2010	Directors Fees US$'000	Basic annual remuneration US$'000	Other benefits US$'000	Compensation for loss of office US$'000	Total remuneration US$'000
Directors:					
R D Corrans	42	–	–	–	42
D Jones	16	19	–	–	35
B R Kipp	–	193	–	164[1]	357
C Fredericks	–	120	–	188[1]	308
J Soko	25	–	–	–	25
D Rodier	34	–	–	–	34
Prof S Simukanga	17	–	–	–	17
A J Williams	10	–	–	–	10
M J Evans	8	–	–	–	8
Total directors' remuneration	152	332	–	352	836
Non-directors	–	1,648	78	–	1,726
Total	152	1,980	78	352	2,562

1. Payments required under the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") employment contracts in respect of "change of control" payments as part of the ZCI share subscription (see note 19). The CEO resigned in December 2009 and the CFO signed a one year contract with the Company to remain as CFO until at least December 2010.

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 – 28% (2010:28.0%)

	Year ended 31 March 2011 US$'000	Period ended 31 March 2010 US$'000
Tax reconciliation		
Profit/(Loss) on ordinary activities before tax	**(8,969)**	30,714
Tax at 28% (2010: 28%)	**(2,511)**	8,600
Effects (at 30%) of:		
Expenses not deductible for tax purposes	**35**	300
Deferred tax asset not recognised	**–**	–
Expenses previously not deductible now allowed	**(863)**	(429)
Tax losses carried forward	**5,242**	13,781
Impairment of Property Plant and Equipment	**–**	(12,884)
Impairment of Deferred Exploration	**–**	–
Capital allowances in excess of depreciation	**(474)**	(9,368)
Loss brought forward and utilised	**–**	–
Tax charge	**–**	–

Unrecognised deferred tax assets and liabilities

Temporary differences	**Year ended 31 March 2011 US$'000**	Period ended 31 March 2010 US$'000
Losses	**225,619**	228,468
Asset retirement provision	**6,945**	–
Inventory movement	**(7,903)**	–
Arising on share options	**–**	–
Accelerated capital allowances	**(72,110)**	(177,088)
Temporary differences not recognised	**152,551**	51,380

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 March, 2011, the Group did not recognise deferred tax assets of US$33,847,000 (2010: US$14,387,000) in respect of losses because there is insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

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

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

The calculation of basic earnings per ordinary share on the net basis is based on the loss on ordinary activities after taxation of US$8,969,245 and on 846,613,778 ordinary shares being the weighted average number of ordinary shares in issue and ranking for dividend during the period. During period ended 31 March 2010 the calculation of diluted gain per ordinary share on the net basis is based on the gain of ordinary activities after taxation of US$30,714,258 and on 613,758,960 ordinary shares.

Notes to the consolidated financial statements
continued

8. Property, plant and equipment

Group	Mine Development and Infrastructure US$'000	Mine Plant and Equipment US$'000	Other Assets US$'000	Total US$'000
Cost				
Balance at 1 January 2009	144,971	598	6,493	152,062
Additions	449	3,150	70	3,669
Reclassifications	(57,756)	47,540	10,216	–
Exchange adjustments	9,167	(1,407)	(84)	7,676
Balance at 31 March 2010	96,831	49,881	16,695	163,407
Balance at 1 April 2010	96,831	49,881	16,695	163,407
Additions	8,457	462	1,030	9,949
Reclassifications	(220)	(1,100)	–	(1,320)
Disposals	–	–	(179)	(179)
Exchange adjustments	1,410	9,366	2,191	12,967
Balance at 31 March 2011	**106,478**	**58,609**	**19,737**	**184,824**
Depreciation and impairment losses				
Balance at 1 January 2009	(127,535)	(527)	(5,846)	(133,908)
Depreciation charge for the year	–	(1,032)	(911)	(1,943)
Reversal of Impairment of property, plant and equipment	46,249	–	–	46,249
Exchange adjustments	(8,314)	3	(270)	(8,581)
Balance at 31 March 2010	(89,600)	(1,556)	(7,027)	(98,183)
Balance at 1 April 2010	(89,600)	(1,556)	(7,027)	(98,183)
Depreciation charge for the year	(525)	(3,234)	(927)	(4,686)
Disposals	–	–	55	55
Exchange adjustments	–	(208)	(317)	(525)
Balance at 31 March 2011	**(90,125)**	**(4,998)**	**(8,216)**	**(103,339)**
Carry amounts				
Balance at 1 January 2009	17,436	71	647	18,154
Balance at 31 March 2010	7,231	48,325	9,668	65,224
Balance at 31 March 2011	**16,353**	**53,611**	**11,521**	**81,485**

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

8. Property, plant and equipment continued

Company	Mine Development and Infrastructure US$'000	Computer and Office Equipment US$'000	Total US$'000
Cost			
Balance at 1 January 2009	1,196	23	1,219
Additions	–	–	–
Balance 31 March 2010	1,196	23	1,219
Balance at 1 April 2010	1,196	23	1,219
Additions	–	–	–
Balance 31 March 2011	**1,196**	**23**	**1,219**
Depreciation and impairment losses			
Balance at 1 January 2009	(1,196)	(23)	(1,219)
Depreciation charge for the period	–	–	–
Balance 31 March 2010	(1,196)	(23)	(1,219)
Balance at 1 April 2010	(1,196)	(23)	(1,219)
Depreciation charge for the period	–	–	–
Balance 31 March 2011	**(1,196)**	**(23)**	**(1,219)**
Carry amounts			
Balance at 1 January 2009	–	–	–
Balance at 31 March 2010	Nil	Nil	Nil
Balance at 31 March 2011	**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 recognised impairment loss no longer exist or has decreased then the Directors should estimate the recoverable amount and determine whether an impairment reversal is appropriate.

At 31 March 2011, 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.

At 30 June 2009 the Directors performed a review and concluded in light of certain indicators that the $USD 168 million impairment loss recognised in 2008 had decreased. At 30 June 2009, following this review and making estimates of the value in use of the Mowana mine and taking into account the finalisation of the financing package concluded with ZCI in May 2009, the Directors concluded that $USD 46.01 million of the recognised impairment loss recognised in 2008 on the Mowana mine unit no longer existed and that a partial impairment reversal was appropriate at 30 June 2009.

Notes to the consolidated financial statements
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9. Deferred exploration costs

	Group US$'000	Company US$'000
Cost		
Balance 1 January 2009	9,825	300
Additions	38	1
Balance 31 March 2010	9,863	301
Balance 1 April 2010	9,863	301
Additions	2,729	–
Exchange adjustment	1	
Balance 31 March 2011	**12,593**	**301**
Impairment losses		
Balance at 1 January 2009	(9,825)	(300)
Impairment of deferred exploration	–	–
Balance at 31 March 2010	(9,825)	(300)
Balance at 1 April 2010	(9,825)	(300)
Impairment of deferred exploration	–	–
Balance at 31 March 2011	**(9,825)**	**(300)**
Carry amounts		
Balance 1 January 2009	–	–
Balance 31 March 2010	38	1
Balance 31 March 2011	**2,768**	**1**

10. Other non-current assets

Group	**Year ended 31 March 2011 US$'000**	Period ended 31 March 2010 US$'000
Bank guarantee	**345**	327

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

11. Company – Long term receivables

	31 March 2011 US$'000	31 March 2010 US$'000
Loans to subsidiary undertakings		
Opening Balance	**12**	Nil
Movement	**(1,233)**	7,920
Conversion of intercompany debt to equity	**(8,211)**	(7,420)
Conversion of ZCI convertible loan from debt to equity	**9,445**	(488)
Balance 31 March	**13**	12

12. Company – Investments in subsidiaries

	31 March 2011 US$'000	31 March 2010 US$'000
Opening Balance	**8,396**	Nil
Conversion of Intercompany Debt to Equity*	**8,715**	7,908
Conversion of ZCI convertible loan from debt to equity	**–**	488
Balance 31 March	**17,111**	8,396

* During year ended 31 March 2011 and period ended 31 March 2010 the Company converted intercompany loans payable from its wholly-owned subsidiary Messina Copper (Botswana) (Pty) Ltd ("Messina") to equity.

13. Subsidiary undertakings

	Country of incorporation and operation	Physical activity	**Holding of equity shares 2011**	Holding of equity shares 2010
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 2011 US$'000	31 March 2010 US$'000	**31 March 2011 US$'000**	31 March 2010 US$'000
VAT receivable	**1,290**	445	**10**	17
Prepayments and other receivables	**812**	336	**48**	81
Accounts receivables	**1,690**	155	**–**	–
	3,792	936	**58**	98

Notes to the consolidated financial statements
continued

15. Inventories

	Year ended 31 March 2011 US$'000	Period ended 31 March 2010 US$'000
Stockpile inventories	**8,249**	233
Consumables	**2,234**	1,547
Total Inventories	**10,483**	1,780

16. Cash and cash equivalents

Group	**Year ended 31 March 2011 US$'000**	Period ended 31 March 2010 US$'000
Cash at bank	–	–
Short-term bank deposits	2,829	10,047
Cash and cash equivalents in the statement of cashflows	2,829	10,047

Company	**Year ended 31 March 2011 US$'000**	Period ended 31 March 2010 US$'000
Cash at bank	–	–
Short-term bank deposits	3	150
Cash and cash equivalents in the statement of cashflows	3	150

17. Share capital

	No. of shares	US$'000
Authorised		
At 31 March 2010 and 31 March 2011		
Ordinary shares of 1p each	495,000,000	7,116
Redeemable preference shares of £1 each	50,000	72
Issued		
Balance at 31 December 2008	146,858,957	2,911
Ordinary shares issued on 28 April 2009	43	–
Ordinary shares issued on 22 May 2009	676,570,500	10,558
Balance at 31 March 2010	823,429,500	13,469
Ordinary shares issued on 9 February 2011	105,369,488	1,698
Balance at 31 March 2011	**928,798,988**	**15,167**

17. Share capital continued

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

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

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

Share options and warrants

Share Options held at 31 March 2011	Share Options held at 31 March 2010	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
–	750,000	29 December 2006	£0.775	up to 29 December 2016
2,185,000	2,935,000			

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.

Notes to the consolidated financial statements
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17. Share capital continued

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 2011 US$'000	At 31 March 2010 US$'000
Total interest bearing debt	**53,424**	51,368
Total equity	**26,520**	16,997
Debt-to-equity ratio	**2.01:1**	3.02:1

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. No options were granted during the period ended 31 March 2010 and year ended 31 March 2011.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 March 2011		31 March 2010	
	Weighted average exercise price in £ per share	**Options**	Weighted average exercise price in £ per share	Options
At 1 April	**77.3p**	**2,935,000**	76p	11,215,000
Forfeited	**77.5p**	**(750,000)**	74.6p	(8,280,000)
At 31 March	**77.2p**	**2,185,000**	77.3p	2,935,000
Exercisable at the end of the year	**77.2p**	**2,185,000**	77.3p	2,935,000

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 in respect of share based payments for the year was nil (2010: US$40,689), of which nil (2010: US$33,101) was recorded as an expense in profit and loss and nil (2010: US$7,588) was capitalised as part of deferred exploration costs.

18. Share based payments continued

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	
		31 March 2011	31 March 2010
2014	76p	**375,000**	375,000
2015	76p	**60,000**	60,000
2016	77.5p	**1,750,000**	2,500,000
	77.2p	**2,185,000**	2,935,000

The weighted average remaining contractual life of the outstanding options at 31 March 2011 was 4.5 years (2010: 4.5 years).

19. Amounts payable to ZCI Ltd

	At 31 March 2011 US$'000	At 31 March 2010 US$'000
Due to ZCI – Convertible loan (non-current liability)	**7,891**	7,891
Due to ZCI – Non-convertible loan (non-current liability)	**24,033**	24,033
Due to ZCI – Development loan (non-current liability)	**7,500**	–
Due to ZCI – Development Facility (non-current liability)	**4,000**	–
	43,424	31,924
Due to ZCI – March 2010 Facility (current liability)	**10,000**	10,000
Due to ZCI – Debt acquisitions(current liability)	**–**	9,445
	10,000	19,445
Balance 31 March	**53,424**	51,369

ZCI owns 84.19 percent of the Company. At 31 March 2011 the Company owed ZCI pursuant to the following principal indebtedness:

Convertible Loan Facility
The Convertible Loan Facility is a four year secured part convertible credit facility of US$31,129,100 comprising a convertible Tranche A of US$8,379,100 with a coupon of 12 per cent. per annum and Tranche B that is not convertible of US$22,750,000 with a coupon of 14 per cent. per annum. The Convertible Loan Facility was signed on 18 June 2009. Tranche B was subsequently increased from US$22,750,000 to $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 26 March 2010 the board of directors of ZCI resolved that the interest payment on the Tranche B Convertible Loan due by the Company on 31 March 2010 be postponed for a period of one year until 31 March 2011 (the "Postponed Interest").

Notes to the consolidated financial statements
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19. Amounts payable to ZCI Ltd continued

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 31st March 2011 and may be renewed, subject to ZCI giving its written consent to such renewal, prior to the repayment date. The March Facility is secured under the existing Convertible Loan Facility (with the exception of the convertible option). In March 2011 ZCI agreed to renew the March Facility with payment re-scheduled to 31 March 2012.

Development Loan
On November 29, 2010 the Company announced it had secured the Development Loan from ZCI of USD7.5 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).

The Development Facility
On February 9, 2011 the Company announced the Development Facility of $US12.5 million from ZCI. The purpose of the Development Facility was to provide the Company with further working capital and funds to execute the planned investment programme at its Mowana Mine facilities and accelerate mining activities at the Thakadu deposit. The Development Facility is a 3 year secured loan facility with an interest rate of 9.0%, repayable in January 2014. Interest is to be paid semi-annually in arrears on 31 December and 30 June each year, commencing on 31 December 2011 with this payment including accrued interest from the closing of the Facility. The terms and conditions of the Development Facility are on substantially similar terms to Convertible Loan Facility (with the exception of the convertible option). At 31 March 2011 $US4.0 million of the Development Facility had been drawn by the Group.

As a consequence of the Convertible Loan Facility, the March Facility, the Development Loan and the drawn portion of the Development Facility the Group is indebted to ZCI at 31 March 2010 in an aggregate amount of approximately US$53.42 million.

20. Rehabilitation provision

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 March 2011 is US$7,150,079 (2010 – US$4,051,477). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula. This estimate was recently updated by GeoFlux (Pty) Limited and the undiscounted cost was revised to 48 million Botswana Pula (due to escalation of Mowana estimate and the new estimate for Thakadu).

During the year the Company set aside US$0.54 million to a separate bank account to provide for rehabilitation of the Mowana and Thakadu Mines site at closure. The cash provision is set aside on the rate of reserves depletion basis. The Company will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned cover the anticipated costs.

Rehabilitation Provision	US$'000
Balance, 1 April 2010	4,051
Provision	2,766
Foreign exchange on translation	333
Balance, 31 March 2011	**7,150**

21. Trade and other payables

	Group		Company	
	31 March 2011 US$'000	31 March 2010 US$'000	**31 March 2011 US$'000**	31 March 2010 US$'000
Trade payables	**9,101**	4,827	**62**	26
Amounts due to related parties (Note 23)	**3,971**	1,052	**41**	19
Withholding taxes	**765**	21	**–**	–
Accrued expenses and other payables	**771**	35	**72**	54
	14,608	5,935	**175**	99

22. Commitments

Contractual obligations	Total US$'000	2011 US$'000	2012 US$'000	2013 US$'000	2014 and and thereafter US$'000
Goods, services and equipment [(a)]	7,629	7,517	112	–	–
Exploration licences [(b)]	5,215	917	4,298	–	–
Lease agreements [(c)]	588	409	161	18	–
	13,432	8,843	4,571	18	–

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.

Notes to the consolidated financial statements
continued

23. 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 2011 US$'000	31 March 2010 US$'000	**31 March 2011 US$'000**	31 March 2010 US$'000
Due to ZCI (see Note 19)	**53,424**	51,369	**53,424**	51,369
Amount paid to ZCI being interest on loan	**5,589**	2,790	**3,930**	1,035
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	**379**	418	**41**	17
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	**89**	8	–	–

Loans to subsidiaries	US$'000
Balance 1 January 2009	Nil
Amounts advanced to subsidiaries	7,920
Conversion of amounts advanced to equity	(7,920)
Balance 31 March 2010	Nil
Amounts advanced to subsidiaries	8,211
Conversion of amounts advanced to equity	(8,211)
Balance 31 March 2011	**Nil**

The amounts due from subsidiaries at 31 March 2011 have been subordinated in favour of other creditors of those companies.

24. Financial instruments

The Group's principal financial liabilities comprise trade payables, purchase contracts, debts owed to ZCI and accrued expenses. The Group has various financial assets such as cash and cash equivalents, provisional revenue receivables and interest receivables, which arise directly from its operations. In addition, the Company's financial assets include amounts due from subsidiaries.

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

24. Financial instruments continued

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 2011		31 March 2010	
	Carrying value US$'000	**Fair value US$'000**	Carrying value US$'000	Fair value US$'000
Financial assets				
Cash and cash equivalents	**2,829**	**2,829**	10,047	10,047
Other current assets	**3,792**	**3,792**	936	936
Financial liabilities				
Non-current borrowings	**43,424**	**43,424**	31,924	31,924
Current borrowings	**24,608**	**24,608**	25,380	25,380

(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. During 2009/2010 the Group purchased South African Rand from time to time to match known future South African Rand transactions relating to the development and construction of the Mowana Mine.

Notes to the consolidated financial statements
continued

24. Financial instruments continued

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

	Group		Company	
	31 March 2011 US$'000	31 March 2010 US$'000	**31 March 2011 US$'000**	31 March 2010 US$'000
Sterling	**9**	127	**1**	117
Canadian Dollars	**–**	25	**–**	25
South African Rand	**112**	11	**–**	–
US Dollars	**1,552**	9,801	**2**	3
Botswana Pula	**1,156**	78	**–**	–
Euros	**–**	5	**–**	5
	2,829	10,047	**3**	150

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 2008 and 2009/2010 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 2011			31 March 2010		
	Sterling US$'000	**Pula US$'000**	**Total US$'000**	Sterling US$'000	Pula US$'000	Total US$'000
Sterling	**(31)**	**(20)**	**(51)**	106	10	116
Pula	**(6)**	**6,729**	**6,723**	–	(2,120)	(2,120)
Canadian Dollars	**(1)**	**–**	**(1)**	61	–	61
South African Rand	**–**	**(685)**	**(685)**	(2)	(431)	(433)
Australian Dollars	**–**	**(2)**	**(2)**	–	–	–
US Dollars	**(84)**	**(3,404)**	**(3,488)**	(21)	9,220	9,199
Euros	**–**	**–**	**–**	5	–	5
Total	**(122)**	**2,618**	**2,496**	149	6,679	6,828

The table above relates to Group and Company.

24. Financial instruments continued

Foreign currency risk sensitivity analysis:

	Profit/loss		Equity	
	31 March 2011 US$'000	31 March 2010 US$'000	**31 March 2011 US$'000**	31 March 2010 US$'000
If there was a 10% weakening of Pula against US Dollars with all other variables held constant – increase/(decrease)	**(2,748)**	–	**(890)**	(8,650)
If there was a 10% strengthening of Pula against US Dollars with all other variables held constant – increase/(decrease)	**2,248**	–	**727**	7,077

Commodity price risk

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

From time to time the Group may manage its exposure to commodity price risk by entering into put contracts or metal forward sales contracts with the goal of preserving its future revenue streams. As at 31 March 2011, 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$326,965 for the year.

(b) Credit risk

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

(c) Liquidity Risk

As at 31 March 2011 the Group had US$2.83 million in cash and cash equivalents, US$3.79 million in other receivables and prepayments and US$53.4 million due to ZCI.

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	93	10,598	774	3,143
Due to ZCI Ltd	–	–	10,000	43,424

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.

Notes to the consolidated financial statements
continued

25. 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.

26. 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.

Designed and produced by **fourth**quarter



African Copper
100 Pall Mall
St. James's
London
SW1Y 5HP
United Kingdom

www.africancopper.com