African Copper Plc: Half-year Results for the Six Months to 30 September 2014

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LONDON, UNITED KINGDOM -- (Marketwired - Dec. 19, 2014) - African Copper plc ("African Copper", "the Company" or the "Group") (AIM:ACU) (BOTSWANA:AFRICAN COPPER), today announces unaudited interim results for the six month period ended 30 September 2014.

Highlights

- Copper produced in concentrate during the six-month period increased by 15% compared to the same period last year;

- Revenues were $30.8 million, an increase of 3.7% from $29.7 million for the corresponding period last year;

- Operating income from mining operations was $4.0 million, a decrease of 39% from $6.5 million for the corresponding period last year, driven by increases in mining and transport activities at Thakadu to make up for previous shortfalls in mining and drilling activity;

- The overall loss for the period was $8.8 million compared with a loss of $29.1 million for the corresponding period last year (including a $25 million impairment loss recognized last period on property, plant and equipment);

- The Company continues to require the support of its parent company and principal shareholder, ZCI Limited ("ZCI"), and ZCI has agreed to defer all principal and interest payments arising from the Company's debt obligations until 31 December 2015, and has confirmed it will continue to make sufficient financial resources available to African Copper, up to a maximum of $7 million to allow it to continue to meet its liabilities in the course of normal operations as they fall due. As part of this ZCI financial support the Company's subsidiary Messina Copper (Botswana) (Pty) Ltd ("Messina") received on 19 December 2014 additional financing from ZCI in the form of a term facility with a principal value of $2.5 million.

Commenting on the results, Jordan Soko, Acting Chief Executive Officer and director of African Copper, said, "We are able to report improvements during this six month period in our key operating measures, however our mining and transport costs increased during the period as we needed to accelerate mining activities at Thakadu to make up previous shortfalls in mining and drilling activity. Nevertheless, we were very pleased with our ability to work with our new mining contractor in addressing and turning around the low delivery rate of Thakadu ore that we experienced under the previous contractor. This greatly enhances our strategic position as we move mining operations back to the larger Mowana open pit.

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

For further information please visit www.africancopper.com.

This announcement contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realised or substantially realised, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, risks related to failure to convert estimated mineral resources to reserves, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, the possibility that actual circumstances will differ from the estimates and assumptions used in the current mining plans, future prices of copper, unexpected increases in capital or operating costs, possible *variations in mineral resources, possible delays or ability to transport the necessary ore between Thakadu and Mowana, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations, political risks arising from operating in Africa, changes in regulations affecting the Company.All forward-looking information speaks only as of the date hereof and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that its expectations reflected in the forward-looking information, as well as the assumptions inherent therein, are reasonable, forward-looking information is not a guarantee of future performance and, accordingly, undue reliance should not be put on such information due to the inherent uncertainty therein.*

Chairman's and Chief Executive's Review

Overview

African Copper reported improvements in its key operating measures during the six month period ended 30 September 2014. We produced copper in concentrate of 5,679 Mt, 15% higher than the corresponding period from last year owing primarily to a 25% increase in recoveries. However, operating income from mining operations was $4.0 million, a decrease of 39% from $6.5 million for the corresponding period last year, driven primarily by increased mining and transport activities at Thakadu in an effort to make good on previous shortfalls in mining and drilling activity. The acceleration in mining cost reflects our success, working with our new mining contractor, in addressing and turning around the low delivery rate of Thakadu ore we experienced under the previous contractor.

Our ability to capitalise on our operational progress depends in large part on the availability of sufficient and stable finance. At 30 September 2014, our consolidated principal debt was $96.4 million, all of which we owe to ZCI, and we have net current liabilities of $105.5 million, up $8.6 million from our net current position of $96.9 million at 31 March 2014. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until 31 December 2015, and has confirmed it will continue to make sufficient financial resources available to African Copper, up to a maximum of $7 million to allow it to continue to meet its liabilities in the course of normal operations as they fall due. As part of this ZCI financial support the Company's subsidiary Messina Copper (Botswana) (Pty) Ltd. received on 19 December 2014 additional financing from ZCI in the form of a term facility agreement with a principal value of $2.5 million. (see Note 19 - Subsequent Event)

On 19 December 2014 the Company's subsidiary Messina Copper (Botswana) (Pty) Ltd. entered into a term facility agreement with ZCI with a principal value of $2.5 million. The funds made available under the new term loan will be used to fund the short term working capital required to perform the necessary waste stripping to manage the transition from the Thakadu pit to the Mowana pit. This loan is made on substantially similar terms to previous loans extended by ZCI to the Company, and bears interest at 9% per annum with repayment in equal monthly instalments of $500,000 commencing in January 2016. Drawdown of the full amount occurred on 19 December 2014.

As ZCI owns 73.44 per cent of African Copper's total issued ordinary share capital at the date of this announcement and is providing financing to the Company, the Facility falls within the definition of a related party transaction under Rule 13 of the AIM Rules for Companies. The independent directors of the Company consider, having consulted with its nominated adviser Canaccord Genuity Limited, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

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

Production

In March 2014, we announced that we had awarded a new long-term contract to provide hard-rock open cast mining services to Diesel Power Mining (Pty) Ltd ("Diesel Power") a subsidiary of JSE listed Buildmax Limited ("Buildmax"). The Contract commenced during February 2014 with a duration of 52 months, with the first portion of the contract to be served in 2014 at the Thakadu Mine and the remaining months at the

Mowana Mine. This contract is of great strategic importance for the Company, as the Thakadu mine will largely be depleted during this financial year, with mining operations moving back to the larger Mowana open pit in the third quarter of fiscal 2015. This transition will require significant waste stripping to expose the necessary supergene and sulphide ores.

Diesel Power's initial priority was to address and turn around the low delivery rate of Thakadu ore experienced under the previous contractor, taking a strategic approach to optimising the mining prior to the Thakadu mine's anticipated depletion. This plan encompassed a further opening up of the pit and prioritising the mining of high grade ore. Our production statistics for the period demonstrate solid performance in this respect; as noted above, copper produced in concentrate increased by 15% compared to the same period last year. Even so, the Mowana process plant was under-utilised at times during the period, necessitating the mining of low grade ore.

Waste stripping commenced at the Mowana mine in October 2014. Similar to Thakadu, Diesel Power's priority is to optimize its approach to developing Mowana so as to maximize the availability of high grade supergene and sulphide ore by April 2015 when Thakadu ore to the plant is scheduled to be largely depleted. Diesel Power's performance to date has been strong, but this remains the critical success factor to the Company attaining its objectives.

Our key production statistics for the period were as follows:

Description	Six Months ended 30 Sept. 2014	Six Months ended 30 Sept. 2013	Six Months ended 30 Sept. 2012
Ore processed (Mt)	388,807	373,274	421,913
Cu grade (%)	1.60	1.81	1.86
Recovery (%)	91.3	73.0	57.3
Concentrate produced (Mt)	23,153	22,212	20,855
Copper produced in concentrate (Mt)	5,679	4,937	4,490

The average copper produced in concentrate for the period amounted to 946 tonnes per month, with the highest and lowest months' production yielding 1,303 tonnes and 407 tonnes respectively.

Subsequent to the period end, the Group has been impacted by working capital shortages due to a backlog in required Thakadu waste stripping and lower than planned production levels during October and November, namely 972 tonnes and 607 tonnes copper produced in concentrate respectively. Consequently the Group requested financial support from ZCI in December 2014 to the value of $2.5 million in order to fund the waste stripping required to manage the transition from the Thakadu pit to the Mowana pit. As set out above, the Group entered into a $2.5 million term facility agreement with ZCI (see Note 19 - Subsequent Event). Drawdown on this facility occurred on 19 December 2014.

Geology/Exploration

At the Thakadu Open Pit a total of nine reverse circulation drill holes were completed during the period to redefine the Thakadu ore body. The Thakadu geological model has been updated based on this work.

We started a reverse circulation drilling programme comprising seventeen drill holes at the Mowana Open Pit during June 2014. Results are expected to be used to move Inferred Resources to the Measured and Indicated categories, for incorporation into the life of mine plan. At Matsitama exploration activities during the quarter continued within the PL16/2004 and PL17/2004 prospecting licences, with work focused on the Phute and Nakalakwana targets.

At Phute we completed a total of thirteen reverse circulation drill holes comprising 2,170 metres. Low grade mineralisation, 0.4 to 0.8% TCu in the form of sulphides (pyrite and chalcopyrite) and oxides (malachite and chrysocolla) were intersected in both the north and south limbs of the target.

Following a review of soil geochemistry and drill hole data from previous programmes at Nakalakwana West, we tested anomalous targets using reverse circulation drilling. A total of six drill holes comprising 1,051 metres were drilled with traces of pyrite and chalcopyrite seen in the holes. Further geophysical surveys will be used to identify deeper targets in this area.

We submitted renewals to the Ministry of Minerals, Energy, and Water Resources and received extension for the main Matsitama prospecting licences PL14/2004, PL15/2004, PL16/2004 and PL17/2004.

Results

Income Statement

We reported revenue of $30.8 million (2013: $29.7 million), an increase of 3.7% from the previous period. The increase reflects greater copper in concentrate produced driven by higher processing volumes and higher average recoveries.

Operating Costs:

	30 September 2014	30 September 2013	Difference
	$(000's)	$(000's)	$(000's)
Mining	16,073	12,158	3,916
Transport from Thakadu	5,090	3,233	1,857
Processing and engineering	6,567	7,680	(1,113)
Accelerated waste stripping and inventory movement	(6,419)	(3,303)	(3,116)
Operating costs excluding amortisation	21,311	19,768	1,544

Our operating costs increased by 7.8% compared to the comparative period, reflecting the following:

1. Mining costs: mining activities at Thakadu accelerated during the period as our new mining contractor allowed us to address and turn around the low delivery rate of Thakadu ore experienced under the previous contractor. This resulted in higher mining volumes at Thakadu, notably waste stripping (5.6m tonnes waste in six months of 2014-15, against 3.9m tonnes in comparative period the previous year). Additionally, 1.2m tonnes of waste was mined at Mowana in the period compared to 0.2m in the comparative previous period.

2. Transport costs: transport costs increased during the current period due to an increase in ore trucked from the Thakadu pit to the Mowana processing facility.

3. Processing and engineering costs: these decreased during the current period due to processing a higher percentage of Thakadu sulphide ore, requiring less expensive reagent chemicals than in the comparative period, and to reduced maintenance and repair costs. The mill drive train and crusher screen failures and consequent downtimes in the previous financial year led to higher process operating costs compared to the current period when the plant ran relatively smoothly.

Administrative costs increased slightly to $4.5 million from $4.3 million in the comparative period, reflecting an increase in certain consultancy fees.

We incurred foreign currency exchange losses of $3.6 million, compared to losses of $1.2 million in the previous period, arising primarily from translation differences of the US$ denominated ZCI loans reflecting the relative strengthening of the US$ to the Botswana Pula during the period.

Finance costs of $4.8 million were similar to the comparative period, and predominantly related to ZCI interest payable as well as associated withholding taxes.

Cashflow

The Company generated net cash from operating activities of $9.3 million, compared to $8.9 million in the corresponding six month period ended 30 September 2013.

The Company made capital investments of $7.1 million (2013 - $7.2 million) relating primarily to mine development and infrastructure and $0.7 million (2013 - $0.5 million) relating to expenditures on its exploration properties.

Financing

At 30 September 2014, our consolidated principal debt was $96.4 million, all of which is owed to ZCI, and we have net current liabilities of $105.5 million. ZCI has agreed to defer all principal and interest payments arising from our debt obligations until December 2015, and has confirmed it will continue to make sufficient financial resources available to African Copper, up to a maximum of $7 million to allow it to continue to meet its liabilities in the course of normal operations as they fall due. As part of this ZCI financial support the Company's subsidiary Messina received on 19 December 2014 additional financing from ZCI in the form of a term facility with a principal value of $ 2.5 million. (See Note 19 - Subsequent Event)

At 30 September 2014, the ABCB capital loan was drawn at $0.33million and the MRI prepayment balance of $1.1 million at 31 March 2014 was fully paid. On 19 November 2014 the Group extended the current off-take agreement with MRI to 31 December 2015 and MRI agreed to provide a prepayment loan to the Group in the amount of $3.0 million (See Note 19 - Subsequent Event).

Outlook

We are able to report improvements during this six month period in our key operating measures. This reflects the processing of good quality Thakadu sulphide ore, a stable plant operating environment and our success, working with our new mining contractor, in addressing and turning around the low delivery rate of Thakadu ore we experienced under the previous contractor. The capability and operating performance of our new mining contractor greatly enhances our strategic position as we prepare to move mining operations back to the larger Mowana open pit in 2015. However, our future remains subject to significant risks and uncertainties, as set out in note 1 to our interim financial statements.

The Directors continue to consider all aspects of our operations and capital structure and the options facing the Company. While the remaining mine production from Thakadu is expected to yield good cash margins, the cessation of operations at Thakadu and the move back into the Mowana open pit will require significant operational and capital resources. As always, we deeply appreciate the support of the communities that surround our properties in Botswana and the skill and commitment of our team.

David Rodier, Chairman
Jordon Soko, Acting Chief Executive Officer

19 December 2014

REGISTERED IN ENGLAND AND WALES NO. 5041259

African Copper Plc
Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 September 2014 US$'000	Six months ended 30 September 2013 US$'000	Year ended 31 March 2014 US$'000
Continuing operations				
Revenue	3	30,830	29,742	58,735
Operating costs excluding amortisation		(21,311)	(19,769)	(40,608)
Amortisation of mining properties and equipment		(5,553)	(3,442)	(5,413)
Operating profit from mining operations before impairment add and administrative expenses		3,966	6,531	12,714
Impairment of property, plant and equipment		-	(25,000)	(25,000)
Operating profit / loss from mining operations		3,966	(18,469)	(12,286)
Administrative expenses		(4,455)	(4,324)	(8,502)
Operating loss		(489)	(22,793)	(20,788)
Investment and other income		36	9	31
Sale of asset		19	(320)	(448)
Foreign exchange loss		(3,603)	(1,196)	(3,987)
Finance costs		(4,796)	(4,834)	(9,193)
Loss before tax		(8,833)	(29,134)	(34,385)
Income tax expense		-	-	-
Loss for the period from continuing operations attributable to equity shareholders of the parent company		(8,833)	(29,134)	(34,385)
Other comprehensive income:				
Exchange differences on translating foreign operations		3,419	155	1,746
Other comprehensive income for the period, net of tax		3,419	155	1,746
Total comprehensive expenditure for the period attributable to equity shareholders of the parent company		(5,414)	(28,979)	(32,639)
Basic loss per ordinary share	4	$(0.01)	$(0.03)	$(0.03)
Diluted loss per ordinary share	4	$(0.01)	$(0.03)	$(0.03)

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

African Copper Plc
Balance Sheets

Group

	Note	As At 30 September 2014	30 September 2013	31 March 2014
		US$'000	US$'000	US$'000
ASSETS				
Property, plant and equipment	5	55,579	39,046	45,351
Exploration and evaluation assets	6	5,710	9,540	5,304
Other financial assets		242	-	255
Total non-current assets		61,531	48,586	50,910
Accounts receivable and prepayments		4,915	4,775	5,820
Inventories	7	7,486	7,609	7,624
Cash and cash equivalents	8	3,100	6,804	4,364
Total current assets		15,501	19,188	17,808
Total assets		77,032	67,774	68,718
EQUITY				
Issued share capital	9	23,546	15,167	23,546
Share premium		170,075	170,075	170,075
Other reserve- ZCI Limited convertible loan		-	502	-
Acquisition reserve		8,931	8,931	8,931
Foreign currency translation reserve		12,618	7,607	9,199
Accumulated losses		(275,176)	(261,150)	(266,375)
Total equity		(60,006)	(58,868)	(54,624)
LIABILITIES				
Rehabilitation provision	13	6,997	6,875	7,025
Finance lease liability	14	9,011		1,535
Other borrowings	12	-	1,372	41
Total non-current liabilities		16,008	8,247	8,601
Trade and other payables		21,526	18,076	19,116
Amounts payable to ZCI Limited	11	96,403	97,690	93,376
Finance lease liability	14	2,771		378
Other borrowings	12	330	2,629	1,871
Total current liabilities		121,030	118,395	114,741
Total equity and liabilities		77,032	67,774	68,718

African Copper Plc
Consolidated statement of changes in equity

Note Share
Capital Share
Premium Acquisition
Reserve Foreign
Currency
Translation
Reserve Hedging/
Other
Reserve Accum-
loss
Total
Equity
US$'000 US$'000 US$'000 US$'000 US$'000
US$'000 US$'000
Balance at 1 April 2012
15,167 170,075 8,931 4,593 502
(216,395) (17,127)
Foreign exchange adjustments
- - - 2,860 -
- 2,860
Loss for the year
- - - - -
(15,827) (15,827)
Total comprehensive loss for the period
- - - 2,860 -
(15,827) (12,967)
Share based payments, net of tax
- - - 163
163
Balance at 31 March 2013
15,167 170,075 8,931 7,453 502
(232,059) (29,931)
Foreign exchange adjustments
- - - 1,746 -
- 1,746
Loss for the year
- - - - -
(34,385) (34,385)
Total comprehensive income for the period
- - - 1,746 -
(34,385) (32,639)
New share capital subscribed
8,379 8,379
ZCI reserve movement
(502) (502)
Share based payments, net of tax
- - - - -
69 69
Balance at 31 March 2014
23,546 170,075 8,931 9,199 -
(266,375) (54,624)
Foreign exchange adjustments
- - - 3,419 -
- 3,419
Loss for the period
- - - - -
(8,833) (8,833)
Total comprehensive income for the period
- - - 3,419 -
(8,833) (5,414)
Share based payments, net of tax
- - - - -
32 32
Balance at 30 September 2014
23,546 170,075 8,931 12,618 -
(275,176) (60,006)

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

African Copper Plc
Consolidated cash flow statement

	Note	Six Months ended 30 Sept. 2014 US$'000	Six Months ended 30 Sept. 2013 US$'000	Year ended 31 March 2014 US$'000
Cash flows from operating activities				
Operating loss from continuing operations		(8,833)	(29,134)	(34,385)
Decrease/(increase) in receivables		609	438	(607)
Decrease/(increase) in inventories		(253)	1,283	1,267
Increase/(decrease) in payables		3,383	1,291	2,332
Share-based payment expense		32	44	69
Foreign exchange loss		3,603	1,196	3,987
Rehabilitation provision		347	328	647
Depreciation and amortisation		5,701	3,629	5,792
Impairment of property, plant and equipment		-	25,000	25,000
Cash inflow from operating activities		4,589	4,075	4,102
Interest received		(36)	(9)	(31)
Other income		(19)	-	448
Finance costs paid		626	96	181
Finance costs deferred by ZCI		4,170	4,738	9,012
Net cash inflow from operating activities		9,330	8,900	13,712
Cash flows from investing activities				
Payments to acquire property, plant and equipment		(7,073)	(7,224)	(9,893)
Payments of exploration expenditures		(678)	(530)	(831)
Income from sale of asset		19	-	-
Interest received		36	9	31
Net cash outflow from investing activities		(7,696)	(7,745)	(10,693)
Cash flows from financing activities				
Advance of loan repayments ZCI		(500)	-	-
Payments to African Banking Corporation of Botswana		(415)	(511)	-
Proceeds from MRI Trading AG		-	3,000	3,000

Payments to MRI Trading AG
(1,126) (371) (2,970)
Repayment of finance lease liability
(937) - (999)
Finance costs paid
(314) (96) (181)
Net cash (outflow) / inflow from financing activities
(3,292) 2,022 (1,150)
Net increase / (decrease) in cash and cash equivalents
(1,658) 3,177 1,869
Cash and cash equivalents at beginning of the period
4,364 2,433 2,433
Foreign exchange gain / (loss)
394 1,194 62
Cash and cash equivalents at end of the period
8 3,100 6,804 4,364

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

1. Nature of operations and basis of preparation

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

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

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements of the year ended 31 March 2014. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2014.

The comparative figures for the financial year ended 31 March 2014 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors included a reference to the going concern basis of preparation which the auditors drew attention to by way of emphasis without qualifying their report.

Going Concern

At 30 September 2014, the consolidated principal debt of the Group was $96.4 million (31 March 2014: $93.4 million) all of which is owed to ZCI Limited ("ZCI"), African Copper's immediate parent company, as set out in note 11 to the financial statements. Included in the total of $96.4 million of ZCI debt is accrued interest on the principal amount of $29.9 million (31 March 2013:$26.3 million). The Group's facility with ZCI is currently fully drawn.

On 19 November 2014 the Group extended the current off-take agreement with MRI Trading Ag ("MRI") to 31 December 2015 and MRI agreed to provide a prepayment loan to the Group in the amount of $3.0 million (the "Prepayment Loan"). The Prepayment Loan is to be repaid by way of offset against deliveries of copper concentrates in six equal monthly instalments of $0.5 million commencing latest thirty days after the one month grace period from the drawdown date. (see Note 19 - Subsequent Event).

The Directors of the Company received a waiver letter dated 27 November 2014 (the "Waiver Letter") from ZCI whereby ZCI agreed to defer all principal and interest payments arising from the Group's debt obligations until 31 December 2015. Further, the Directors have also received a letter of financial support dated 9 December 2014 (the "Letter of Financial Support") from ZCI whereby ZCI stated that to the earlier of 31 December 2015, the date at which African Copper is able to obtain a guarantee of a similar level from an alternative source, or the date of any changes in shareholding or debt structures as a result of the restructuring of the ZCI Group, it is ZCI's policy to make sufficient financial resources available to African Copper, up to a maximum of $7 million to allow it to continue to meet its liabilities in the course of normal operations as they fall due. ZCI has issued the Waiver Letter and the Letter of Financial Support to the Directors in the past and has extended the terms of the deferral of principal and interest on three previous occasions.

After receiving the Letter of Financial Support additional funding was requested by the Group in order to have sufficient working capital to perform the waste stripping required to manage the transition from the Thakadu pit to the Mowana pit. The shortages in working capital was as a result of a backlog in waste stripping and lower than planned production levels for October and November 2014. In order to ensure that the Group has sufficient working capital in the near term, ZCI entered into a term facility agreement for $2.5 million with the Group. (refer to Note 19 - Subsequent Event). Drawdown of the full amount occurred on 19

December 2014.

Projected funding requirements and current activities

In the Annual Report for the year to 31 March 2014, the Directors summarised the cash flow projections covering at least the 12 month period from the date of approval of those financial statements. The projections contemplated a six year mine plan (August 2014 to August 2020) with primary mining outputs switching between the Thakadu pit, which was projected to be fully depleted in February 2015, and the Mowana pit, where mining activities were planned to recommence in August 2014. This schedule, in the opinion of the Directors at that time, would have provided adequate time to perform the waste stripping necessary to enable the Mowana pit to provide the necessary ore of sufficient quality after the reserves at Thakadu are depleted.

The Directors have continued to assess and reconsider the key assumptions underlying these projections. The Thakadu pit will be depleted within the next 6 months and the Group's future cash generation beyond 2015 depends entirely on a successful and timely restart of mining operations at the Mowana pit and associated processing of the supergene ore. However, numerous significant challenges and risks exist in attaining this situation at Mowana and these challenges and risks are of a kind that have often impeded the Group's operations in the past. In particular, the Group over the years has experienced recurring problems with the quality of its mining contractors and other aspects of production, causing production levels to be significantly below planned levels. In light of this past history, the Directors have continued to debate the strategies to developing the Mowana project further, and of focusing the Group on maximising the remaining potential of the Thakadu pit. To develop Mowana as an open pit requires a significant investment in waste stripping; consequently the Directors have continued to consider alternative plans for the Mowana mine including developing it on a smaller or staged basis, especially if the economics of underground mining scenarios are possible.

The Group's inherent exposure to copper price continues to underlie these considerations, and the Directors monitor the copper price on a daily basis. The Group's current projections are based on key assumptions regarding copper prices including a price of $6,700 per tonne until December 2015 and thereafter with an average copper price over the life of the mine from January 2016 of $7,009 per tonne. However, copper prices are inherently volatile, and in the event the copper price was to suffer a material decline from its current levels, this would increase the financial risks of the Company and weaken the case for continuing to develop the Mowana open pit on a full scale basis and negatively impact the forecast net present value very significantly.

As explained further in note 5 to the financial statements, during the six months ended 30 September 2014 the Group reassessed the recoverability of the carrying value of its mine development and infrastructure assets and mine plant and equipment assets. The calculation of the recoverable amount remains highly sensitive to changes in the key assumptions used in the cash flow projections, which in turn depend in large part on the successful waste stripping mining activities at the Mowana pit to provide the necessary supergene and sulphide ores when the Thakadu pit is over the next six months. As a result of this assessment, the Group has not recognised an impairment loss as its best current estimate of the mining assets' value in use exceed its current carrying value. The value in use represents the estimated present value of the future cash flows expected to be derived from the asset, discounted at a rate of 17%.

The combination of the uncertainties surrounding the re-introduction of mining operations at the Mowana open pit, the exposure to copper pricing, and the availability of such funding from ZCI as may be necessary, collectively represent a material uncertainty casting significant doubt on the ability of the Group and the Company to continue as a going concern and therefore to continue realising their assets and discharging their liabilities in the normal course of business.

Conclusion

After taking account of the Company and Group's funding position and its cash flow projections, the $3.0 million MRI Prepayment Loan (see Note 19), the $2.5 million ZCI additional term facility (see Note 19), the Waiver Letter, the Letter of Financial Support and having considered the risks and uncertainties described above, the Directors have concluded that the Company and Group have adequate resources to operate for at least the next 12 months from the date of approval of these financial statements. For these reasons, the Directors continue to prepare the financial statements on the going concern basis. However, material uncertainty exists firstly in respect of the Group's dependency on the copper price and hence mining the remaining deposit at Thakadu profitably and secondly in being able to access the Mowana mine supergene ore in a manner which manages risk, is cost effective and therefore will not require additional new funding. In the absence of the Waiver Letter and the Letter of Financial Support the going concern basis of preparation would not be appropriate. Without the Waiver Letter, the full amount of ZCI principal and interest of $96.4 million outstanding at 30 September 2014 (the "ZCI Obligation") would be contractually payable on demand. Under no current scenario would the Group be in a position to have the necessary resources available to pay the ZCI Obligation should a demand for payment be made by ZCI. In addition, the effectiveness of the Letter of Financial Support is dependent on ZCI's access to sufficient financial resources to respond to the Group's needs should they arise. The Directors have concluded those resources are available to ZCI up to 31 December 2015. These financial statements do not include any adjustments that would be necessary if the going concern basis of preparation were determined to be inappropriate.

The address of African Copper's registered office is Thames House, Portsmouth Road, Esher, Surrey KT10 9AD . These unaudited interim financial statements have been approved for issue by the Board of Directors on 19 December 2014.

2. Summary of significant accounting policies

The accounting policies applied by the Consolidated Entity in these condensed consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 31 March 2014.

a) Statement of Compliance

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

b) Standards adopted during the period

The following accounting standards and amendments have been applied during the year. They have not had a material impact on the financial statements.
IFRS 10 - Consolidated Financial Statements

- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IAS 27 (Amended) - Separate Financial Statements
- IAS 28 (Amended) - Investments in Associates and Joint Ventures
- Amendments to IAS 32 - Financial Instruments
- IFRIC 21 - Accounting for Levies

c) New standards and interpretations not yet adopted

There are a number of new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 March 2015. None of these have been adopted early in preparing these consolidated financial statements.

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

3. Group Segment reporting

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

For the six months ended 30 September 2014:

```
Geographic Analysis        United Kingdom
(US$'000)        Botswana
(US$'000)        Total
(US$'000)
Revenue        -        30,830        30,830
Non-current assets        1,386        60,145        61,531
```

For the six months ended 30 September 2013:

```
Geographic Analysis        United Kingdom
(US$'000)        Botswana
(US$'000)        Total
(US$'000)
Revenue        -        29,742        29,742
Non-current assets        1,085        47,501        48,586
```

All mining revenue derives from a single customer

4. Basic and diluted loss per share

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

Basic loss per share

```
Period ended
30 Sept.
2014 (000's)        Year ended
31 March
2014 (000's)
Loss after tax        $8,833        $34,385
Weighted average number of shares outstanding
1,485,106        1,206,191
Basic loss per share        $0.01        $0.03
```

Diluted loss per share

```
Period ended
30 Sept.
2014 (000's)        Year ended
31 March
2013 (000's)
Loss after tax        $8,833        $34,385
Weighted average number of shares outstanding
1,485,106        1,206,191
Weighted average number of shares under options
18,835        18,835
Diluted loss per share        $0.01        $0.03
```

5. Property, Plant and Equipment

	Mine Development and Infrastructure	Mine Plant and Equipment	Other Assets	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
Balance at 1 April 2013	91,145	67,301	13,243	171,689
Prior Year Adjustment (IFRIC20)	883	-	-	883
Additions	9,368	3,107	331	12,806
Transfers	3,013	1,348	-	4,361
Disposals	-	(759)	(31)	(790)
Exchange adjustments	(5,289)	(3,837)	(683)	(9,809)
Balance at 31 March 2014	99,120	67,160	12,860	179,140
Balance at 1 April 2014	99,120	67,160	12,860	179,140
Additions	7,225	11,123	85	18,433
Reclassifications	(113)	-	113	-
Disposals	-	-	(12)	(12)
Exchange adjustments	(5,381)	(3,891)	(656)	(9,928)
Balance at 30 September 2014	100,851	74,392	12,390	187,633
Depreciation and impairment losses				
Balance at 1 April 2013	(79,451)	(23,895)	(5,289)	(108,635)
Prior Year Adjustment (IFRIC20)	(1,118)	-	-	(1,118)
Depreciation charge for the year	(2,380)	(2,798)	(614)	(5,792)
Transfers	-	-	-	-
Impairment	(18,425)	(5,662)	(913)	(25,000)
Disposals	-	243	24	267
Exchange adjustments	4,745	1,430	314	6,489
Balance at 31 March 2014	(96,629)	(30,682)	(6,478)	(133,789)
Balance at 1 April 2014	(96,629)	(30,682)	(6,478)	(133,789)
Depreciation charge for the year	(3,183)	(2,253)	(265)	(5,701)
Disposals	-	-	12	12
Exchange adjustments	5,300	1,769	355	7,424
Balance at 30 September 2014	(94,512)	(31,166)	(6,376)	(132,054)
Carry amounts				

Balance at 31 March 2013			
11,694	43,406	7,954	63,054
Balance at 31 March 2014			
2,491	36,478	6,382	45,351
Balance at 30 September 2014			
6,339	43,226	6,014	55,579

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

Impairment

During the period, the Group reassessed the recoverability of the carrying value of its mine development and infrastructure asset and mine plant and equipment asset, with consideration given that the Thakadu mine is expected to be depleted in April 2015 and mining operations began moving back to the larger Mowana open pit in October 2014. This transition will require significant waste stripping to expose the necessary supergene and sulphide ores (see note 1 - Going Concern). As a result of this assessment, the Group has not recognised an impairment loss as its best current estimate of the mining assets' value in use does exceed their carrying value. The value in use represents the estimated present value of the future cash flows expected to be derived from the asset, discounted at a rate of 17%.

The value in use calculation depends heavily on assumptions and estimates that, in the Group's current circumstances (see note 1 - Going Concern), have a significant risk of resulting in an impairment loss within the next financial year. In particular, the calculation is based on key assumptions regarding copper prices of at a price of $6,700 per tonne until December 2015 and thereafter with an average copper price over the life of mine from January 2016 of $7,009 per tonne. By way of illustration of the assumptions, a 2.5% decrease in copper price, a 5.0% decrease in production throughput, a 5% reduction on Mowana pit recoveries and a 5.0% increase in milling cost impacts the net present value of future cash flows by approximately $32.1 million.

6. Exploration and evaluation assets

Group

	Group	Company
Cost	US$'000	US$'000
Balance 1 April 2013	19,522	301
Additions	832	-
Transfers	(4,361)	-
Exchange adjustment	(1,051)	-
Balance 31 March 2014	14,942	301
Balance 1 April 2014	14,942	301
Additions	706	-
Transfers	-	-
Exchange adjustment	(794)	-
Balance 31 September 2014	14,854	301
Impairment losses		
Balance at 1 April 2013	(10,211)	(300)
Transfers	-	-
Exchange adjustments	573	-
Balance March 31, 2014	(9,638)	(300)
Balance at 1 April 2014	(9,638)	(300)
Transfers	-	-
Exchange adjustments	494	-
Balance September 31, 2014	(9,144)	(300)
Carry amounts		
Balance 31 March 2013	9,311	1
Balance 31 March 2014	5,304	1
Balance 31 September 2014	5,710	1

7. Inventories

	Period ended 30 Sept. 2014 US$'000	Year ended 31 March 2014 US$'000
Stockpile inventories	3,994	4,278
Consumables	3,492	3,346
Total Inventories	7,486	7,624

8. Cash and cash equivalents

	Period ended 30 Sept. 2014 US$'000	Year ended 31 March 2014 US$'000
Restricted cash	804	829
Short-term bank deposits	2,296	3,535
Cash and cash equivalents in the statement of cash flows	3,100	4,364

9. Share Capital

	No. of shares	US$'000
Balance at 31 March 2013	928,798,988	15,167
Ordinary shares issued in October 2013	556,307,263	8,379
Balance at 31 March and 30 September 2014	1,485,106,251	23,546

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

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

Share options and warrants

Share
Options
Held at 30
September
2014 Share
Options
Held at 31
March
2014
Date of Grant
Option Price
per Share
Exercise Period
375,000 375,000 12 November 2004
£0.76 up to 12 November 2014
60,000 60,000 12 November 2005
£0.76 up to 12 November 2015
1,750,000 1,750,000
1 August 2006 £0.775 up to 1 August 2016
16,650,000 16,650,000
14 July 2011 £0.031 up to 14 July 2021
18,835,000 18,835,000

10. Share based payments

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

Weighted average
exercise price
in £ per share Options
At 31 March 2013 and 31 March 2014
11.7p 18,835,000
Granted - -
Forfeited - -
At 30 September 2014 11.7p 18,835,000
Exercisable at the end of the period
13.6p 15,505,000

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

The total expense recorded in the profit and loss in respect of share based payments for the period was $31,746 (31 March 2014: $69,344).

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

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

The weighted average remaining contractual life of the outstanding options at 30 September 2014 was 6.17 years (31 March 2014: 6.67 years).

11. Amounts payable to ZCI Limited

	At 30 Sept. 2014 US$'000	At 31 March 2014 US$'000
Amounts due from ZCI	(500)	-
Non-convertible loan	24,033	24,033
March 2010 facility	10,000	10,000
December 2011 facility	2,000	2,000
January 2012 facility	5,000	5,000
June 2012 convertible loan facility	6,000	6,000
Development loan	7,500	7,500
Development facility	12,500	12,500
Interest	29,870	26,343
Current facilities	96,403	93,376
Balance due to ZCI Limited	96,403	93,376

ZCI owns 73.44 percent of the Company. At 30 September 2014 the Company owed ZCI pursuant to the following principal indebtedness:

Convertible Loan Facility:

The Convertible Loan Facility is a four year secured, part convertible credit facility of US$31,129,100 comprising a convertible Tranche A of US$8,379,100 with a coupon of 12% per annum and Tranche B that is not convertible of US$22,750,000 with a coupon of 14% per annum. The Convertible Loan Facility was signed on 18 June 2009. Tranche B was subsequently increased from US$22,750,000 to US$24,032,900. Tranche A of the Convertible Loan Facility is convertible into ordinary shares of African Copper at a conversion price of 1p per ordinary share. On 30 September 2013 the Company announced that ZCI had provided notice to convert the Tranche A Loan outstanding into ordinary shares in the Company. At the conversion rate of 1 pence per ordinary share and at the exchange rate as set out in the conversion notice of $1.5062 to £1, this equated to the issue of 556,307,263 new ordinary shares in the Company for a conversion sum of £5,563,072.63. The converted shares were credited to ZCI as fully paid on 18 October 2013. Following the issue of the converted shares the entire amount of the Tranche A loan was extinguished although the interest outstanding and accrued up to the conversion date remains payable.

On 19 November 2014 the Board of Directors of ZCI resolved to defer Tranche B principal payments in aggregate of $24,032,900 to 31 December 2015. In addition, the ZCI Board of Directors further resolved to defer interest payments on Tranche A of $3,268,977 and interest payment on Tranche B of $14,463,920 accrued to 30 September 2014 plus all interest payments deferred to 31 December 2015.

March 2010 Facility

On 31 March 2010 the Company announced it had arranged agreement with ZCI pursuant to which ZCI would fund immediately a $10 million term loan facility at an interest rate of 6% per annum, payable quarterly, to be repaid on or before 31 March 2011 and may be renewed, subject to ZCI giving its written consent to such renewal, prior to the repayment date. The March 2010 Facility is secured under the existing Convertible Loan Facility (with the exception of the convertible option). On 19 November 2014 the Board of Directors of ZCI resolved to defer principal payments of $10,000,000 to 31 December 2015. In addition, the ZCI Board of Directors further resolved to defer interest payments accrued to 30 September 2014 of $2,551,233 plus all interest payments deferred to 31 December 2015.

December 2011 and January 2012 Facilities

On 29 December 2011 and 31 January 2012, ZCI provided a further $2.0 million and $5.0 million facility.

These facilities with an interest rate of 9.0% were repayable in March 2013.

On 19 November 2014 the Board of Directors of ZCI resolved to defer principal payments of $2,000,000 and $5,000,000 to 31 December 2015, In addition, the ZCI Board of Directors further resolved to defer interest payments accrued to 30 September 2014 of $496,110 and $1,185,860 plus all interest payments deferred to 31 December 2015.

June 2012 Convertible Loan Facility

On 8 June 2012, ZCI provided a further $6.0 million convertible debt facility. This convertible loan is a secured loan facility with a simple interest rate of 7% and repayable on 31 March 2014 (the "June 2012 Facility"). Interest is accrued annually and interest payments deferred until 30 June 2015. The June 2012 Facility is convertible into ordinary shares of 1p each in the Company at a conversion price of 2.40p per share.

On 19 November 2014 the Board of Directors of ZCI resolved to defer principal payments of $6,000,000 to 31 December 2015. In addition, the ZCI Board of Directors further resolved to defer interest payments accrued to 30 September 2014 of $971,178 plus all interest payments deferred to 31 December 2015.

Development Loan

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

On 19 November 2014 the Board of Directors of ZCI resolved to defer principal payments of $7,500,000 to 31 December 2015. In addition, the ZCI Board of Directors further resolved to defer interest payments accrued to 30 September 2014 of $3,335,507plus all interest payments deferred to 31 December 2015.

The Development Facility

On February 9, 2011 the Company announced the Development Facility of $12.5 million from ZCI. The purpose of the Development Facility was to provide the Group with further working capital and funds to execute the planned investment programme at its Mowana Mine facilities and accelerate mining activities at the Thakadu deposit. The Development Facility is a three year secured loan facility with an interest rate of 9.0%, repayable in January 2014. Interest is to be paid semi-annually in arrears on 31 December and 30 June each year, commencing on 31 December 2011 with this payment including accrued interest from the closing of the Facility. The terms and conditions of the Development Facility are on substantially similar terms to Convertible Loan Facility (with the exception of the convertible option). On 20 December 2011 the Board of Directors of ZCI resolved to defer interest payments accrued to 31 December 2011 of $445,807 plus all interest payments due throughout 2012 and for the three months ended 31 March 2013, to 31 March 2013.

On 19 November 2014 the Board of Directors of ZCI resolved to defer principal payments of $12,500,000 to 31 December 2015. In addition, the ZCI Board of Directors further resolved to defer interest payments accrued to 30 September 2014 of $3,596,918 plus all interest payments deferred to 31 December 2015.

Summary

Based on the Company's current financial position at 30 September 2014 the Group is not able to pay the outstanding principal and accrued interest to ZCI. The Directors of the Company received the Waiver Letter (see note 1 - Going Concern) from ZCI whereby ZCI agreed to defer all principal and interest payments arising from the Group's debt obligations until 31 December 2015. Further, the Directors also received a Letter of Financial Support (see note 1 - Going Concern) from ZCI whereby ZCI stated that it is ZCI's policy to make sufficient financial resources available to the Group up to the value of $7.0 million in order to allow the Group to continue to meet its liabilities as they fall due in the normal course of its operations. As part of the Letter of Financial Support amount, on 19 December 2014 the Company's subsidiary Messina received additional financing from ZCI in the form of a term facility agreement with a principal value of $2.5 million. (See Note 19 - Subsequent Event)

12. Other Borrowings

	At 30 Sept. 2014 US$'000	At 31 March 2014 US$'000
Bank ABC Borrowings	330	786
MRI Borrowings*	-	1,126
Total	330	1,912

The equipment facility is with Banc ABC, a Botswana based lending institution, and is US$ denominated facility that has a fixed interest rate of 9% per annum. At 30 September 2014, $0.33 million from this facility had been drawn.

*See Note 19 - Subsequent Event

13. Rehabilitation Provision

The Group estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 30 September 2014 is $6.997 million (31 March 2014 - $7.025 million). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula. This estimate was recently updated by GeoFlux (Pty) Limited and the undiscounted cost was revised to 45 million Botswana Pula (due to escalation of Mowana estimate and the new estimate for Thakadu).

The Group has set aside $0.02 million (31 March 2014 - $0.15 million) to a separate bank account to provide for rehabilitation of the Mowana and Thakadu Mines site at closure. The cash provision is historically set aside annually at the fiscal year-end on the rate of reserves depletion basis. The Group will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned cover the anticipated costs.

Rehabilitation Provision	US$'000
Balance, 1 April 2013	6,766
Provision	647
Foreign exchange on translation	(388)
Balance, 31 March 2014	7,025
Balance, 1 April 2014	7,025
Provision	347
Foreign exchange on translation	(375)
Balance, 30 September 2014	6,997

14. Finance lease liability

On 20 February 2014, the Group entered into an agreement for 52-months with a mining contractor, Diesel Power Mining (Proprietary) Limited ("Diesel Power"). In terms of the contract, specific mining equipment will be used by the contractor in fulfilling their duties of mine scheduling, drill and blasting, waste removal and ore mining. Although the arrangement is not in the legal form of a lease, the Group concluded that the arrangement contains a lease of the mining equipment.

The lease was classified as a finance lease. At the inception of the arrangement, it was impracticable to split the payments into lease payments and other payments related to the arrangement, as such the lease asset and liability was recognised at an amount equal to the fair value of the assets that was identified in terms of the lease. The imputed finance costs on the liability were determined based on the Group's incremental borrowing rate (9 %). This lease provides the Group with the option to buy the equipment at a beneficial price. In terms of the agreement Diesel Power shall not de-mobilise any or all of the mining equipment from the site without receiving written approval from the Group.

Finance lease liabilities recognised are payable as follows:

Finance Lease Liabilities as at 30 September 2014:

US$'000	Future Minimum Lease Payment	Interest	Present value of minimum lease payments
Less than One year	3,721	950	2,771
Between one and Five years	10,237	1,226	9,011
Total	13,958	2,176	11,782

Finance Lease Liabilities as at 31 March 2014:

US$'000	Future Minimum Lease Payment	Interest	Present value of minimum lease payments
Less than One year	535	157	378
Between one and Five years	783	248	1,535
Total	2,318	405	1,913

Commitments under finance lease

At the reporting date, all assets subject to this agreement were not yet at the mine as they are still being mobilised. The future minimum lease payments as at 30 September 2014 (for all assets subject to this agreement) are as follows:

US$'000	Future Minimum Lease Payment	Interest	Present value of minimum lease payments
Less than One year	4,131	1,054	3,077
Between one and Five years	11,364	1,358	10,006
Total	15,495	2,412	13,083

15. Commitments

Contractual Obligations

US$'000	2014	2015	2016	2017 and thereafter
Goods, services and equipment (a)	1,763	-	-	-
Exploration licences (b)	866	1,257	56	-
Lease agreements (c	13	27	9	12
Total	2,642	1,284	65	12

a) The Company and its subsidiaries have a number of agreements with arms-length third parties who provide a wide range of goods and services and equipment.

b) Under the terms of the Group's prospecting licences Matsitama is obliged to incur certain minimum expenditures.

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

16. 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;

US$'000	Amount incurred during the period		Balance Outstanding as at	
	30 Sept. 2014	31 March 2014	30 Sept. 2014	31 March 2014
Principal due to ZCI (Note 11)	-	(7,891)	67,033	67,033
Amount accrued to ZCI being interest on loan	3,527	7,596	29,870	26,343
Amount advanced to ZCI for head office expenses	(500)	-	(500)	-
Amount paid to iCapital Limited for the provision of technical and operational support to the Company. Jordan Soko, a director of the Company, is a principal of iCapital Limited	104	225	17	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	-	25	-	-

17. 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.

18. 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.

19. Subsequent Event - MRI Prepayment Loan and Off-take Contract Extension and ZCI $2.5 million Term Facility

On 19 November 2014 a prepayment loan of $3.0 million was obtained from MRI, the Group's off-take partner. The prepayment loan is US$ denominated and is to be repaid by way of offset against deliveries of copper concentrates in six equal monthly instalments of minimum $0.5 million commencing latest thirty days after the one month grace period from the drawdown date. The prepayment loan has an interest rate of LIBOR 1 month plus 6% calculated daily until such time the entire Prepayment has been repaid.

On 19 November 2014 the Company agreed to extend the MRI off-take contract for a period of 12 months from 1 January 2015 to 31st December 2015. The MRI off-take contract includes the full production of copper concentrates produced at the Group's Mowana/Thakadu mines.

On 19 December 2014 the Company's subsidiary Messina Copper (Botswana) (Pty) Ltd. received additional financing from ZCI in the form of a term facility agreement with a principal value of $2.5 million. The use of proceeds was intended to fund the short term working capital required to perform the necessary waste stripping to manage the transition from the Thakadu pit to the Mowana pit. This loan is made on substantially similar terms to previous loans extended by ZCI to the Company, and bears interest at 9% per annum with repayment in equal monthly instalments of $500,000 commencing in January 2016. Drawdown of the full amount occurred on 19 December 2014.

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