

10th December 2008

Mwana Africa PLC

Unaudited results for the six months to 30th September 2008

Operational Review

Bindura Nickel Corporation

BNC experienced an extremely difficult period due to a sharp decline in nickel selling prices and continued economic uncertainty in Zimbabwe, which resulted in further skills losses, power outages and procurement difficulties. These factors led to a fall in sales of own metal to 1,221t (2007: 1,927t) and the volume of tolled metal falling to 1,153t (2007: 1,236t). The average selling price fell to \$19,800/t (2007 \$37,138/t).

BNC's revenue declined to £19.3 m (2007 £49.9m) and it incurred a loss before tax of £11.1m (2007 £0.3m). A major contributor to the six month loss was the impairment of Zimbabwean dollar denominated receivables, mostly relating to sale receipts, of £8.2m. There was a cash outflow from operations of £0.5m (2007: £5.3m inflow). Expenditure on fixed assets in the period was £3.6m (2007: £4.4m) financed through a reduction in working capital.

Against this difficult background BNC announced on 26th November 2008 that the Trojan and Shangani Mines would be placed on care and maintenance with immediate effect. The smelter and refinery operations will be placed on care and maintenance once stocks have been depleted. BNC is, with Mwana's support, investigating the potential for the smelter and refinery operations to resume production using third party feedstock, under existing and additional toll contracts. Meanwhile, capital investment programmes relating to Hunters Road, the Trojan shaft redeepening project and the Shangani conveyor decline have all been put on hold.

Klipspringer

Production at the Klipspringer diamond mine in South Africa was restarted at the beginning of the year and production in the three months to 31st March 2008 totalled 6,380 carats. The rate of production has increased and in the six months to 30th September 2008 the mine produced 16,424 carats, at an achieved price of approximately \$140 per carat, an increase from the \$120 per carat achieved in the previous period. More recently, the market has weakened with significantly reduced prices achieved at the most recent auction of diamonds. The mine was profit-neutral and experienced an operating cash outflow of £0.1m in the six months to 30th September 2008.

Freda Rebecca

The Freda Rebecca mine in Zimbabwe remains in the midst of a delayed two-phase \$10m rehabilitation programme to restore production to approximately 80,000 ounces per year. Progress continues to be hindered by local conditions and the mine remains on care and maintenance.

Exploration Review

Good progress was made in the period with the Group's extensive base metal, gold and diamond exploration programmes. However, following recent changes in economic conditions, it was announced on 22nd October 2008 that these programmes would be scaled back significantly, while ensuring that conditions to retain exploration rights are satisfied, until the funding environment and the outlook for commodity prices have stabilised. Following BHP Billiton's withdrawal from the SouthernEra agreement and proposed termination of the Gravity agreement, as announced on 2nd December 2008, all options including the closure of all kimberlite diamond exploration in the DRC, are being considered by Mwana.

In the period, the Company invested £7.0m (2007: £3.3m) in Mwana's extensive exploration portfolio including gold, base metals and diamond prospects in the DRC, Ghana and South Africa. Further exploration was funded by BHP Billiton, Anglo American and others through joint venture agreements.

Base metals

Mwana is conducting base metal exploration in Katanga, in the south east of the DRC, in part through a joint venture option agreement with Anglo American, who are funding exploration at the Lombe prospect and in the northwest of the concession.

Good progress was made in the six months with promising levels of nickel, copper and cobalt mineralisation intersected at three separate prospects, Kiamato West, Mukema and Kibolwe. The scope of exploration activities has been reduced in accordance with the strategic decision to conserve cash balances, and also due to the onset of the rainy season. Mwana will review periodically the extent to which exploration should be resumed.

At Kiamato West there are indications that copper mineralised strata could extend over 16km strike length. Soil geochemistry has outlined a 500m wide copper anomaly at Mukema, extending over 3,000m strike length. Trench samples have yielded up to 37% copper, up to 439g/t silver and gold grades peaking at 59g/t.

At the Kibolwe copper prospect a preliminary resource has been modelled and metallurgical core drilling concluded with a view to proceeding with a preliminary feasibility study, expected to be completed in the next six months. Anglo American is continuing with its four year exploration programme over the North West Block of the SEMHKAT concession and the Lombe prospect.

License relinquishments for both the SEMHKAT (4,788km² following relinquishment) and Maniamuna (2,767 km²) concessions have been completed. Twenty seven licence renewals within the SEMHKAT concession have been approved by government while six are awaiting approval.

Gold

Infill drilling at Zani Kodo in the DRC has confirmed continuity of gold mineralisation, in particular continuity of mineralisation along the previously identified high grade shoot at Kodo Main. Drilling for Kodo North was also completed, while a drilling programme to confirm mineralisation to 300m vertical

depth over the 700m surface strike length is expected to be concluded in January 2009, after which exploration activities will be curtailed.

Indications are that a substantial resource, amenable to open pit mining, may be defined at Zani Kodo. The results of resource calculations are expected in early 2009.

As required by the DRC mining code, Mwana has relinquished half of its original Kilo Moto concession. Mwana has retained 1,545 km² of ground, identified as having high potential through interpretation of a license-wide airborne geophysical survey, and recently added 1.183 km² to the north of the original license. This joint venture is the only asset in Mwana Africa's multi-commodity portfolio affected by the DRC Government's review of mining contracts. Mwana is engaged in ongoing and constructive discussions with the authorities on this matter.

In Ghana resource development drilling has been completed on the oxide mineralisation discovered at Boabedroo South within the Konongo concession. An external mining consultant has completed a preliminary calculation of an inferred resource for the recently drilled Boabedroo South target area. In the meantime, Mwana has suspended further activity on the Konongo licence while potential acquirers and / or joint venture partners are sought.

Diamonds:

Mwana has a significant portfolio of both kimberlite and alluvial diamond prospects in the south west of the DRC, in Angola and in South Africa.

The DRC kimberlite concession, covering 59,000 km², is located in the Kasai craton. The craton is thought to be one of the richest known diamond-bearing cratons in the world producing two of the ten largest gem-quality diamonds known. To date more than 5,000 reconnaissance stream samples, covering the majority of the DRC kimberlite permits at a density of between 1:3 and 1:60 samples per km², have been collected and analysed by Mwana. High-interest kimberlite indicator minerals (garnet, ilmenite and spinel) have been recovered. The variable mineral chemistry and surface textures of these samples suggest multiple primary kimberlite sources. Interpretation of the airborne geophysical data has generated close to 400 pipe-like anomalies. To date 70 high-interest targets have been drilled with diamond-core rigs (totalling 5,000m). However, a kimberlite has yet to be intersected.

In the light of the current trading environment for diamonds, and following notification by BHP Billiton of their withdrawal and proposed termination of exploration agreements with Mwana, the Company has curtailed all kimberlite exploration in South Africa, and development work on the company's alluvial prospects. Mwana is considering all options, including closure, for its kimberlite exploration programme in the DRC. The company has already agreed in principle the sale of its minor Canadian assets, and is continuing similar arrangements in respect of its Australian assets. The Company will also review its position regarding its free carried equity interest in Camafuca. Mwana is aware that the DRC Government is in talks regarding a potential refinancing of MIBA, the state diamond company in which Mwana has a 20% stake.

Financial Highlights

The unaudited results for the six months to 30th September 2008 are reported under IFRS. BNC is the principal operation of Mwana and as a 52.9% owned subsidiary is wholly consolidated in the Group's accounts. BNC operated in a difficult environment facing hyperinflation, rapid currency devaluation and the effect of foreign currency regulations. These economic challenges combined with the loss of key skills have made effective financial management and reporting more difficult and continue to affect the quality of the unaudited BNC accounts which are consolidated in Mwana's results.

Income Statement

In the half year to 30th September 2008 the group reported turnover of £20.8m, a significant reduction on the previous year's £49.9m, due principally to the performance of BNC. The loss before tax and impairment was £14.6m (2007: £6.8m) of which BNC comprised £11.2m (2007: £0.3m), and the rest of the group £3.4m (2007: £6.5m). Exploration costs of £7.0m (2007: £3.3m) were capitalised to intangible fixed assets. After an impairment charge of £135.0m the loss before tax was £149.1m (2007: £2.5m).

Cashflow

In the period the group had a cash outflow from operating activities of £4.5m (2007: £5.9m inflow). Capital expenditure of £11.3m comprised £4.3m on property, plant and equipment, principally at BNC, and £7.0m on exploration. Exploration expenditure, capitalised to intangibles, comprised £2.0 on DRC base metals, £1.8m on DRC precious metals, £0.6m Ghanaian precious metals and £2.7m on diamonds, excluding amounts funded by joint venture partners. Finance income totalled £0.7m (2007: £12.5m, principally as a result of distortions caused by the foreign exchange regulations in Zimbabwe), leading to net cash outflow from operating and investing activities of £15.2m (2007: £7.4m).

In June 2008 the Company successfully placed 62.5 million shares for a total consideration, net of costs, of £23.8 million.

Pro forma cash reconciliation £ million	BNC	Other Mwana	Total
Opening cash 1/4/08	8.8	12.4	21.2
Effect of exchange rate movement on opening cash	0.9	0.7	1.5
Cash inflow (outflow) from operating activities	(0.7)	(3.8)	(4.5)
Finance Income	0.2	0.4	0.7
Capex (property, plant & equipment)	(3.6)	(0.6)	(4.3)
Capex (exploration)	-	(7.0)	(7.0)
Equity issues	0.0	23.8	23.8
Net cash inflow (outflow)	(3.3)	13.4	10.1
Closing cash (30/9/08)	5.6	25.8	31.3

Balance Sheet

The value of net assets declined to £86.8m (2007: £207.2m), of which £9.7m (2007: £40.0m) was attributable to minorities, principally as a result of the impairment provision made in the period.

As a result of the cash placing, offset by cash outflow from operating and investing activities, cash held by Mwana (excluding BNC) rose from £12.4m at 31st March 2008 to £25.8m at 30th September 2008. These funds were primarily held in money market funds denominated in pounds sterling. At 28th November 2008 cash held by Mwana (excluding BNC) was approximately £22.7m.

BNC held cash at 30th September 2008 of £5.6m, a reduction from the £8.8m held at 31st March 2008, largely due to the financing of capital expenditure.

Funding and Risk

The Board believes that it is appropriate to adopt the going-concern basis in preparing the interim financial statements, owing to the cash position at 30th September 2008 together with the low level of contractual commitments and the implementation of the revised strategy. The financial plan includes allowance for the provision of limited funding to BNC, provided that conditions are appropriate, and which will be kept under review as the year progresses. The Board continues to evaluate other funding options in order to permit the Company to finance its exploration and other investment programmes. However there is no certainty that funding will be available in current market conditions to sustain the level of expenditure envisaged at the time of the June share placing.

Following the decision to curtail exploration activities announced in the Company's strategy update of 22nd October 2008, the placing of BNC and Freda Rebecca on care and maintenance and receipt of notice of withdrawal and termination of diamond exploration agreements in the DRC by BHP Billiton, the Board has decided to impair the carrying values of certain assets. The Board will review the impairment charge and the carrying value of assets at the time of the full year results to 31st March 2009.

Consolidated income statement

For the six months ended 30 September 2008

(Unaudited)

	6 months ended	6 months ended	Year ended
Note	30.09.2008	30.09.2007	31.03.2008
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Revenue	20,842	49,936	79,267
Cost of sales, administrative, selling and distribution costs	(35,418)	(56,708)	(98,246)
Operating loss before impairment items	(14,576)	(6,772)	(18,979)
Impairment	2 (134,993)	-	(21,936)
Operating loss	(149,569)	(6,772)	(40,915)
Finance income	650	4,477	12,527
Finance cost	(157)	(162)	(265)
Loss before tax	(149,076)	(2,457)	(28,653)
Income tax	13,912	(1,320)	(84)
Loss after tax	(135,164)	(3,777)	(28,737)
Loss attributable to minority interest	20,647	686	49
Loss attributable to equity shareholders of the parent	(114,517)	(3,091)	(28,688)
Loss per share			
- Basic	(32.30p)	(1.16p)	(9.57p)
- Diluted	(32.30p)	(1.16p)	(9.57p)

Consolidated balance sheet

As at 30 September 2008

(Unaudited)

	Note	30.09.2008 Unaudited £'000	30.09.2007 Unaudited £'000	31.03.2008 Audited £'000
Assets				
Property, plant and equipment		33,284	67,836	68,742
Intangible assets		15,000	114,668	85,489
Investments	2	131	6,004	5,979
Deferred tax		203	-	1,417
Non-current receivables		40	-	76
Total non-current assets		48,658	188,508	161,703
Current assets				
Cash and cash equivalents	3	31,647	33,335	21,283
Restricted cash		-	190	-
Inventories		17,974	11,495	16,350
Trade and other receivables		17,916	14,215	16,239
Tax receivable		-	72	260
Available for sale financial assets	4	2,791	2,595	2,596
Assets held for sale		1,000	-	2,000
Total current assets		71,328	61,902	58,728
Total assets		119,986	250,410	220,431
Equity				
Issued capital	5,6	40,043	32,598	33,793
Share premium	6	19,406	40,320	1,906
Reserves	6	5,068	-	42,147
Retained earnings	6	12,569	94,258	68,135
Total equity attributable to equity holders of the company		77,086	167,176	145,981
Minority interests		9,689	39,975	30,334
Total equity		86,775	207,151	176,315
Liabilities				
Trade and other payables		22,418	12,738	19,806
Bank overdrafts	3	301	-	42
Taxation payable		540	4,629	280
Total current liabilities		23,259	17,367	20,128
Provisions		6,162	3,180	5,557
Deferred tax liability		3,790	22,712	18,431
Total non-current liabilities		9,952	25,892	23,988
Total equity and liabilities		119,986	250,410	220,431

Consolidated cash flow statement

For the six months ended 30 September 2008

(Unaudited)

	6 months ended 30.09.2008 Unaudited £'000	6 months ended 30.09.2007 Unaudited £'000	Year ended 31.03.2008 Audited £'000
Cash flow from operating activities			
Loss before taxation	(149,076)	(2,457)	(28,653)
Adjustments for:			
Depreciation	4,637	3,224	11,902
Foreign exchange movement	3,257	810	1,366
Impairment charge	134,993	-	21,936
Loss on sale of fixed assets	-	-	(7)
Charge in relation to share-based payments	235	-	1,174
Write-off of exploration expenses	-	-	1,439
Finance income	(651)	(4,477)	(12,527)
Finance costs	157	162	265
	<u>(6,448)</u>	<u>(2,738)</u>	<u>(3,105)</u>
Decrease in trade and other receivables	(1,440)	9,109	7,515
(Increase)/decrease in inventories	(36)	293	(4,253)
Increase in creditors	3,698	1,041	8,066
Increase in provisions	32	453	2,559
Increase in available for sale assets	-	(1,065)	(862)
Cash generated from operations	(4,194)	7,093	9,920
Finance costs	(157)	(162)	(265)
Income taxes paid	(176)	(1,020)	(4,639)
<i>Net cash from operating activities</i>	<u>(4,527)</u>	<u>5,911</u>	<u>5,016</u>
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	-	(9,177)	(10,342)
Purchase of property plant and equipment	(4,259)	(5,141)	(14,958)
Proceeds from sale of property, plant and equipment	-	-	7
Investment in intangible exploration assets	(7,023)	(3,346)	(10,257)
Acquisition of investments	-	(119)	(76)
Finance income	651	4,477	12,527
<i>Net cash used in investing activities</i>	<u>(10,631)</u>	<u>(13,306)</u>	<u>(23,099)</u>
Cash flow from financing activities			
Proceeds from issue of share capital	23,750	2,158	2,158
Dividends paid to minority shareholders	-	(21)	(1,006)
<i>Net cash from financing activities</i>	<u>23,750</u>	<u>2,137</u>	<u>1,152</u>
Net increase / (decrease) in cash and cash equivalents	8,592	(5,258)	(16,931)
Cash and cash equivalents at beginning of period	21,241	38,671	38,671
Exchange rate movement in cash and cash equivalents at beginning of period	1,513	(78)	(499)
Cash and cash equivalents at end of period	31,346	33,335	21,241

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Consolidated statement of recognised income and expense

For the six months ended 30 September 2008

(Unaudited)

	6 months ended	6 months ended	Year ended
	30.09.2008	30.09.2007	31.03.2008
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Loss for the period	(114,517)	(3,091)	(28,737)
Movement in available-for-sale financial assets	-	-	(328)
Deferred tax on movement in available-for-sale financial assets	-	(139)	66
Net exchange differences on the retranslation of net investments	-	187	1,182
Total recognised loss relating to the period	(114,517)	(3,043)	(27,817)

Notes to the interim financial report

For the six months ended 30 September 2008

(Unaudited)

1. BASIS OF PREPARATION

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information, as set out on pages 9 to 12, are the same as those described in the Group's audited consolidated financial statements and notes thereto for the year ended 31 March 2008 and are consistent with the principles of International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and by the European Union (EU). In the opinion of the directors, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements.

The consolidated financial information for the six months ended 30 September 2008 and 30 September 2007 is unaudited and has been prepared in accordance with IAS 34, Interim Financial Reporting. In the opinion of the directors the financial information for these periods fairly present the financial position, results of operations and cash flows for the periods. The financial information for the year ended 31 March 2008 has been taken from the Group's audited financial statements for the period as filed with the Registrar of Companies. The auditors' report on the statutory financial statements for the year ended 31 March 2008 was unqualified.

The interim financial report should be read in conjunction with the Annual Report for the year ended 31 March 2008 and all subsequent public announcements made by the Company and its subsidiaries.

In the preparation of the financial statements the directors have considered the current political and economic instability in Zimbabwe, the global decline in commodity prices and the impact on the Group and Company as described on pages 1 to 8 of this report.

The instability and uncertainty in Zimbabwe with its hyperinflationary economy have resulted in a loss of skills and has had a negative impact on information flows which might affect this report.

Risk

Liquidity Risk

Liquidity risk is defined as the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Notes to the interim financial report

For the six months ended 30 September 2008
(Unaudited)

The directors note that the group has raised, and will continue to need to raise, finance for exploration and development as and when required. In view of recent changes in economic conditions, and the reduced availability of such finance, the group has reviewed its strategy, as announced on 22nd October 2008, and as described on pages 1 to 8 of this report. The directors continue to believe that in current market conditions, Mwana's priorities should be to seek to conserve, as far as is reasonable, its existing cash balances by scaling back its exploration activities, and to preserve the integrity of BNC, its principal operating asset.

The accounts of BNC, a 52.9% owned subsidiary of the Company, are consolidated in the accounts of the Group. Cash balances held by BNC are not readily available to the Group. BNC's financial position has been affected by continuing adverse economic conditions and currency regulations that impact the company's ability to finance itself through these difficulties. While the Group will consider making available limited funds to support BNC, provided that conditions are appropriate, BNC's liquidity is managed independently by BNC.

2. IMPAIRMENT

	6 months ended 30.09.2008 Unaudited £'000	6 months ended 30.09.2007 Unaudited £'000	Year ended 31.03.2008 Audited £'000
Impairment of goodwill	12,001	-	15,113
Impairment of investments	5,792	-	-
Impairment of property, plant and equipment	42,386	-	3,306
Impairment of exploration assets	73,814	-	3,517
Impairment of assets held for sale	1,000	-	-
Total Impairment	134,993	-	21,936

The impairment provision reflects, *inter alia*, the potential cessation of diamond exploration in the DRC following the withdrawal and proposed termination by BHP Billiton of certain exploration joint ventures, prevailing weak commodity prices and the move to care and maintenance at BNC and Freda Rebecca. A detailed review of the carrying value of fixed and intangible assets will be conducted as part of the preparation of the Group's year-end accounts.

Notes to the interim financial report

For the six months ended 30 September 2008
(Unaudited)

3. CASH AND CASH EQUIVALENTS

	30.09.2008	30.09.2007	31.03.2008
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Cash and cash equivalents	31,647	33,335	21,283
Bank overdrafts	(301)	-	(42)
Total Cash and Cash Equivalents	31,346	33,335	21,241

Of the total cash and cash equivalents of £31.3m held at the end of the period, cash held by certain subsidiary companies, principally BNC, totalled £5.6m (2007: £2.9m) and was not available for use by the parent company.

Exposure to currency risk

The group's exposure to currency risk was as follows, based on amounts held at the end of each period, translated to GBP at the prevailing rates:

	30.09.2008	30.09.2007	31.03.2008
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
United States Dollar	9,739	14,667	11,059
South African Rand	307	212	4,945
British Pound	21,300	18,456	5,237
Total Cash and Cash Equivalents	31,346	33,335	21,241

The following significant exchange rates applied against pound sterling during the period:

	6 months ended	6 months ended	Year ended
	30.09.2008	30.09.2007	31.03.2008
	Unaudited	Unaudited	Audited
United States Dollar			
Average rate	1.9344	2.0025	2.0065
Closing rate	1.8175	2.0467	1.9940
South Africa Rand			
Average rate	15.0656	14.2586	14.3322
Closing rate	14.8988	14.1738	16.3479

Notes to the interim financial report

For the six months ended 30 September 2008

(Unaudited)

4. AVAILABLE FOR SALE FINANCIAL ASSETS

	30.09.2008 Unaudited £'000	30.09.2007 Unaudited £'000	31.03.2008 Audited £'000
Equity Investments	2,791	2,595	2,596

Available for sale financial assets represent investments in shares traded on the Zimbabwean Stock Exchange. The investments are shown at historical cost adjusted for any foreign exchange movement at the balance sheet date. These investments were made to preserve the value of the group's Zimbabwean dollar surpluses and they are not held for trading purposes. Fair value adjustments are not recognised on these assets as uncertainty exists over the recoverability of amounts in excess of the original cost.

5. CALLED UP SHARE CAPITAL

	30.09.2008 Unaudited £'000	30.09.2007 Unaudited £'000	31.03.2008 Audited £'000
Authorised			
650,000,000 ordinary shares of 10 pence each (2007: 553,000,000 ordinary shares of 10 pence)	65,000	55,300	55,300
Allotted, called up and fully paid			
Opening balance 337,933,819 ordinary shares of 10 pence each (2007: 249,170,654 shares of 10 pence each)	33,793	24,917	24,917
Issued during the period	6,250	7,681	8,876
Closing balance 400,433,819 ordinary shares of 10 pence each (2007: 325,983,321 shares of 10 pence each)	40,043	32,598	33,793

Movements in Issued Share Capital

Date	Event	Issued price	
		£	Number of shares
1 April 2008	Opening balance		337,933,819
19 June 2008	Consideration shares	0.400	62,500,000
30 September 2008	Closing balance		400,433,819

Notes to the interim financial report

For the six months ended 30 September 2008

(Unaudited)

6. GROUP RECONCILIATION OF EQUITY

	Called up share capital	Share premium account	Translation reserves	Other reserves	Investment revaluation reserve	Treasury stock	Share based payments	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2007	24,917	250	(5,929)	-	139	(1,072)	1,736	96,823	116,864
Loss for the year	-	-	-	-	-	-	-	(28,688)	(28,688)
Credit in relation to share based payments	-	-	-	-	-	-	1,174	-	1,174
Shares issued less expenses	8,876	1,656	-	-	-	-	-	-	10,532
Premium on shares not issued for cash	-	-	-	42,836	-	-	-	-	42,836
Revaluation of available-for-sale financial assets less deferred tax	-	-	-	-	(139)	-	-	-	(139)
Exchange adjustments	-	-	3,402	-	-	-	-	-	3,402
Balance at 31 March 2008	33,793	1,906	(2,527)	42,836	-	(1,072)	2,910	68,135	145,981
Loss for the year	-	-	-	-	-	-	-	(114,517)	(114,517)
Credit in relation to share based payments	-	-	-	-	-	-	235	-	235
Shares issued less expenses	6,250	17,500	-	-	-	-	-	-	23,750
Exchange adjustments	-	-	21,637	-	-	-	-	-	21,637
Impairment applied against reserves	-	-	(16,115)	(42,836)	-	-	-	58,951	-
Balance at 30 September 2008	40,043	19,406	2,995	-	-	(1,072)	3,145	12,569	77,086

Notes to the interim financial report

For the six months ended 30 September 2008
(Unaudited)

7. POST BALANCE SHEET EVENTS

On 22nd October 2008, the Company announced a revised strategy to conserve cash and maintain the integrity of Mwana's pan-African operations and exploration assets

On 26th November 2008, BNC announced that it would move to care and maintenance from early December 2008. BNC is investigating the potential for the smelter and refinery operations to resume production using third party feedstock, under existing and additional toll contracts.

Following notification from BHP Billiton of their withdrawal and proposed termination of joint venture and framework agreements, announced on 2nd December 2008, Mwana is considering all options, including closure, of its kimberlite diamond exploration activities in the DRC.

8. CONTINGENT LIABILITIES

The group monitors all possible contingent liabilities, including, *inter alia*, those relating to taxation in the various jurisdictions in which the company operates, environmental, closure and other contingent liabilities on an ongoing basis. Provision for such liabilities is raised in the accounts only once the necessary recognition criteria have been satisfied. If circumstances exist where it is possible that a liability may arise, this is disclosed as a contingent liability.

9. RELATED PARTY TRANSACTIONS

Transactions between group subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period, Mwana Africa Holdings (Pty) Limited, a 100% owned subsidiary of Mwana Africa PLC, paid life insurance and other benefits totalling £1,050,000 to the deceased estate of Mr David Fish, the former Finance Director of the Group. These amounts were accrued in the accounts at 31st March 2008.

As disclosed in the Company's Annual Report, Mwana Africa has signed a letter of intent to dispose of its Canadian diamond exploration assets to UK-based Mantle Diamonds Limited. Mr R Baring, a director of Mantle Diamonds, is related to Mr OAG Baring, the executive chairman of Mwana Africa PLC. The directors of Mwana Africa are of the opinion that the envisaged transaction is on an arm's length basis.