

10<sup>th</sup> December 2009

## **Mwana Africa PLC**

### Unaudited results for the six months to 30 September 2009

Mwana Africa PLC (“Mwana”, the “Group” or the “Company”) is pleased to announce its unaudited interim financial results for the six months to 30 September 2009.

#### Key Features

- Freda Rebecca gold mine successfully returned to production. Since commissioning of the first phase of the refurbishment programme 2,580 ounces of gold dore have been produced
- Approval received from Industrial Development Corporation of South Africa (the “IDC”) for up to US\$10 million debt funding for the expansion of production at the Freda Rebecca gold mine
- Care and maintenance programme continuing at Bindura Nickel Corporation. Decision taken to implement a phased restart of operations, beginning with production of concentrate from the Trojan mine, subject to availability of finance. Discussions with potential financiers are underway
- Klipspringer diamond mine in South Africa produced 10,726 carats (2008: 16,424)
- Initial drilling at the Zani Kodo prospect in the DRC outlined JORC compliant indicated resources of 190,684 oz and inferred resources of 261,192 oz of gold
- Agreement for sale of Konongo (Ghanaian gold exploration) concluded in May 2009

#### Financial Highlights

- Consolidated revenue of £8.5m (2008: £ 20.8m)
- Loss before income tax and impairment of £3.9m (2008: £14.1m)
- Consolidated net cash at 30 September 2009 was £13.5m (US\$21.5m) (2008: £31.3m). Consolidated net cash at 4 December 2009 was £12.1m (US\$20.1m)
- Mwana Africa, excluding BNC held net cash of £9.1m (US\$14.5m) at 30 September 2009 (2008: £25.8m). Net cash, excluding funds held by BNC, at 4 December 2009 was £7.3m (US\$12.1m)

#### Six Month Review

The past six months have seen notable achievements at each of the Company’s principal assets.

Most significant of these was the resumption of production from the Freda Rebecca gold mine in Zimbabwe, in line with the timescale envisaged when the board decided to implement the restart, and coincident with a period of historically high gold prices. Production at the mine is continuing to ramp up successfully towards the planned rate of 30,000 ounces of gold per year. The provision of project finance by the IDC will enable the Company to accelerate implementation of the second phase of the refurbishment programme. Drawdown of the loan remains subject to legal documentation, and to fulfilment of certain conditions precedent, which the board expects will be satisfied in the first quarter of 2010.



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Tom Randell / Anca Spiridon

References to dollars or "\$" refer to US dollars unless otherwise stated.

This press release includes 'forward-looking statements'. Words such as 'anticipates', 'expects', 'intends', 'plans', 'forecasts', 'projects', 'budgets', 'believes', 'seeks', 'estimates', 'could', 'might', 'should' and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this press release, including, without limitation, those regarding Mwana Africa's business strategy and plans and objectives of management for future operations and acquisition opportunities, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of Mwana Africa or the markets and economies in which Mwana Africa operates to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements, including, without limitation, political, regulatory and economic factors. Factors that would cause actual results or events to differ from current expectations include, among other things, political and regulatory risks and the other risks and hazards associated with mineral exploration, development and production. Mwana Africa believes that the assumptions inherent in the forward-looking statements are reasonable; however, forward looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein. Mwana Africa does not assume any responsibility to update any of such forward-looking statements, save as required by relevant law or regulatory authority. This report contains information regarding the results of various exploration activities. Where a mineral resource has not been defined, it should be noted that the potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource. Charl du Plessis, Executive Vice President Exploration of Mwana Africa, who holds a PhD and is a Member of the AusIMM, is a 'Qualified Person' as defined in the AIM Rules and under NI 43-101, and the exploration and resource development information contained in this press release has been reviewed by Dr Du Plessis. Mineral resource estimates included herein are presented in accordance with the JORC Code. If presented in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council, the mineral resource and mineral reserve presentation would be materially the same.

## Operations Review

### *Bindura Nickel Corporation (BNC)*

BNC's mines, smelter and refinery remain on care and maintenance. This programme is designed to preserve the condition of the existing infrastructure, in order to reduce the cost and risk of a return to operation. The programme includes continued dewatering of the mines, periodic test runs of key equipment and ongoing monitoring of major plant structures.

The costs of the care and maintenance programme have continued to be met from BNC's existing resources. BNC has also implemented a plan to realise value from existing stockpiles of in-process inventory. In the period, £7.2m was realised from sales of finished and in-process inventory, and dispatch of toll material.

The economic and operating environment in Zimbabwe has improved significantly, and BNC believes that many of the problems caused by hyperinflation have been resolved. Meanwhile, nickel prices have continued to recover from the lows seen in October 2008.

A number of potential restart scenarios have been considered, and a decision has been taken to resume production from the Trojan mine and concentrator, subject to the availability of finance. BNC believes that annual production of up to 6,000 tonnes of nickel in concentrate can be resumed with relatively limited capital expenditure, given the potential scale of the asset. Independent technical consultants have been appointed to review this scenario, and discussions with potential financiers have commenced.

The opportunity remains to restart and enhance the efficiency of BNC's other mines, smelter and refining assets. In addition, the company continues to assess the potential to develop the Hunters Road project.

### *Freda Rebecca*

In March 2009, Mwana Africa announced its intention to restart production at the Freda Rebecca gold mine in Zimbabwe. The mine dewatering programme was substantially completed during July 2009, while surface workshop facilities were re-commissioned to allow for rehabilitation and maintenance of the existing underground mining fleet. Mining commenced in August 2009, and the commissioning of the primary crusher commenced in mid-August 2009. Refurbishment of the milling and leaching circuits was completed in September 2009. To date, 59,110 tonnes of ore have been milled at an average grade of 2.2 g/t.

The first commercial pour of gold following recommissioning took place on 13<sup>th</sup> October 2009, since when 2,580 ounces of dore gold have been produced. On average, proceeds from gold sales have been received 16 days from delivery.

Staffing levels have been increased to reflect the resumption of commercial operation. Freda Rebecca had 302 employees at 30<sup>th</sup> September 2009, and added a further 78 workers, principally on the mine, during October 2009. Certain management services at the mine and processing plant have initially been outsourced to contractors. Nonetheless, Freda Rebecca has been successful in attracting skilled labour both from within Zimbabwe and from abroad.

Expenditure during the period totalled £4.1 million, comprising capital investment of £2.6 million and working capital (including operating expenditure, and build up of stocks and spares) of £1.6 million.

The company's efforts are now focussed on achieving the planned ramp up of production to a rate of in excess of 30,000 ounces of gold per year, optimising plant performance and planning for the second phase of the refurbishment, which is expected to increase output to approximately 50,000 ounces of gold per year. In November, the Industrial Development Corporation of South Africa approved the provision of a loan of up to US\$10 million debt funding for the project. The loan is subject to completion of legal documentation and certain conditions precedent to drawdown. Mwana Africa has committed to sell a 15% stake in Freda Rebecca to a local investor.

#### *Klipspringer*

The Klipspringer diamond mine in South Africa continued to operate despite challenging economic conditions. Market values of diamonds have been depressed, although prices have recently begun to increase. In May 2009 the mine achieved an average price of \$75 per carat whilst a further sale in September 2009 realised an average of \$84 per carat. At its November auction, an average price of \$99 per carat was realised. Meanwhile the continued strength of the South African Rand has put pressure on US Dollar operating margins.

In this environment, a decision was taken to reduce the rate of production while keeping the mine open. In the six months to 30<sup>th</sup> September 2009 the mine produced 10,726 carats (2008: 16,424), was marginally loss making and experienced an operating cash outflow of £0.2m (2008: £0.1m outflow).

Klipspringer remains well positioned to benefit from improving market conditions. The rate of primary development has been increased to ensure flexibility in the underground environment, and an increase in the rate of production to 3,500 carats per month is planned.

#### Exploration Review

##### *Zani Kodo –Gold (DRC)*

An initial resource estimate was calculated at the Zani Kodo gold deposit in the DRC, based on the results of drilling along just 700m of a trend which has been accurately delineated over a strike length of 9 kilometres. The estimate outlined JORC compliant indicated resources of 190,684 oz of gold and JORC compliant inferred resources of 261,192 oz of gold.

In September, drilling commenced on the downdip extension of the Kodo Main high grade zone.

During the period, Mwana Africa received the approval of the DRC's Council of Ministers on the terms of renegotiation of its agreement with L'Office des Mines d'Or de Kilo-Moto ("OKIMO").

##### *Semhkat –Base Metals (DRC)*

A 648m core drilling programme was completed at Kibolwe West. 7 holes intersected copper mineralisation at varying depths and over varying widths along a 300m strike length. One of three holes drilled at Kiamato West to test the Mwashia-Grand Conglomérat contact at depth intersected significant

sulphide mineralisation over a 40m width at 100m. Ambase completed a 1,100m diamond core drilling at Lombe. Work is planned to continue after the end of the rainy season.

## Financial Review

### Income Statement

The Group reported revenue of £8.5m (2008:£20.8m), substantially reduced from the previous year owing to the limited production at BNC reflecting its move to care and maintenance. Nonetheless, BNC was able to achieve revenue of £7.2 m (2008: £19.3m), principally from sales of finished and in-process inventory, and dispatch of toll material. Other Group revenue was generated predominantly from the Klipspringer diamond mine.

Operating costs of £12.6m were reduced substantially from the preceding period (2008: £35.4m) due to substantially reduced activity, reduced foreign exchange losses of £0.9m (2008: £8.1m) and lower depreciation at BNC during the period.

Following the improved outlook for commodity prices and for the economic environment in Zimbabwe, no impairment of assets was recorded in the period (2008: £135.0m). The group reported a loss before tax and impairment of £3.9m (2008: £14.1m).

### Cashflow

The Group recorded a net cash outflow, after foreign exchange movements, of £5.4m (2008: £13.6m, excluding cash received from June 2008 placing).

As a result of sales of inventory, offset by the ongoing costs of the care and maintenance programme and a partial repayment to creditors, BNC recorded a net cash inflow of £2.0m (2008: £3.2m outflow). The group, excluding BNC, recorded a net cash outflow of £7.4m (2008: £10.4m, excluding cash received from June 2008 placing), relating to capitalised expenditure on the Freda Rebecca gold mine and on the company's exploration portfolio, and corporate costs.

Capital investment comprised £3.1m (2008: £4.3m) on property, plant and equipment, principally at Freda Rebecca, and £1.2m (2008: £7.0m) on exploration assets.

At 30<sup>th</sup> September 2009, the Group, excluding BNC, held cash balances of £9.1m (2008: £25.8m). BNC held cash balances of £4.4m (2008: £5.6m).

## Condensed consolidated interim financial statements

For the six months ended 30 September 2009  
(Unaudited)

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## Consolidated balance sheet

As at 30 September 2009

(Unaudited)

	Note	30.09.2009 Unaudited £'000	30.09.2008 Unaudited £'000	31.03.2009 Audited £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	28,998	33,284	30,388
Intangible assets	10	8,381	15,000	8,000
Investments	11	1,227	131	1,377
Deferred tax assets		-	203	217
Non-current receivables		731	40	25
<b>Total non-current assets</b>		<b>39,337</b>	<b>48,658</b>	<b>40,007</b>
<b>Current assets</b>				
Cash and cash equivalents	12	13,498	31,647	19,198
Inventories		2,853	17,974	8,378
Trade and other receivables		14,069	17,916	13,595
Tax receivable		84	-	72
Available-for-sale financial assets	13	2,975	2,791	1,857
Assets held for sale		2,005	1,000	2,544
<b>Total current assets</b>		<b>35,484</b>	<b>71,328</b>	<b>45,644</b>
<b>Total assets</b>		<b>74,821</b>	<b>119,986</b>	<b>85,651</b>
<b>EQUITY</b>				
Issued share capital	14	40,043	40,043	40,043
Share premium		19,406	19,406	19,406
Reserves		61,239	5,068	64,351
Retained earnings		(80,760)	12,569	(76,474)
<b>Total equity attributable to equity holders of the parent</b>		<b>39,928</b>	<b>77,086</b>	<b>47,326</b>
Non-controlling interest		6,914	9,689	7,168
<b>Total equity</b>		<b>46,842</b>	<b>86,775</b>	<b>54,494</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions	15	5,180	6,162	5,580
Deferred tax liabilities		839	3,790	887
<b>Total non-current liabilities</b>		<b>6,019</b>	<b>9,952</b>	<b>6,467</b>
<b>Current liabilities</b>				
Trade and other payables		21,960	22,418	24,378
Bank overdrafts	12	-	301	312
Taxation payable		-	540	-
<b>Total current liabilities</b>		<b>21,960</b>	<b>23,259</b>	<b>24,690</b>
<b>Total liabilities</b>		<b>27,979</b>	<b>33,211</b>	<b>31,157</b>
<b>Total equity and liabilities</b>		<b>74,821</b>	<b>119,986</b>	<b>85,651</b>

## Consolidated income statement

For the six months ended 30 September 2009

(Unaudited)

	Note	6 months ended 30.09.2009 Unaudited £'000	6 months ended 30.09.2008 Unaudited £'000	Year ended 31.03.2009 Audited £'000
<b>Continuing operations</b>				
Revenue		8,548	20,842	28,306
Cost of sales		(8,053)	(27,184)	(54,400)
<b>Gross profit/(loss)</b>		<b>495</b>	<b>(6,342)</b>	<b>(26,094)</b>
Other income		146	-	-
Selling and distribution expenses		(1,009)	(4,412)	(3,202)
Administrative expenses		(2,672)	(2,523)	(9,144)
Other expenses		(887)	(1,299)	(288)
<b>Results from operating activities</b>		<b>(3,927)</b>	<b>(14,576)</b>	<b>(38,728)</b>
Finance income		35	650	1,061
Finance cost		-	(157)	(210)
<b>Loss before income tax and impairment</b>		<b>(3,892)</b>	<b>(14,083)</b>	<b>(37,877)</b>
Impairment	7	-	(134,993)	(190,242)
<b>Loss before income tax</b>		<b>(3,892)</b>	<b>(149,076)</b>	<b>(228,119)</b>
Income tax expense		(166)	13,912	17,554
<b>Loss from continuing operations</b>		<b>(4,058)</b>	<b>(135,164)</b>	<b>(210,565)</b>
<b>Discontinued operations</b>				
Loss from discontinued operation (net of income tax)		(294)	-	-
<b>Loss for the period</b>		<b>(4,352)</b>	<b>(135,164)</b>	<b>(210,565)</b>
<b>Loss attributable to:</b>				
Owners of the Parent		(4,286)	(114,517)	(187,445)
Non-controlling interest		(66)	(20,647)	(23,120)
<b>Loss for the period</b>		<b>(4,352)</b>	<b>(135,164)</b>	<b>(210,565)</b>

## Consolidated statement of comprehensive income

For the six months ended 30 September 2009

(Unaudited)

	6 months ended 30.09.2009 Unaudited £'000	6 months ended 30.09.2008 Unaudited £'000	Year ended 31.03.2009 Audited £'000
<b>Other comprehensive (loss)/profit</b>			
Foreign currency translation differences	(4,389)	21,637	64,703
Net change in fair value of available-for-sale financial assets, net of tax	1,332	-	-
<b>Other comprehensive (loss)/profit for the period, net of income tax</b>	<b>(3,057)</b>	<b>21,637</b>	<b>64,703</b>
<b>Total comprehensive loss for the period</b>	<b>(7,409)</b>	<b>(113,527)</b>	<b>(145,862)</b>
<b>Total comprehensive loss attributable to</b>			
Owners of the Parent	(7,155)	(92,880)	(122,742)
Non-controlling interest	(254)	(20,647)	(23,120)
<b>Total comprehensive loss for the period</b>	<b>(7,409)</b>	<b>(113,527)</b>	<b>(145,862)</b>
<b>Loss per share</b>			
Basic loss per share (pence)	(1.02)	(32.30)	(48.60)
Diluted loss per share (pence)	(1.02)	(32.30)	(48.60)
<b>Continuing operations</b>			
Basic loss per share (pence)	(0.95)	(32.30)	(48.60)
Diluted loss per share (pence)	(0.95)	(32.30)	(48.60)

## Consolidated statement of changes in equity

For the six months ended 30 September 2009  
(Unaudited)

	Note	Share capital £'000	Share premium £'000	Trans- lation reserve £'000	Other reserves £'000	Investment revaluation reserve £'000	Treasury stock £'000	Share based payments £'000	Retained earnings £'000	Total equity attributab le to equity holders of the parent £'000	Non- con- trolling interest £'000	Total equity £'000
Balance at 31 March 2008		33,793	1,906	(2,527)	42,836	-	(1,072)	2,910	68,135	145,981	30,334	176,315
Profit or loss		-	-	-	-	-	-	-	(114,517)	(114,517)	(20,645)	(135,162)
Foreign currency translation differences		-	-	21,637	-	-	-	-	-	21,637	-	21,637
Impairment applied against reserves		-	-	(16,115)	(42,836)	-	-	-	58,951	-	-	-
<b>Total comprehensive income for the period</b>		-	-	<b>5,522</b>	<b>(42,836)</b>	-	-	-	<b>(55,566)</b>	<b>(92,880)</b>	<b>(20,645)</b>	<b>(113,525)</b>
<b>Contributions by and distributions to owners</b>												
Issue of ordinary shares less expenses		6,250	17,500	-	-	-	-	-	-	23,750	-	23,750
Share-based payment transactions		-	-	-	-	-	-	235	-	235	-	235
<b>Total contributions by and distributions to owners</b>		<b>6,250</b>	<b>17,500</b>	-	-	-	-	<b>235</b>	-	<b>23,985</b>	-	<b>23,985</b>
<b>Balance as at 30 September 2008</b>		<b>40,043</b>	<b>19,406</b>	<b>2,995</b>	-	-	<b>(1,072)</b>	<b>3,145</b>	<b>12,569</b>	<b>77,086</b>	<b>9,689</b>	<b>86,775</b>

**Condensed consolidated statement of changes in equity (continued)**

For the six months ended 30 September 2009  
(Unaudited)

	Note	Share capital £'000	Share premium £'000	Trans- lation reserve £'000	Other reserves £'000	Investment revaluation reserve £'000	Treasury stock £'000	Share based payments £'000	Retained earnings £'000	Total equity attributab le to equity holders of the parent £'000	Non- con- trolling interest £'000	Total equity £'000
Balance at 31 March 2009		40,043	19,406	62,176	-	-	(1,072)	3,247	(76,474)	47,326	7,168	54,494
Profit or loss		-	-	-	-	-	-	-	(4,286)	(4,286)	(66)	(4,352)
Foreign currency translation differences		-	-	(3,574)	-	-	-	-	-	(3,574)	(815)	(4,389)
Revaluation of available-for-sale financial assets		-	-	-	-	564	-	-	-	564	502	1,066
Deferred tax on available-for-sale financial assets		-	-	-	-	141	-	-	-	141	125	266
<b>Total comprehensive income for the period</b>		-	-	<b>(3,574)</b>	-	<b>705</b>	-	-	<b>(4,286)</b>	<b>(7,155)</b>	<b>(254)</b>	<b>(7,409)</b>
<b>Contributions by and distributions to owners</b>												
Share-based payment transactions		-	-	-	-	-	-	(243)	-	(243)	-	(243)
<b>Total contributions by and distributions to owners</b>		-	-	-	-	-	-	<b>(243)</b>	-	<b>(243)</b>	-	<b>(243)</b>
<b>Balance as at 30 September 2009</b>		<b>40,043</b>	<b>19,406</b>	<b>58,602</b>	-	<b>705</b>	<b>(1,072)</b>	<b>3,004</b>	<b>(80,760)</b>	<b>39,928</b>	<b>6,914</b>	<b>46,842</b>

## Consolidated cash flow statement

For the six months ended 30 September 2009

(Unaudited)

	6 months ended	6 months ended	Year ended
Note	30.09.2009	30.09.2008	31.03.2009
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Loss before income tax	(3,892)	(149,076)	(228,119)
Adjustments for:			
Depreciation	93	4,637	11,850
Stock write-off	-	-	8,052
Foreign exchange movements	-	3,257	(373)
Impairment charge	-	134,993	190,242
Loss on sale of non-current assets	-	-	4
(Write-back)/charge in relation to share-based payments	(243)	235	337
Loss from discontinued operations (net of tax)	(294)	-	-
Finance income	(35)	(651)	(1,061)
Finance costs	-	157	210
	<u>(4,371)</u>	<u>(6,448)</u>	<u>(18,858)</u>
(Increase)/decrease in trade and other receivables	(1,693)	(1,440)	5,640
(Increase)/decrease in inventories	4,756	(36)	6,473
Increase in creditors	430	3,698	1,114
Increase/(decrease) in provisions	27	32	(2,113)
Decrease in available for sale assets	-	-	1,370
Cash used in operations	(851)	(4,194)	(6,374)
Finance costs	-	(157)	(210)
Income tax paid	(11)	(176)	(160)
<i>Net cash used in operating activities</i>	<u>(862)</u>	<u>(4,527)</u>	<u>(6,744)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(3,057)	(4,259)	(5,909)
Proceeds from sale of property, plant and equipment	-	-	1
Proceeds on sale of available-for-sale financial assets	17	-	-
Investment in intangible exploration assets	(1,184)	(7,023)	(14,296)
Acquisition of investments	-	-	(218)
Finance income	35	651	1,061
<i>Net cash used in investing activities</i>	<u>(4,189)</u>	<u>(10,631)</u>	<u>(19,361)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	-	23,750	23,750
<i>Net cash from financing activities</i>	<u>-</u>	<u>23,750</u>	<u>23,750</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,051)</b>	<b>8,592</b>	<b>(2,355)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,886</b>	<b>21,241</b>	<b>21,241</b>
Exchange rate movement in cash and cash equivalents at beginning of period	(337)	1,513	-
<b>Cash and cash equivalents at end of period</b>	<b>12 13,498</b>	<b>31,346</b>	<b>18,886</b>

## Notes to the condensed consolidated interim financial statements

For the six months ended 30 September 2009  
(Unaudited)

### 1. REPORTING ENTITY

Mwana Africa PLC (the “Company”) is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities. The audited consolidated financial statements of the Group as at and for the year ended 31 March 2009 are available upon request from the Company’s registered office at Devon House, 12 – 15 Dartmouth Street, London, SW1H 9BL or at [www.mwanaafrica.com](http://www.mwanaafrica.com).

### 2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. 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 as at and for the year ended 31 March 2009. These condensed consolidated interim financial statements were approved by the Board of Directors on 9 December 2009.

### 3. GOING CONCERN

The directors believe that it is appropriate to adopt the going-concern basis in preparing the financial statements for the period to 30 September 2009 having considered the Group’s funding requirements for the next 12 months from the date of approval of the financial statements.

The Group’s cash flow forecasts show that the Group can continue to operate for the foreseeable future using existing cash resources and the recently announced project loan facility to be provided by the Industrial Development Corporation (IDC) of South Africa. That facility of US\$10m is subject to completion of loan documentation and a number of conditions precedent including the provision of political risk insurance. The funds will enable the expansion of production from the recently re-commissioned Freda Rebecca gold mine. The Bindura Nickel mines and processing facility remain on care and maintenance.

The Group’s exploration expenditure is largely discretionary and is committed only when funding is available.

### 4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2009.

#### (a) Change in accounting policy

##### (i) Determination and presentation of operating segments

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**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment's results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(ii) Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months ended on 30 September 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

## Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 30 September 2009

(Unaudited)

### (iii) Consolidated and separate financial statements

Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards, and IAS 27, Consolidated and Separate Financial Statements: Effective for years commencing on or after 1 January 2009. The adoption of these amendments, which relate to the measurement of the initial cost of investment in subsidiaries in the financial statements of the company only, will have no impact upon the group's net cash flows, financial position, total recognised income and expense or earnings per share.

### (iv) Share based payments

Amendments to IFRS 2, Share-based Payments: Effective for years commencing on or after 1 January 2009. The amendment to IFRS 2 clarifies that vesting conditions are service conditions and performance conditions only; other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of the amendment to IFRS 2 has no impact on the group's net cash flows, financial position, total recognised income and expense or earnings per share.

(b) Standards, amendments and interpretations that are not yet effective and have not been adopted early by the group

- Revised IFRS 3, *Business Combinations: Effective for years beginning on or after 1 July 2009.*

The scope of IFRS 3 (2008) has been extended to include business combinations involving only mutual entities and to business combinations achieved by contract alone. The definition of a business combination has been revised to focus on control. All items of consideration transferred by the acquirer are measured and recognised at fair value at the acquisition date, including contingent consideration. The adoption of this amendment may have an impact on future business combinations.

The Group is currently assessing the potential impacts of the other new and revised standards and interpretations that will be effective from 1 January 2010 and beyond, and which the Group has not early adopted. The Group does not anticipate that these will have a material impact on the Group's overall results and financial position.

## 5. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 30 September 2009  
(Unaudited)

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2009.

During the six months ended 30 September 2009 management reassessed its estimates in respect of:

- the recoverable amount of certain property, plant and equipment (see note 9)
- provisions (see note 15)

### 6. FINANCIAL RISK MANAGEMENT

#### 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.

The directors note that the group has raised, and will continue to need to raise, finance for exploration and development as and when required.

The accounts of BNC, a 52.9% owned subsidiary of the Company, are consolidated in the accounts of the Group. Cash balances as disclosed in note 12 held by BNC are not readily available to the Group. BNC remains on care and maintenance and continues to fund expenses through realising value from its working capital positions. Discussions have been held with various financiers regarding the provisioning of restart funding. 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.

### 7. IMPAIRMENT

	6 months ended 30.09.2009 Unaudited £'000	6 months ended 30.09.2008 Unaudited £'000	Year ended 31.03.2009 Audited £'000
Impairment of goodwill	-	12,001	14,936
Impairment of investments	-	5,792	6,713
Impairment of property, plant and equipment	-	42,386	64,007
Impairment of exploration and development assets	-	73,814	104,586
Impairment of assets held for sale	-	1,000	-
<b>Total Impairment</b>	<b>-</b>	<b>134,993</b>	<b>190,242</b>

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

The directors have considered both external and internal sources in determining whether an impairment indicator exists. No impairment indicators exist and consequently no impairment testing has been performed at the end of the period. All assets and cash generating units will be subject to an annual impairment review at the end of the financial year, regardless of whether an impairment indicator exists.

**8. OPERATING SEGMENTS**

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The CEO reviews internal management reports for each of the strategic business units. The following summary describes the operations in each of the Group's reportable segments:

- Gold: Gold mining and prospecting activities
- Nickel: Nickel mining, smelting and refining activities currently on care and maintenance
- Diamonds: Diamond mining activities
- Exploration: Gold and base metal exploration activities

## Notes to the condensed consolidated interim financial statements (continued)

For the six months ended 30 September 2009  
(Unaudited)

### Information about reportable segments

	Gold			Nickel			Diamonds			Exploration			Total		
	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended
	30.09.2009	30.09.2008	31.03.2009	30.09.2009	30.09.2009	31.03.2009	31.03.2009	30.09.2008	31.03.2009	30.09.2009	30.09.2008	31.03.2009	30.09.2009	30.09.2008	31.03.2009
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	£'000	£'000		£'000	£'000	£'000		£'000		£'000	£'000		£'000	£'000	£'000
External revenue	-	-	-	7,206	-	26,203	755	-	1,422	-	-	-	7,961	-	27,625
Reportable segment loss before tax	(931)	(5,162)	(15,315)	(141)	(45,558)	(79,850)	(367)	(26)	(551)	-	(95,648)	(129,079)	(1,439)	(146,394)	(224,795)
Reportable segment assets	9,623	11,386	8,490	40,591	56,487	43,402	4,442	1,477	1,430	9,390	20,183	12,191	64,046	89,533	65,513
Reportable additions to property, plant and equipment	2,574	146	230	301	3,641	5,339	-	55	54	178	400	217	3,053	4,242	5,840
Reportable additions to intangible assets	-	-	-	-	-	-	-	-	-	1,184	7,023	14,296	1,184	7,023	14,296

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

**Reconciliation of reportable segment profit or loss**

	<b>6 months ended 31.03.2009 unaudited</b>	<b>6 months ended 30.09.2008 Unaudited</b>	<b>Year ended 31.03.2009 Audited</b>
Total loss for reportable segments	(1,439)	(146,394)	(224,795)
Other profit or loss			
Elimination of discontinued operations	(294)	-	-
Unallocated amounts:			
Other corporate expenses	(2,159)	(2,682)	(3,324)
<b>Consolidated loss before income tax</b>	<b>(3,892)</b>	<b>(149,076)</b>	<b>(228,119)</b>

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009

(Unaudited)

**9. PROPERTY, PLANT AND EQUIPMENT**

	Mining assets £'000	Smelter & refinery plant and equipment £'000	Plant and equipment £'000	Exploration assets £'000	Building & leasehold £'000	Motor vehicles £'000	Total £'000
<b>Cost or deemed cost</b>							
Balance at 1 April 2008 (Audited)	46,311	14,595	1,146	1,916	15,873	6,224	86,065
Additions	3,843	386	540	4	211	925	5,909
Effect of movements in exchange rates	18,643	8,836	346	793	6,181	2,484	37,283
Balance at 31 March 2009 (Audited)	68,797	23,817	2,032	2,713	22,265	9,633	129,257
Additions	1,919	-	959	114	-	65	3,057
Disposals	-	-	(1)	-	-	(27)	(28)
Effect of movements in exchange rates	(7,380)	(3,342)	(66)	(274)	(2,389)	(1,033)	(14,484)
<b>Balance at 30 September 2009 (Unaudited)</b>	<b>63,336</b>	<b>20,475</b>	<b>2,924</b>	<b>2,553</b>	<b>19,876</b>	<b>8,638</b>	<b>117,802</b>
<b>Depreciation and impairment losses</b>							
Balance at 1 April 2008 (Audited)	(11,174)	(1,965)	(30)	(490)	(910)	(2,754)	(17,323)
Depreciation for the year	(6,437)	(2,829)	(271)	(93)	(1,101)	(1,119)	(11,850)
Impairment loss	(30,994)	(8,493)	(1,310)	(1,969)	(16,707)	(4,534)	(64,007)
Effect of movements in exchange rates	(3,169)	(894)	(7)	(159)	(367)	(1,093)	(5,689)
Balance at 31 March 2009 (Audited)	(51,774)	(14,181)	(1,618)	(2,711)	(19,085)	(9,500)	(98,869)
Depreciation for the period	-	-	(93)	(32)	-	(30)	(155)
Disposals	-	-	-	-	-	5	5
Effect of movements in exchange rates	5,200	1,549	126	274	2,047	1,019	10,215
<b>Balance at 30 September 2009 (Unaudited)</b>	<b>(46,574)</b>	<b>(12,632)</b>	<b>(1,585)</b>	<b>(2,469)</b>	<b>(17,038)</b>	<b>(8,506)</b>	<b>(88,804)</b>
<b>Carrying amounts</b>							
At 31 March 2008 (Audited)	35,137	12,630	1,116	1,426	14,963	3,470	68,742
At 31 March 2009 (Audited)	17,023	9,636	414	2	3,180	133	30,388
<b>At 30 September 2009 (Unaudited)</b>	<b>16,762</b>	<b>7,843</b>	<b>1,339</b>	<b>84</b>	<b>2,838</b>	<b>132</b>	<b>28,998</b>

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009

(Unaudited)

**10. INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Development</b>	<b>Exploration</b>	<b>Total</b>
	<b>£'000</b>	<b>assets</b>	<b>and</b>	<b>£'000</b>
		<b>£'000</b>	<b>evaluation</b>	
			<b>costs</b>	
			<b>£'000</b>	<b>£'000</b>
<b>Cost or deemed cost</b>				
Balance at 1 April 2008 (Audited)	27,114	4,122	74,379	105,615
Capitalised exploration costs	-	-	14,296	14,296
Transferred to assets held for sale	-	-	(2,352)	(2,352)
Effect of movements in exchange rates	7,668	1,661	27,513	36,842
Balance at 31 March 2009 (Audited)	34,782	5,783	113,836	154,401
Capitalised exploration costs	-	-	1,184	1,184
Effect of movements in exchange rates	(1,368)	(620)	(7,290)	(9,278)
<b>Balance at 30 September 2009 (Unaudited)</b>	<b>33,414</b>	<b>5,163</b>	<b>107,730</b>	<b>146,307</b>
<b>Amortisation and impairment losses</b>				
Balance at 1 April 2008 (Audited)	(15,113)	-	(5,013)	(20,126)
Effect of movements in exchange rates	(4,733)	-	(2,020)	(6,753)
Impairment loss	(14,936)	(5,783)	(98,803)	(119,522)
Balance at 31 March 2009 (Audited)	(34,782)	(5,783)	(105,836)	(146,401)
Effect of movements in exchange rates	1,368	620	6,487	8,475
<b>Balance at 30 September 2009 (Unaudited)</b>	<b>(33,414)</b>	<b>(5,163)</b>	<b>(99,349)</b>	<b>(137,926)</b>
<b>Carrying amounts</b>				
At 31 March 2008 (Audited)	12,001	4,122	69,366	85,489
At 31 March 2009 (Audited)	-	-	8,000	8,000
<b>At 30 September 2009 (Unaudited)</b>	<b>-</b>	<b>-</b>	<b>8,381</b>	<b>8,381</b>

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

**11. INVESTMENTS**

	Ownership %	30.09.2009 Unaudited £'000	30.09.2008 Unaudited £'000	31.03.2009 Audited £'000
Mantle Diamonds	10.73	876	-	978
Others		351	131	399
<b>Total Investments</b>		<b>1,227</b>	<b>131</b>	<b>1,377</b>

The directors consider that the group does not have significant influence over the entities classified as investments, as it cannot influence the operating policy of these entities.

**12. CASH AND CASH EQUIVALENTS**

	30.09.2009 Unaudited £'000	30.09.2008 Unaudited £'000	31.03.2009 Audited £'000
Cash and cash equivalents	13,498	31,647	19,198
Bank overdrafts	-	(301)	(312)
<b>Total Cash and Cash Equivalents</b>	<b>13,498</b>	<b>31,346</b>	<b>18,886</b>

Of the total cash and cash equivalents of £13.5m (2008: £31.4m) held at the end of the period, cash held by certain subsidiary companies, principally BNC, totalled £4.4m (2008: £5.6m) and is 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:

	30.09.2009 Unaudited £'000	30.09.2008 Unaudited £'000	31.03.2009 Audited £'000
United States Dollar	5,713	9,739	4,919
South African Rand	117	307	162
British Pound	7,668	21,300	13,805
<b>Total Cash and Cash Equivalents</b>	<b>13,498</b>	<b>31,346</b>	<b>18,886</b>

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

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

	<b>6 months ended</b> <b>30.09.2009</b> <b>Unaudited</b>	<b>6 months ended</b> <b>30.09.2008</b> <b>Unaudited</b>	<b>Year ended</b> <b>31.03.2009</b> <b>Audited</b>
<b>United States Dollar</b>			
Average rate	1.5952	1.9344	1.7217
Closing rate	1.5922	1.8175	1.4214
<b>South Africa Rand</b>			
Average rate	12.9941	15.0656	15.0295
Closing rate	11.8344	14.8988	13.8163

**13. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>30.09.2009</b> <b>Unaudited</b> <b>£'000</b>	<b>30.09.2008</b> <b>Unaudited</b> <b>£'000</b>	<b>31.03.2009</b> <b>Audited</b> <b>£'000</b>
Equity Investments	2,975	2,791	1,857

Available-for-sale financial assets represent investments in shares traded on the Zimbabwean Stock Exchange. These investments were made initially to preserve the value of the group's Zimbabwean dollar surpluses but may now be realised in order to settle ongoing operational cost requirements as part of BNC's broader plans to maintain its assets whilst on care and maintenance.

**14. CALLED UP SHARE CAPITAL**

	<b>30.09.2009</b> <b>Unaudited</b> <b>£'000</b>	<b>30.09.2008</b> <b>Unaudited</b> <b>£'000</b>	<b>31.03.2009</b> <b>Audited</b> <b>£'000</b>
<b>Authorised</b>			
650,000,000 ordinary shares of 10 pence each (2008: 650,000,000 ordinary shares of 10 pence each)	65,000	65,000	65,000
<b>Allotted, called up and fully paid</b>			
Opening balance			
400,433,819 ordinary shares of 10 pence each (2008: 337,933,819 shares of 10 pence each)	40,043	33,793	33,793
Issued during the period			
No share were issued during the period (2008: 62,500,000 shares of 10 pence each)	-	6,250	6,250
<b>Closing balance</b>			
<b>400,433,819 ordinary shares of 10 pence each</b> <b>(2008: 400,433,819 shares of 10 pence each)</b>	<b>40,043</b>	<b>40,043</b>	<b>40,043</b>

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

*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	<u>62,500,000</u>
31 March 2009	Year end balance		<u>400,433,819</u>
<b>30 September 2009</b>	<b>Closing balance</b>		<b><u>400,433,819</u></b>

15. PROVISIONS

	30.09.2009	30.09.2008	31.03.2009
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Rehabilitation Provision</b>			
Balance at beginning of period	5,580	5,557	5,557
Provisions made during the period	27	65	80
Exchange rate adjustments	(427)	540	2,137
Provisions reversed during the period	-	-	(2,194)
<b>Total Rehabilitation Provision</b>	<b><u>5,180</u></b>	<b><u>6,162</u></b>	<b><u>5,580</u></b>

The rehabilitation provision relates principally to the estimated closure and rehabilitation costs of the business operations of Bindura Nickel Corporation and Freda Rebecca, and the Klipspringer diamond mine.

16. POST BALANCE SHEET EVENTS

On 14 October 2009, the company announced the first production of gold at the Freda Rebecca gold mine in Zimbabwe. At the same time it was announced that planning for Phase 2 of the refurbishment programme, which would involve the rehabilitation of the second milling circuit and an increase in the capacity of underground mining equipment, was well advanced and would be expected to increase output to in excess of 50,000 ounces of gold per year.

On 4 November 2009, the company announced that the Industrial Development Corporation of South Africa (the "IDC") had approved the provision of up to US\$10 million debt funding for the expansion of production at the Freda Rebecca gold mine. Funding will be made available in two tranches. The first tranche, up to US\$4 million, will be applied to fund the remaining working capital requirements of Phase 1. The remainder of the funding will be applied to the capital expenditure and working capital requirements of Phase 2.

The IDC funding remains subject to documentation and the satisfaction of certain conditions.

**Notes to the condensed consolidated interim financial statements (continued)**

For the six months ended 30 September 2009  
(Unaudited)

**17. CONTINGENT LIABILITIES AND COMMITMENTS**

The group monitors 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 financial statements when 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. The directors are not aware of any contingent liabilities as at 30 September 2009.

The group has committed to sell a 15% shareholding in Freda Rebecca to a local investor.

**18. RELATED PARTY TRANSACTIONS**

Transactions between group subsidiaries, which are related parties, have taken place during the period, and have been eliminated on consolidation and are not disclosed in this note. No other related party transactions have taken place in the period.