

1st July 2009

Mwana Africa PLC

Audited results for the year to 31 March 2009

The Board of Mwana Africa PLC (“Mwana”, the “Group” or the “Company”), the pan-African resource Company, announces its audited financial results for the year to 31 March 2009.

Key Features

- Successful implementation of our revised strategy to conserve cash and to maintain the integrity of Mwana’s pan-African operations and exploration assets:
 - Active copper and gold exploration activities were scaled back in the DRC while ensuring that conditions to retain exploration rights were satisfied.
 - Sale of the Konongo gold exploration prospect in Ghana and closure of all diamond exploration activities in the DRC and South Africa following BHP Billiton’s withdrawal from joint venture and exploration agreements.
 - Bindura Nickel Corporation (“BNC”) was moved to care and maintenance.
- In Zimbabwe the new Government of National Unity has implemented the effective dollarization of the economy and the removal of onerous currency regulations, allowing Mwana to resume refurbishment of the Freda Rebecca gold mine and to evaluate the restructuring of BNC.
- The £4m first phase of the Freda Rebecca gold mine’s restart programme, funded from existing cash resources, is scheduled for completion at the end of September 2009. Mwana is targeting annualised production of 50,000oz gold by the end of 2010 from the second phase of the programme.
- Resource evaluation is being finalised following completion of the initial gold exploration programme at Kilo Moto in the DRC.
- Group loss for the year before impairment and tax was £37.9m due principally to weak trading conditions at BNC. Difficult market conditions and implementation of the revised strategy led to a non-cash impairment charge, net of deferred tax, of £174.1m (2008: £21.4m), increased from the £121.0m net impairment provision (announced in the group’s interim results) principally as a result of exchange rate movements. Loss after impairment and tax was £210.6m (2008: £28.7m)
- Net cash at bank at 31 March 2009 was £16.5m (excluding funds held by BNC) following the June 2008 share placing, which raised £23.7m (net of costs), and net cash outflow during the year from the group (excluding BNC) of £19.7m (2008: £21.1m, excluding dividend income, acquisitions and equity issues). Net cash (excluding BNC) at end of June 2009 was £13.8m.

Commenting on the results Kalaa Mpinga, Chief Executive Officer, said:

“This has been a challenging year for Mwana Africa as we have fought to protect our strategic investments and the foundations of our pan-African, multi-commodity strategy. With the improvement in operating conditions in Zimbabwe, we will shortly resume operations at Freda Rebecca and are currently looking at options to resume operations at BNC including the potential to restart development of our promising Hunters Road project.”

This press release is available for download from the Company's website; www.mwanaafrica.com.

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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 involved in the mineral exploration industry. 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 is based upon information prepared under the supervision of Dr Du Plessis. Dr Natasha Gibson Pr.Sci.Nat., Vice President, Exploration, is the qualified person as defined in the AIM Rules and, under NI 43-101, responsible for the technical information in this release relating to Mwana Africa's diamond production and exploration activities. The information relating to resources at BNC is based on information prepared under the supervision of Claudius Makuni, Manager Geology for BNC and a qualified person under NI 43-101.

Chairman's Statement

2008/9 was a year of almost unprecedented turmoil in the global financial markets. In addition to a squeeze on the availability of financing, the collapse in commodity prices put heavy pressure on the entire mining sector. At Mwana, we responded quickly by taking a number of difficult decisions, and adjusting our focus to match the changed economic climate. Recognising the premium placed on near-term cash generation, we scaled back significantly on our exploration programmes in diamonds, base and precious metals, while maintaining the integrity of our core assets, including our nickel and gold production facilities in Zimbabwe and our extensive exploration concessions in the DRC.

Bindura Nickel Corporation, our Zimbabwean nickel mine, smelter and refinery operation, faced an especially difficult year. Production difficulties continued to undermine levels of output in the first half which, allied with the collapse in the nickel price, rendered the operation uneconomic. In order to conserve cash, and to preserve the integrity of the operation, the decision to place the operation onto care and maintenance was taken in November 2008.

The collapse in the prices of nickel and copper led us to scale back significantly our base metals exploration activities. Meanwhile, the gold price has benefitted from its status as a safe haven in times of market turbulence. We have announced our intention to restart production at the Freda Rebecca gold mine, and we are now finalising resource evaluation following completion of the initial gold exploration programme at Kilo Moto in the DRC.

The decision to reduce our expenditure on exploration mirrored a series of exploration project closures and deferrals across the mining sector. Among these, BHP Billiton withdrew from certain diamond exploration agreements, including those with Mwana, under which it provided funding for joint exploration projects in the DRC. As a result, Mwana itself decided to withdraw from these projects. In line with our strategy to streamline our operational portfolio, we have also concluded the sale of non-core exploration assets in Ghana, Canada and the DRC.

We have assessed the carrying values of our assets for impairment as a result of the decline in the near-term outlook for commodity prices and our revised strategic focus, in line with International Financial Reporting Standards. The impairment of our assets took place at the end of a very difficult year for both the global commodity markets and for the Zimbabwean economy, and we are hopeful that the current gradual recovery in commodity prices and improvements in the Zimbabwean economic climate will allow us to rebuild our operations, as well as give us the opportunity for improved valuations of our assets in the future.

The Mwana Africa Group also reported a loss, before tax and impairment charges, of £37.9m, principally as a result of the collapse in nickel prices and of the decline in nickel production at BNC. We have, as described above, recorded non-cash impairment charges totalling some £174.1m, net of deferred tax, leading to an overall loss after tax of £210.6 million.

Looking forward, we have been encouraged by the partial improvement in commodity prices, in particular nickel and other base metals, the continued strength in the gold price and the improving economic situation in Zimbabwe. We are confident that our multi-commodity profile, and our pan-African presence will enable us to capitalise on these opportunities.

- In March, we announced that we would recommence the phased rehabilitation of the Freda Rebecca gold mine in Zimbabwe, the first phase of which is scheduled for completion at the end of September 2009.
- We intend to look at options for a new business model at BNC. Despite the recent strength of the nickel price, we believe that the best opportunity to secure the company's long term future will be to invest to lower its cost of production, and make the business more robust against future movements in commodity prices.

The group (excluding BNC) held cash of £16.5m at 31 March 2009, following the placing of 62.5m shares in June 2008, which raised £23.7m net of fees and expenses. At 26th June 2009 the group (excluding BNC) held cash of £13.8m, which we believe will be sufficient to complete the first phase of refurbishment at the Freda Rebecca gold mine. Investment opportunities at BNC, development of the group's base and precious metal exploration prospects in the DRC, and working capital requirements are likely to require additional financing in due course.

In what has undoubtedly been a challenging period, we believe that we have moved decisively and appropriately to protect the Company's integrity, and to preserve the foundations from which to develop. While we have been forced to make hard choices, our focus has consequently intensified on the core opportunities to build a successful African resources company and to attract new investment to allow us to fulfil our ambition.

Our group has endured a turbulent economic period. However, I have throughout the year been impressed by the spirit of our hard working and dedicated employees. I would like to extend my thanks to all of our staff, who remain committed to developing Mwana for the future.

Oliver Baring

Executive Chairman

Chief Executive's review

In last year's review I described how we had begun to build on the foundations to become a significant pan African, multi-commodity producer. We looked forward to maintaining operations at BNC and to developing our diamond, base metal and precious metals exploration prospects across the continent. However, the upheaval of the global economy has touched all industries, including the resources sector, and all businesses, including Mwana, and triggered a reassessment of the Company's priorities for development.

This has been a difficult period, most notably as a result of the closure of our diamond exploration activities in the DRC, the scaling back of other exploration programmes, which had begun to show great promise, and the move to care and maintenance at BNC. Nonetheless, it is my belief that, as a result of tough decisions taken across the Mwana group, our foundations for growth remain solid. In the challenging financial environment, we have moved to conserve cash, and we are moving to streamline our operations to be better placed to face a sustained period of reduced commodity prices. We remain confident that these factors, and the quality of our remaining portfolio of operations and exploration will enable us to achieve our goal of becoming a significant pan-African, multi-commodity producer.

I will provide here a snapshot of the year, with a more detailed review in the sections that follow.

Zimbabwe

We are committed to developing our operations in Zimbabwe. Despite the difficulties of the last few years, including power outages, the rapid depreciation of the Zimbabwean currency and the migration of the country's highly skilled work force, Zimbabwe continues to have the ingredients for a quick recovery in the mining sector, including good infrastructure and an educated and skilled population.

The newly constituted government in Zimbabwe appears to be committed to providing a supportive environment for the country's key industries, and Mwana has opened discussions in several areas to secure their support in restoring the competitiveness of our operations at both Freda Rebecca and BNC. The de facto dollarization of the country's economy, and the removal of foreign exchange surrender requirements, removed a major impediment to the profitability of operations in Zimbabwe. In addition, the measures have given companies control over 100% of foreign exchange earnings, enabling them to re-evaluate their cost structures free of foreign exchange distortions and to look at rebuilding their balance sheets. Finally, the Exchange Control Directive issued by the Reserve Bank of Zimbabwe on 23 February set out revised export procedures for gold producers. In particular, the requirement to market all gold exports through a single intermediary was removed, with exporters able to negotiate refining and sales contracts directly with international counterparties.

These developments have supported our decision to recommence refurbishment of the Freda Rebecca gold mine as part of a two phase programme to restart production and realise once again value from our Zimbabwean assets.

Freda Rebecca

In March 2009, we announced that we would resume the two-phase refurbishment programme at the mine, with a targeted commissioning date for the first phase of the project in September 2009. The first phase, estimated to cost approximately £4m, is planned to rehabilitate the mine to produce in excess of 30,000 oz gold per year. Following commissioning of phase one, we expect to commence work immediately on phase two, which will permit an increase in the production rate to approximately 50,000 oz gold per year. The second phase of the

refurbishment programme is expected to take twelve months, at a similar cost. It is expected that cash flows generated by the first phase of the refurbishment programme will be applied to completion of the second phase.

Bindura Nickel Corporation

As nickel prices plunged to below \$9,000 per tonne in October 2008, limiting the rate of cash outflow from BNC became an increasing priority. Together with a continued decline in production caused by the difficult economic conditions in Zimbabwe, the fall in prices prompted us to take the difficult decision of suspending activities at BNC. The Trojan and Shangani mines were placed on care and maintenance in November 2008, while the smelter and refinery operations continued to process existing stockpiles until March 2009. By moving to care and maintenance, the ongoing costs of operating the assets have been minimised, while protecting the key infrastructure and skills required for a return to production once economic conditions become more favourable. We continue to provide support and assistance to our employees and their dependents. Currently, BNC is implementing a programme to realise the value of its working capital positions, which has enabled it to fund the cost of operations from its own resources.

Despite its recent difficulties, BNC remains uniquely placed as the only integrated nickel mine, smelter and refinery complex in Africa. We are investigating a restructuring of the company's operations, which will target a reduction in its operating costs and improve its resilience to movements in the market price of nickel. We are also investigating opportunities to reopen and enhance the company's Trojan mine, and continue to consider opportunities to develop the significant Hunters Road resource. Allied to its geographic location, with good in- and out-bound infrastructure, we believe that, with the necessary investment, the company has significant potential to become a major component in the Southern African nickel industry.

We remain confident that BNC will be brought back into successful production, and will return to being an important contributor to Mwana and to the economy of Zimbabwe.

Exploration

In line with our cash conservation strategy and with a view to preserving the integrity of our assets, Mwana's exploration programmes were scaled back significantly in the second half of the year. We were, of course, disappointed by BHP Billiton's decision to withdraw from diamond exploration agreements in the DRC. Under these agreements, exploration expenditure was funded by BHP Billiton, and as a consequence of their decision, we have ourselves withdrawn from these prospects.

Nonetheless, we have protected our core base and precious metals exploration concessions in the DRC, including the Semhkat base metals prospects in the Katanga province, and the Zani Kodo gold prospect in the north east. Exploration licenses have been retained after considerable progress was made in discussions with the DRC government regarding the general review of mining contracts. In addition, further feasibility evaluation work conducted at the Kibolwe project over the year indicated the need for the project to be linked to a larger resources.

During the year we concluded the sale of our Canadian assets and entered into agreements for the sale of our remaining assets in Australia, in line with our long term strategy. Subsequent to the year end, a cash and shares agreement was finalised with Signature Metals Limited for the sale of the Konongo gold exploration prospect in Ghana, and the sale of our share in the KSD diamond exploration joint venture in the DRC was completed.

Human resources

The last year has been challenging not only for the Company, but also for our staff and their dependents across the continent. The decision to move BNC to care and maintenance was not taken lightly, and we have continued to provide support to our employees, their dependants and the communities in and around Bindura. The close links that we forge with our staff and with the communities where we operate are a cornerstone of our strategy for the years ahead.

I would like to add my thanks to those of the chairman to our staff for their continued dedication and professionalism in what has been a turbulent year.

Kalaa Mpinga

Chief Executive Officer

Base Metals – Nickel operations

Bindura Nickel Corporation (BNC) – Zimbabwe

Situated near the town of Bindura, 90 kilometres north-east of Harare, BNC is the only integrated nickel mine, smelter and refinery operation in Africa. Ore from the company's Shangani and Trojan mines, with a combined hoisting capacity in excess of 2 million tonnes of ore per year, is concentrated and fed, along with concentrate from third parties, to BNC's smelter and refinery (BSR). BNC has approximately 2,800 employees and is listed on the Harare Stock Exchange. Mwana Africa acquired its 52.9% stake in the company in 2003. During the year, the mine, smelter and refinery were placed onto care and maintenance.

Production from BNC's mines continued to be hampered by the difficulties in Zimbabwe, including skills shortages, poor mine fleet availability, procurement difficulties and power outages at Shangani. Erratic supplies of feedstocks continued to undermine the efficiency and stability of processes at the smelter and refinery.

The dramatic fall in the international market price for nickel from over \$28,000 per tonne in April 2008 to below \$9,000 per tonne in October 2008, and the weak prospects of a price recovery in the global economic environment, rendered production uneconomic. BNC's mines were placed onto care and maintenance in November 2008. The smelter and refinery operations were placed onto care and maintenance during March 2009. Clearly defined procedures, developed during the previous furnace shutdown, and routine inspection were followed to minimise the risk of damage to the integrity of the furnace.

During the year, production from BNC's own mines fell to 2,379 tonnes (2008: 4,200t). BNC achieved an average price of \$16,380 per tonne (2008: \$34,194 per tonne), a decline of 52% from the previous year. Owing to blending constraints, the decline in BNC nickel production affected the quantity of toll material that could be treated, resulting in a decline in toll nickel to 1,891 tonnes (2008: 3,222t). A trial of a quantity of concentrate from the Munali mine in Zambia was completed successfully.

Capital expenditure in the year totalled £3.5m (excluding Hunters Road), including completion of the commissioning of the Trojan concentrator, further work on the Shangani conveyor decline, replacement of drill rigs and the replacement of the BSR guillotine. As part of the decision to place the mine, smelter and refinery operations onto care and maintenance, further expenditure on capital projects has been put on hold.

Mwana and BNC, working with BNC's stakeholders, are developing options for a new business model at BNC that may result in a lower cost of supply from BNC's mines while maintaining BNC's smelting and refining capacity, and are investigating the availability of external funding for any additional investment that may be required.

Hunters Road

A feasibility study for the Hunters Road project was completed in 2008. The project involves development of a probable reserve, estimated based on a nickel price of \$7.50 / lb, of some 175,086 tonnes and indicated resource of 53,890 tonnes of contained nickel, and construction of a new concentrator. Production from the first phase of the project, estimated in December 2007 to cost approximately £47.8million, is expected to be approximately 2,500 tonnes of contained nickel per year, with phases two and three bringing total production to 10,000 tonnes of contained nickel per year.

During the year, £1.9m was spent on the Hunters Road project. However, owing to the decline in nickel prices and BNC's move to care and maintenance, further expenditure was put on hold.

The company is looking at ways to optimise the development of Hunters Road in the context of the revised business model at BNC.

BNC production: April 2008 to March 2009

| | | Trojan | | Shangani | | Total | |
|---------------------|---|---------|---------|----------|---------|---------|-----------|
| | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Tonnes hoisted | t | 370,981 | 699,691 | 308,406 | 594,584 | 679,387 | 1,294,275 |
| Milled tonnage | t | 413,356 | 655,467 | 308,251 | 581,134 | 721,607 | 1,236,601 |
| Head grade | % | 0.71 | 0.68 | 0.44 | 0.41 | 0.59 | 0.56 |
| Plant recovery | % | 70.4 | 70.4 | 70.4 | 70.2 | 70.4 | 70.4 |
| Ni in concentrate | t | 2,047 | 3,143 | 960 | 1,692 | 3,007 | 5,080 |
| Ni in massives | t | 99 | 245 | - | - | 99 | 245 |
| Total Ni to smelter | t | 2,145 | 3,388 | 960 | - | 3,105 | 3,388 |
| W/C development | m | 2,781 | 4,677 | 1,610 | 4,236 | 4,391 | 8,913 |

BSR production: April 2008 to March 2009

| | | 2009 | 2008 |
|------------------------|------|--------|--------|
| BNC Nickel | t | 2,379 | 4,200 |
| Toll Nickel | t | 1,891 | 3,222 |
| Gross Nickel | t | 4,269 | 7,422 |
| Average price achieved | \$/t | 16,380 | 34,194 |

BNC reserves and resources as at 31st March 2009

| Classification of resources | Tonnage (000t) | Grade (%) | Nickel (t) |
|--|---------------------------|------------------|-------------------|
| <u>Measured</u> | | | |
| Trojan | 2,560 | 0.93 | 23,710 |
| Shangani | 870 | 0.42 | 3,690 |
| Hunter's Road | - | - | - |
| Total | 3,430 | 0.80 | 27,400 |
| <u>Indicated</u> | | | |
| Trojan | 3,640 | 1.93 | 70,230 |
| Shangani | 6,030 | 0.47 | 28,130 |
| Hunter's Road | 45,060 | 0.54 | 243,230 |
| Total | 54,730 | 0.62 | 341,590 |
| <u>Measured & Indicated</u> | | | |
| Trojan | 6,200 | 1.52 | 93,940 |
| Shangani | 6,900 | 0.46 | 31,820 |
| Hunter's Road | 45,060 | 0.54 | 243,230 |
| Total March 2009 | 58,160 | 0.63 | 368,990 |
| <i>Total March 2008</i> | <i>16,020</i> | <i>0.88</i> | <i>141,050</i> |
| <u>Inferred Resources</u> | | | |
| Trojan | 7,940 | 0.72 | 57,410 |
| Shangani | 4,850 | 0.53 | 25,540 |
| Hunter's Road | - | - | - |
| Total | 12,790 | 0.65 | 82,950 |
| <i>Total March 2008</i> | <i>13,180</i> | <i>0.64</i> | <i>84,850</i> |

As a result of global decline in nickel prices, exacerbated by the elevated cost of production from BNC's mines owing to reduced production volumes and the difficult social and economic environment in Zimbabwe, BNC's mining operations were placed onto care and maintenance in November 2008. Commodity prices prevailing at 31st March 2009 indicated that mining of the resources at Trojan, Shangani and Hunters Road would be uneconomic, and consequently no reserve statement has been included, consistent with the JORC resource management code. Previously stated reserves of 12,385t, 25,109t, 175,086t respectively (stated as of 31st March 2008 and calculated based on a nickel price of \$7.50 / lb) have been reclassified as resources.

The indicated resource at Hunters Road reflects inclusion of the East orebody, which has been drilled out but for which no mine plan or pit design has been prepared. Hunters Road West orebody excludes first 30m of untreatable oxide ore mineralisation. The high grade in the 'Indicated' at Trojan is caused by massive sulphide ore below 35/0 level. Confirmatory drilling to verify this high-grade ore has started.

Commodity prices have since improved. Meanwhile, BNC is investigating options to reduce its cost of production. A statement of reserves will be compiled in due course based on the results of this analysis.

Base Metals – Exploration

Mwana Africa holds a 100% interest in SEMHKAT which has exploration concessions covering 4,845 square kilometres in the south-east of the DRC. Exploration is focusing on sediment-hosted stratiform copper-cobalt, iron oxide copper gold (IOCGs) occurrences as well as on showings of lead and zinc. Mwana Africa is conducting exploration under a joint venture agreement with Ambase Exploration Africa, a subsidiary of Anglo American, over 476 square kilometers of the concession. Mwana Africa has further exploration rights over 19,596 square kilometres of prospective ground in the western Katanga and eastern Kasai Oriental provinces of the DRC.

During the year, Mwana Africa relinquished 4,845 square kilometres of the concession, of which 476 square kilometres relate to the Ambase Joint Venture, as envisaged by the DRC Mining Code. Mwana Africa has retained the most prospective 4,845 square kilometres of the concession, for which revised licences have been received.

As a result of the decline in the outlook for commodity prices, especially in the second half of the year, base metals exploration activities were scaled back significantly, while ensuring that conditions to retain exploration rights are satisfied. Nonetheless, Core and Reverse Circulation drilling programmes were completed on the Kibolwe, Kiamato and Mwombe prospects, and limited reconnaissance exploration on the Mukema, Kamungoti, Kintungulu copper prospects continues to locate significant copper and gold anomalies.

Several of the structural geological and lithological target areas identified by the 2007-2008 Xcalibur airborne magnetic and radiometric survey have been investigated. These target areas are considered to have the potential to host world-class bulk tonnage base metal mineralisation.

Kibolwe: The Kibolwe prospect, 160 kilometres north-west of Lubumbashi, is a significant secondary enriched sediment-hosted stratiform copper deposit hosted by Mines sub-group rocks. The dominant copper oxide mineral is malachite with minor amounts of cuprite and tenorite, which occur within weathered argillaceous carbonate and shale units. Copper sulphides of chalcopyrite and chalcocite occur at depth. RC and core drilling programmes have outlined a near-surface, flat-lying mineralised zone up to 40 metres thick extending over a strike of 1,200 metres. An indicated mineral resource, suitable for open-pit mining, has been modelled for the drilled portion of the mineralisation. A conceptual mining study on this resource has indicated it to be sub-economic at the current size. Several similar anomalies, which have the potential to add to the total resources of the area, have been identified in the vicinity of Kibolwe. A larger structure to the west, with similar geology to Kibolwe, had one core hole drilled in it, which intersected shallow mineralization of the Kibolwe type. The area is expected to produce substantial additional copper resources.

Kiamato: A sediment-hosted stratiform copper-cobalt occurrence has been identified at Kiamato, 4 kilometres northwest of Kibolwe. Mineralisation occurs within a 700-metre strike length of Mines Sub-group strata. A preliminary 500m core drilling programme was completed at the end of 2008 to delineate the strike and down-dip potential of the copper-cobalt mineralisation. Encouraging mineralized intersections were made in a number of the holes.

Mwombe: Exploration on the Mwombe prospect has identified mineralised Mines sub-group strata outcropping over a 600-metre strike length. Assay results from trench and pit sampling programmes have yielded elevated nickel and cobalt concentrations (up to 2% Ni and 0.38% Co over 1 metre) as well as gold, platinum and palladium (up to 1.1g/t Au, 0.1g/t Pt and 0.1g/t Pd). A 1,700 metre core drilling programme was completed in the third quarter of 2008 having intersected several encouraging mineralized units.

Mukema: The early-stage Mukema prospect has breccia-hosted copper-silver mineralisation developed within Kundelungu sediments. The breccia contains malachite, chalcopyrite and chalcocite along a 700-metre strike length. In places the mineralised breccia is 40 metres wide and coincides with a 4-kilometre long thrust fault zone highlighted from the aeromagnetic and radiometric data. Pit sampling of the breccia has yielded copper and silver values of up to 37% copper, 60g/t gold and up to 439 g/t silver over 1 metre.

Maniamuna Concessions (Kasai): Regional geochemical soil sampling programmes have been designed to follow up observed anomalies at Kafakumba, a sediment hosted copper target, and Lulua, a magmatic nickel copper-sulphide target in the south of the Maniamuna concession area.

Anglo American Joint Venture: The airborne electromagnetic (SPECTREM) survey, completed in 2008 over the North West Block and Lombe, identified several significant exploration targets. Mapping and geochemical soil sampling programmes were completed over five targets some of which reported elevated copper and nickel values (up to 428 ppm Cu and 870 ppm Ni). Rotary Air Blast and air core drilling programmes have been planned to test some of these targets.

Ambase has undertaken further exploration over the Lombe permit identifying additional zinc and copper soil anomalies and mineralised strata. A 1,200m core drilling programme is planned to test two target areas within the permit area.

Precious Metals – Operations

Freda Rebecca – Zimbabwe

The Freda Rebecca mine, also known as the Ashanti gold mine, situated near the town of Bindura, was acquired by Mwana Africa in April 2005. Mwana has committed to sell a 15% stake to a local investor. The mine was placed onto care and maintenance in 2007. A two-phase rehabilitation programme is being implemented to return the mine to production.

Following the announcement in February 2009 of revised export procedures for gold produced in Zimbabwe, together with the termination of the requirement to submit a proportion of foreign currency earnings to the RBZ for conversion to Zimbabwe dollars, Mwana Africa announced in March 2009 its intention to restart gold production at the Freda Rebecca mine.

Mwana Africa has engaged contractors covering geotechnical, mining, and plant aspects of the project, and is assembling an on-site owner's team. Dewatering of the Rebecca section of the mine has been completed. A budget of approximately £4m has been allocated to bring the mines and the first phase of the plant to production. The commencement of production from Phase I is currently scheduled for the end of September 2009. A similar amount is forecast to be required to complete the second phase of the refurbishment, scheduled for completion in September 2010.

Historic records show that the plant achieved production of 98,000 ounces of gold in 2002. Under current assumptions, based on the lack of recent operating history and changes in the supply chain in Zimbabwe, Mwana Africa expects to reach a production rate of 33,000 ounces of gold per year from the first phase of the refurbishment. Once operational, the second phase of the refurbishment is projected to increase the rate of production to approximately 50,000 ounces of gold per year. Operating costs are forecast to be in the region of \$700 per ounce.

A revised mine plan will be developed, based on the optimisation of the resource model at prevailing commodity prices. Updated statements of reserves and resources will be provided as and when available. In addition, Mwana Africa believes that expansion potential exists through further exploratory and confirmatory drilling at and in the vicinity of the existing mines.

Freda Rebecca Mine – Resources and Reserves as at 31 March 2009

| Reserve Classification | Tonnage ('000t) | Grade Au (g/t) | Gold ounces ('000) |
|-------------------------------|----------------------------|---------------------------|-------------------------------|
| Proven | | | |
| Underground | 2,138 | 2.58 | 177 |
| Surface | 270 | 3.47 | 30 |
| Total | 2,408 | 2.68 | 207 |
| Probable | | | |
| Underground | 1,744 | 2.50 | 140 |
| Surface | 0 | 0.00 | 0 |
| Total | 1,744 | 2.50 | 140 |
| Total March 2009 | 4,153 | 2.60 | 347 |
| <i>Total March 2008</i> | <i>4,153</i> | <i>2.60</i> | <i>347</i> |

| Resource Classification | Tonnage ('000t) | Grade Au (g/t) | Gold ounces ('000) |
|--------------------------------|----------------------------|---------------------------|-------------------------------|
| Measured | | | |
| Underground | 10,408 | 2.51 | 841 |
| Surface | 826 | 1.40 | 37 |
| Total | 11,234 | 2.43 | 878 |
| Indicated | | | |
| Underground | 2,106 | 2.52 | 170 |
| Surface | 0 | 0.00 | 0 |
| Total | 2,106 | 2.52 | 170 |
| Total March 2009 | 13,340 | 2.44 | 1,048 |
| <i>Total March 2008</i> | <i>13,340</i> | <i>2.44</i> | <i>1,048</i> |

a) Resources are stated inclusive of reserves

b) Underground resources are quoted at a 1.5g/t cut off, and surface resources are calculated at a 0.4g/t cut off.

c) A revised mine plan will be developed, based on the optimisation of the resource model at prevailing commodity prices. Updated statements of reserves and resources will be provided as and when available.

d) Further information on the Freda Rebecca mine can be found in the Independent Technical Report dated June 2007, available on the Company's website.

Precious Metals – Exploration

Kilo Moto – DRC

Mwana Africa has a joint venture with the state-owned Office des Mines d'Or de Kilomoto (“OKIMO”) for gold exploration in the Ituri district of the DRC. The joint venture covers gold mining rights over 1,605 square kilometres in Orientale Province, containing a series of highly prospective greenstone belts of Kibalian age which are considered to have the potential to host world-class gold deposits in excess of 1 million ounces. These greenstone belts host the major Geita gold mine in Tanzania (8.5Moz reserve, producing circa 300k oz pa) as well as the adjacent concessions held by AngloGold Ashanti and Moto Goldmines (reported resource of some 11Moz). Initial results from Zani-Kodo indicate potential for a significant gold deposit, likely to be suitable for open-pit mining.

During the year, Mwana Africa made good progress in its discussions with the DRC government regarding its Joint Venture with OKIMO to develop the Zani-Kodo gold prospect.

Ongoing analysis of an airborne geophysical survey previously completed over the entire area has allowed the geological framework of the area to be defined with greater accuracy and a series of regional target areas to be identified.

During the year, Mwana Africa continued to evaluate the mineralisation of the Zani-Kodo prospect. Diamond core drilling started in April 2007, with a total of 28,000 metres drilled to date, to define the near-surface open-pit potential of the Kodo Main zone. This drilling has confirmed the presence of a continuous mineralised shear zone, which includes a discrete high-grade zone, at the contact between sandstones and banded iron formation and graphitic schists, as well as two narrower hangingwall orebodies. The Main Zone at Kodo has been defined over a strike length of 700 metres and is open down-dip and to the north. Best intersections include 19m @ 9.94g/t Au, 18m @ 8.09g/t Au and 14m @ 10.47g/t Au.

A single hole drilled at the Zani Central prospect, 5 km south of Kodo Main along the Zani-Kodo trend, intersected a broad mineralised zone (26m @ 1.3g/t Au) indicating the continuity of gold mineralisation along the nine kilometre strike extension of the Zani-Kodo structure.

Soil sampling was completed at Aungba South to cover target areas defined by the interpretation of geophysical data. The programme has identified several areas of iron formation and graphitic schist between granitoids, which are considered to have potential to host gold mineralisation. Two significant gold anomalies have been identified in this area. Soil sampling was also carried out in the Zani Southern Extension area. This area is dominated by banded iron formations and two major anomalies were defined, the largest of which shows values of +100ppb Au over a strike length of 3km.

Gold Exploration – Ghana

Mwana Africa has scaled back significantly its exploration programmes at the Konongo, Kurofa and Butre-Ahanta sites in Ghana. Subsequent to the year end, Mwana Africa reached agreement for the sale of its interest in the Konongo-Kurofa project, and options are being evaluated for the remaining Ghanaian gold exploration assets.

Konongo/Kurofa: The Konongo mining licence, in the north-western part of the Ashanti goldbelt, covers an area of 125 square kilometres. Mwana Africa holds 70% in a joint venture with Talos Ghana Limited. Activity has focused on the Boabedroo South area where 83 holes and a total of 8,679 metres of RC drilling have

successfully defined gold mineralisation along a 1-kilometre strike length along two parallel zones. Mineralisation is associated with quartz veins and shear zones in predominantly metavolcanic rocks. An initial resource calculation using a cut-off grade of 0.5g/t has identified an inferred resource of approximately 150,000oz to a vertical depth of 140m.

Subsequent to the year end, Mwana Africa reached agreement for the sale of its interest in the Konongo project to Signature Metals Limited. Signature will carry out a mining study on the project within 12 months to earn the option to acquire Mwana's interest in the project. If the option is exercised, the consideration will comprise a combination of shares and/or cash, including certain staged payments as exploration milestones are achieved.

Ahanta: The Ahanta exploration concession is situated at the southern end of the Ashanti gold belt. Mwana Africa has an 80% holding in a joint venture with Ahanta Mining Limited. A 1,700-metre auger drilling programme was completed in 2008, but no additional work was warranted. Mwana is in the process of disposing of its interest in the property.

Gold Exploration – Zimbabwe

Mwana Africa holds claims over several gold exploration prospects in Zimbabwe, both adjacent to the Freda Rebecca mine, and further afield. The improved social and economic situation in Zimbabwe, together with sustained strength in the gold price, enhance the economic potential of these prospects.

Maligreen: An indicated resource of 371,000 ounces at a cut-off grade of 1 gram per tonne was defined by Cluff Mining at the dormant Maligreen gold mine. Mwana Africa owns a 50% interest in the mine.

Makaha: Mwana Africa has 100% ownership of the Makaha deposit. A resource estimation was carried out in 1996, showing an indicated resource of approximately 350,000 ounces at 1.2 grams per tonne.

Diamonds – Operations

Klipspringer – South Africa

The Klipspringer diamond mine is situated approximately 250 kilometres north of Johannesburg. Following a period of inactivity, caused principally by the strength of the South African rand, a decision was taken to reopen the mine in December 2007. Mwana Africa acquired its stake of approximately 62% through its purchase of SouthernEra in 2007.

Following the restart of commercial operation in January 2008, the ramp up of production progressed well. Production for the first half was encouraging, with 29,536 tons treated and 16,775 carats recovered. The average selling price during this period was \$137.14 per carat.

The price achieved for diamond sales experienced a slump of 45.2% to \$75 per carat in November. Consequently, the rate of production was reduced, with a further 11,020 carats recovered in the second half of the year. In February, following a further decline in pricing, a decision was taken to retain a parcel of diamonds until the market environment improved. These diamonds were sold subsequent to the year end on more favourable terms.

Mwana continues to investigate options to mitigate the impact of depressed market conditions and the recent strength of the South Africa Rand, which increases production costs in dollar terms.

Production results for the period from April 2008 to March 2009 are as follows:

| | |
|-------------------|--------|
| Tonnes mined | 53,953 |
| Tonnes treated | 52,688 |
| Carats recovered† | 27,795 |
| Grade (cpht) | 52.75 |

† Carats recovered are prior to the acidisation process

Mineral Resource

During the period, the company applied for conversion of the mineral rights to the new order mining right, under the terms of the Mineral and Petroleum Resources Development Act, 2000 (Act 28 of 2002). The application was successfully lodged with the Department of Minerals prior to the expiry date of 30 April 2009. Due to the prevailing economic climate, Mwana has curtailed all diamond exploration activities in South Africa, including activities on the 14,897 hectares held by the Klipspringer Joint Venture (KJV).

During the course of the year, a fissure drive was developed along strike on 3 level West (Ndau) in order to test the extent of the Leopard Fissure. The development advanced 100 metres beyond the kimberlite's previously estimated extent, and remains on fissure. Inclusion of this block, which is estimated to contain a further 312,000 run of mine tons and 182,000 carats, in the resource statement will require further development and underground diamond drilling.

Klipspringer – Resources as at 31 December 2008

Leopard Fissure

| | Mining Tons (t) | Mining grade (cpht) | Carats Recovered (cts) |
|--|-----------------|---------------------|------------------------|
| Indicated (above 7 level) | | | |
| Ingwe (East) | 428,000 | 58.3 | 249,500 |
| Ndau (West) | 276,000 | 58.3 | 161,000 |
| Total | 704,000 | 58.3 | 410,500 |
| Inferred (below 7 level to 15 level†††) | | | |
| Ingwe (East) | 1,307,000 | 58.3 | 762,000 |
| Ndau (West) | 2,058,000 | 58.3 | 1,200,000 |
| Total | 3,365,000 | 58.3 | 1,962,000 |

Notes: † The tonnage estimate includes a 5% geological loss

†† cpht – carats per 100 tonnes

††† The orebody remains open to depth below 15 level

Diamonds – Exploration

Through its acquisitions of SouthernEra Diamonds Limited and Gravity Diamonds Pty Ltd Mwana Africa developed a significant diamond exploration portfolio in the highly prospective Kasai craton in the DRC, conducted under joint venture and framework agreements with BHP Billiton. Under the terms of the agreements, the bulk of the exploration programme was funded by BHP Billiton. Following withdrawal from these agreements, Mwana has itself withdrawn from diamond exploration activities in the DRC.

In December 2008, Mwana received notice of BHP Billiton's withdrawal from and termination of its exploration agreements with Mwana. Mwana Africa sought, where possible, to dispose of its portfolio of diamond exploration interests, and to close its operations in the DRC. A sale of Mwana's interest in KSD – an alluvial diamond exploration prospect – was concluded subsequent to the year end.

MIBA – DRC

The Société Minière de Bakwanga (MIBA) based in Mbuji-Mayi was, at one stage, the leading diamond producer in the DRC. MIBA has mining and exploration titles covering an area in excess of 45,000 square kilometres where has discussed joint ventures with major diamond producers. Mwana Africa acquired a 20% stake in the business, the remainder of which is held by the DRC government, through its acquisition of Sibeka in 2006.

As a result of the sharp decline in prices achieved for diamonds, and owing to a lack of funds within the business, production at MIBA was halted during the period. MIBA is seeking external financing, including assistance from international development organisations, in support of a restart of its operations.

Camafuca – Angola

Camafuca, in the north-east of Angola, is one of the largest known undeveloped diamond-bearing kimberlite complexes in the world. Mwana Africa holds an 18% free carried interest in the project, which received its mining license in 2005.

Canada and Australia

Through its purchases of SouthernEra and of Gravity Diamonds, Mwana acquired diamond exploration prospects in Canada and Australia. Sales processes for these non-core assets have been concluded.

In March 2009, the Company successfully completed the disposal to Mantle Diamonds of its diamond exploration activities in Canada. Agreement was reached during the year for the sale of the group's diamond exploration activities in Australia, conditional on a number of third party approvals.

Mwana Africa – Asset Portfolio

Precious Metals – Operations

Mwana Africa owns 100% of the Freda Rebecca mine in Zimbabwe, with an obligation to sell 15% to a local investor. The refurbishment programme, funded by Mwana Africa, was resumed in March 2009 having been suspended owing to previous difficulties of operating in Zimbabwe. Mwana Africa has allocated a portion of its existing cash balances to fund the expected costs of the first phase of the project. It is expected that cash flows generated following commissioning of the first phase of the refurbishment programme, expected in September 2009, will be applied to the completion of the second phase of the programme.

Base Metals – Operations

Mwana Africa owns 52.9% of BNC, a substantial nickel operation in Zimbabwe which is listed on the Harare Stock Exchange. BNC's expenditure, including capital expenditure, losses generated in the period prior to its move to care and maintenance and the current costs of the operation while on care and maintenance, have been funded from cash flow generated by BNC itself.

Precious Metals – Exploration

Exploration in the Ituri district of the DRC is funded by Mwana Africa through the 100%-owned Mwana Africa Congo Gold SPRL, which has a joint venture with the state-owned Office des Mines de Kilo-Moto (OKIMO), whereby OKIMO will have a 20% free carried interest in all future developments. Expenditure has been curtailed to maintain the integrity of the asset.

Base Metals – Exploration

Most of the base metals exploration programme in the DRC is carried out through SEMHKAT, a 100%-owned and -controlled subsidiary. With the exception of the area covered by the joint venture option agreement with Ambase, a subsidiary of Anglo American, the programme is funded by Mwana Africa. Expenditure on further exploration has been curtailed to a minimum in light of the weakened outlook for commodity prices.

Diamonds – Operations

The ramp up of production at the Klipspringer mine in South Africa, a 62% venture with a black economic empowerment (BEE) group, is funded by Mwana Africa.

Diamonds – Exploration

The group's principal diamond exploration activities in the DRC were conducted under joint venture and framework agreements, pursuant to which expenditure was fully funded by BHP Billiton. Following the withdrawal and termination by BHP Billiton of these agreements, Mwana Africa has itself withdrawn from diamond exploration activities in the DRC.

Disposals

In addition to equity shareholdings in subsidiaries, the group has in place a number of contractual arrangements, including exploration and mining licences and several joint venture and option agreements with partners. Following reassessment of the group's strategy, the Company has disposed of a number of non-core investments. Under the terms of the sale of an option to acquire the Konongo gold exploration project in Ghana, and of the sale of the group's Canadian diamond exploration assets, Mwana Africa has relinquished responsibility for funding the exploration programme, while retaining an economic interest in the prospects through share-based consideration. Subsequent to the year end, disposals of certain diamond exploration activities in the DRC, and the sale of an option to acquire the group's interest in the Konongo gold exploration

project in Ghana were completed. Proceeds of these sales, consideration for which was provided in cash and shares, were not material.

Financial Review

Overview

Mwana Africa's principal activities are the exploration for and extraction of base and precious metals and diamonds in Africa. Mwana Africa has pursued a strategy to grow its portfolio of assets through development of exploration prospects, enhancement of its existing operations and acquisitions.

Mwana Africa PLC was formed in October 2005 through the reverse takeover of African Gold plc by Mwana Africa Holdings (Pty) Limited. The Company was re-listed on the London Stock Exchange's Alternative Investment Market (AIM), and in April 2006, raised £41 million through a placing of shares. In June 2008 the Company raised a further £23.7 million net of fees and expenses through an issue of shares, in order to fund an intensification of the group's exploration programme, to continue development to bring certain assets to production and, given satisfaction of certain conditions, to provide limited support to BNC.

The adverse economic conditions and their effect on commodity prices during the period prompted a reassessment of the Company's strategy resulting in a scaling back of the group's base metals and gold exploration activities (announced in October 2008), the move to care and maintenance at Bindura Nickel Corporation (announced in November 2008), and the closure of diamond exploration activities (announced in December 2008). These actions were taken in order to conserve cash to enable Mwana to maintain the integrity of its core assets with minimum recourse to Mwana to the end of 2009 and, in parallel, to allow Mwana to provide BNC with financial support to increase its third party tolling business to compensate for the mine closures. Whilst this initiative was frustrated by a lack of ore supply, the opportunity subsequently arose from the improving regulatory environment in Zimbabwe to re-commence operations at Freda Rebecca at an estimated cost for phase one of £4m with completion due in September 2009 (announced in March 2009). This now represents the Group's main activity although Mwana will pursue options as set out in the Chairman's letter to restore its other operations and exploration activities.

Group Liquidity

At 31 March 2009 the group, excluding BNC, held cash of £16.5 million (2008: £12.4m). As at 26 June 2009 the group, excluding BNC, held cash of £13.8 million, including proceeds from the sale of inventories and certain diamond exploration interests in the DRC. As at 26th June 2009, Mwana Africa had 397,767,219 issued and outstanding shares (excluding own shares held in treasury), and a market capitalisation of approximately £30 million.

The Group's main operating assets are Freda Rebecca and Klipspringer with the BNC operations held on care and maintenance, and exploration expenditure significantly reduced.

The Board believes that Mwana has sufficient cash to complete the first phase, including contingency, of the currently envisaged investment in Freda Rebecca, while also covering corporate expenses in the meantime. Cash flows from the first phase of Freda Rebecca due for completion in 2009 are expected to finance the second phase, due for completion in 2010. The Board is investigating options for the re-opening of BNC. However, new funding, through investment in Mwana, through partnership or direct investment in subsidiaries, will be required in due course in order to proceed with any significant investment at BNC or to develop group's base and precious metal exploration prospects in the DRC.

Following its move to care and maintenance, BNC has initiated a financial plan to realise working capital and investments, to reach settlement with creditors, and to fund ongoing operating costs while on care and maintenance, and while opportunities to restart the operation and raise new funding are assessed. The company will use its internal resource to investigate options to re-open operations. The full year financial accounts of Bindura Nickel Corporation have been prepared on a going concern basis subject to an emphasis of matter relating to the company's revised financial plan.

The Board believes that it is appropriate to adopt a going concern basis in preparing the full year financial accounts of the group, based on the group's current level of cash balances, the plan to re-start operations at Freda Rebecca and the limited number and amount of contractual, contingent and other liabilities. However, the audit opinion, whilst unqualified, includes an emphasis of matter paragraph drawing attention to disclosure around the adoption of the going concern basis of preparation, as set out in the basis of preparation disclosure. Mwana Africa has not provided, and does not intend to provide, guarantees to cover potential liabilities which may arise within such subsidiaries. Contractual liabilities relate to employee contracts, office leases and specific commitments given to subsidiaries, principally Freda Rebecca. Contingent liabilities relate principally to tax and regulatory requirements in various jurisdictions. The Board of directors has committed to maintain a level of financial resources to mitigate against risks and unforeseen events.

Results for the year ended 31 March 2009

Income Statement

Pro forma income & expense

| (£ million) | BNC | Other Mwana Africa Group | Total |
|---|------------|-------------------------------------|--------------|
| Revenue | 26.2 | 2.1 | 28.3 |
| Operating costs | (54.1) | (10.0) | (64.1) |
| Foreign exchange gain / (loss) | (5.1) | 2.1 | (3.0) |
| Interest income / (expense) | 0.2 | 0.7 | 0.9 |
| Profit / (loss) before tax and impairment | (32.8) | (5.1) | (37.9) |
| Taxation | 0.0 | 1.4 | 1.4 |
| Impairment (net of deferred tax) & other | (38.6) | (135.5) | (174.1) |
| Profit / (loss) after tax | (71.4) | (139.2) | (210.6) |

The group reported turnover for the period of £28.3m (2008: £79.3m), a significant reduction from the previous year due to the decline in the nickel price and output from BNC.

Principally as a result of the poor performance at BNC, the group reported a loss before tax and impairment of £37.9m (2008: £6.7m). A non-cash impairment charge of £174.1m (2008: £21.4m) net of deferred tax, was recorded following reappraisal of the carrying value of the group's assets, resulting in a loss after impairment and tax of £210.6m (2008: £28.7m).

Bindura Nickel Corporation

BNC's revenue was adversely affected by the collapse in global nickel prices from over \$28,000 per tonne at the start of the period to below \$9,000 per tonne during the second half of the year. As result of low production volumes and the challenging operating conditions in Zimbabwe, unit costs exceeded the revenue achievable from sales. Consequently, BNC moved its operations to care and maintenance in November 2008 and, aside from treatment of existing stockpiles, further production was suspended.

These factors resulted in a significant fall in revenue to £26.2m (2008: £77.9m). Operating costs increased to £54.1m (2008: £47.8m), including and include a non-cash depreciation and restoration of £11.4m (2008: £11.6m) and a write down of stock of £8.1m (2008: nil). Foreign exchange losses of £5.1m (2008: £41.0m) were significantly reduced as a result of lower revenue and improved foreign exchange regulations in Zimbabwe. BNC reported a loss before tax and impairment of £32.8m (2008: £0.3m). As a result of the decline in nickel prices and the company's move to care and maintenance, an impairment charge of £38.6m (2008: nil), net of deferred tax, was recorded.

Mwana Africa (ex-BNC)

Increased production at Klipspringer was largely offset by a decline in the average price achieved, leading to revenue of £1.4m (2008: £0.5m). The mine approximately broke even for the year. Freda Rebecca remained on care and maintenance throughout the period and reported a loss of £0.6m (2008: £1.2m). Other Mwana Africa group revenue of £0.7m (2008: £0.8m) includes management fees and commission agreements with third parties. Costs associated with the closure of the group's diamond exploration activities in the DRC were capitalised and have been included within the impairment charge for the year. Net interest income for the year totalled £0.6m.

After corporate costs (including the cost of share options granted in the year), and including gains on foreign exchange, the loss before tax and impairment reported by Mwana Africa, excluding BNC, was £5.1m (2008: £6.4m). Impairment charges totalling £135.5m (2008: £21.4m) net of deferred tax, were made following reassessment of the carrying values of the group's assets, excluding BNC, as a result of the change in the group's strategy.

Cash Flow Statement

Pro forma cash reconciliation

| (£ million) | BNC | Other Mwana Africa Group | Total |
|----------------------------------|--------|--------------------------|--------|
| Opening cash 1 April 2008 | 8.8 | 12.4 | 21.2 |
| Equity issues (1) | - | 23.7 | 23.7 |
| Non GAAP operating cash flow (2) | (15.9) | (2.9) | (18.8) |
| Change in working capital | 14.9 | (1.7) | 13.2 |
| Capex (PP&E and investments) | (5.4) | (0.7) | (6.1) |
| Capex (exploration) | - | (14.3) | (14.3) |
| Closing cash 31 March 2009 | 2.4 | 16.5 | 18.9 |

Note 1 –In June 2008 the Company issued 62,500,000 shares, raising £23.7m net of fees and expenses

Note 2. –non-GAAP operating cash flow of £(18.8)m reflects the cash flow of the business excluding capital expenditure, inflows from dividends received and equity issues and changes in working capital, and is derived from profit / (loss) before tax and impairment of £37.9m adding back non cash items including depreciation of £11.9m, stock write down of £8.1m, fair value adjustment on available for sale financial assets of £1.4m, exchange rate adjustments of £(0.4)m, decrease in environmental rehabilitation provision of £(2.1)m and share based payments of £0.5m and including taxation of £(0.2)m. The measure does not have a standardised meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

At 31 March 2009, the group had cash balances of £18.9m (2008: £21.2m), comprising £2.4m (2008: £8.8m) held by BNC and £16.5m (2008: £12.4m) held by other Mwana Africa group entities.

Bindura Nickel Corporation

As a result of adverse trading conditions, BNC's operating loss, before impairment, of £32.8m (2008: £0.3m) led to non-GAAP operating cash outflow of £15.9m, after adjustment for non-cash items including depreciation and restoration of £11.4m (2008: £11.6m) and a stock write-down of £8.1m (2008: nil). Capital expenditure of

£5.4m (2008: £13.6m) was incurred mostly in the first half of the year, including preliminary work on the Hunters Road project. The projects were suspended following the company's move to care and maintenance.

The company's liquidity has consequently been severely undermined slowing payments to its creditors. BNC has initiated a financial plan to realise working capital and investments, to reach settlement with creditors, and to fund ongoing operating costs while on care and maintenance, and while opportunities to restart the operation are assessed. Implementation of the plan resulted in a significant decrease in working capital of £14.9m. BNC's net cash position fell by £6.4m to £2.4m at the year end.

Mwana Africa (ex-BNC)

Mwana Africa (excluding BNC) saw a non-GAAP operating cash outflow (as defined in the notes to the proforma cash reconciliation) of £3.0m (2008: £9.4m). During the year, Mwana Africa (excluding BNC) invested £14.3m in its portfolio of exploration prospects, comprising £4.9m on the Zani Kodo gold prospect in the DRC, £3.5m on base metals exploration in the DRC, £1.6m on gold exploration in Ghana and £4.3m on the diamond exploration activities, including the costs of closure which were immediately written off (2008: £2.4m, £2.2m, £1.1m and £4.6m respectively). Exploration expenditure was sharply curtailed in the second half of the year as a result of the revised strategy to conserve cash. Limited additional capital expenditure was incurred for plant property and equipment, principally relating to the Freda Rebecca gold mine.

During the period, the Company issued 62.5 million shares, raising £23.7m net of costs.

Balance Sheet

Balance sheet

| £ million | Non-current assets | Current assets exc. cash | Net cash | Current liabilities | Non current liabilities | Total equity | Minority interests | Equity attributable to Mwana |
|-----------------------|--------------------|--------------------------|-------------|---------------------|-------------------------|--------------|--------------------|------------------------------|
| BNC | 21.9 | 19.1 | 2.4 | (22.3) | (3.5) | 17.6 | (7.2) | 10.4 |
| Mwana Africa (ex BNC) | 18.1 | 7.3 | 16.5 | (2.0) | (3.0) | 36.9 | (0.0) | 36.9 |
| Total | 40.0 | 26.4 | 18.9 | (24.3) | (6.5) | 54.5 | (7.2) | 47.3 |

Non-current assets are shown after the effect of foreign exchange adjustments. The closing balances at 31st March 2008 of intangible assets (£85.5) and property, plant and equipment (£68.6m) increased by £30.1m and £31.7m respectively when expressed in pounds sterling, as a result of the weakness of the British pound. Capital expenditure of £14.3m and £6.1m respectively was incurred in the year. Following impairment relating to intangibles and property, plant and equipment of £183.5m, and inclusion of investments of £1.4m and deferred tax asset of £0.2m, this leads to a carrying value of non-current assets of £40.0m at 31st March 2009.

As a result of the cessation of diamond exploration activities, the scaling back of exploration activities in base and precious metals in the DRC, a weakened outlook for commodity prices and BNC's move to care and maintenance, an impairment provision of £135.0m was recorded in the group's interim results. The Board has completed a detailed review of the carrying values of the Company's assets, and has assessed that the initial estimate of the impairment charge, net of deferred tax, should be increased by £55.2m to £190.2m (2008: £21.9m), largely as a result of the increase in the opening balances of plant, property and equipment and intangible assets caused by the decline in sterling. This is offset in part by the adjustment in deferred tax provision of £16.1m (2008: £0.5m).

The book value of shareholders' equity declined significantly to £47.3m (2008: £146.0m), principally due to the loss, including impairment charges, for the year.

BNC

BNC's creditors increased as a result of the company's inability to make payments to suppliers following the severe decline in the company's liquidity. The company has implemented a restructuring plan which includes the realisation of value from the company's stocks, including in-process inventories, held on the company's site. Following the company's move to care and maintenance, BNC's assets were assessed for impairment. The Board has judged that BNC's mines (including the Hunters Road project), smelter and refinery operations, all on care and maintenance, should be carried at £21.5m leading to impairment of £47.0m.

Mwana Africa (ex-BNC)

As a result of the cessation of diamond exploration activities, the scaling back of exploration activities in base and precious metals in the DRC, and a weakened outlook for commodity prices, an impairment charge of £143.2m was recorded. The revised carrying values of the company's principal non-current assets are judged to be £8.2m for the Freda Rebecca gold mine in Zimbabwe, £5.0m for the Zani Kodo gold exploration prospect in the DRC, and £3.0m for the base metals exploration prospects in the DRC. Other assets include shares in third parties accepted as consideration pursuant to sales agreements for certain assets. Further information on the calculation and allocation of the impairment charge is provided in the notes to the accounts.

Results for the year ended 31st March 2009

The financial information set out in this annual results announcement does not constitute the Company's statutory accounts for the year ended 31 March 2009, but is derived from those accounts. An unqualified audit report containing an emphasis of matter paragraph relating to going concern disclosures has been issued on the statutory accounts for the year ended 31 March 2009, which will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The comparative figures for the financial year ended 31 March 2008 are not the Company's statutory accounts for that financial year. Those accounts, which were prepared under IFRS, have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. These sections address whether proper accounting records have been kept, whether the Company's accounts are in agreement with these records and whether the auditor has obtained all the information and explanations necessary for the purposes of its audit.

Group Income Statement for the year ended 31 March 2009

| | Note | 2009 | | | 2008 | | |
|--------------------------------|------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|
| | | Pre | Impairment | Total | Pre | Impairment | Total |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | | 28,306 | - | 28,306 | 79,267 | - | 79,267 |
| Cost of sales | 3 | (54,400) | | (54,400) | (79,560) | - | (79,560) |
| Gross profit | | (26,093) | - | (26,093) | 293 | - | 293 |
| Selling and distribution costs | 3 | (3,202) | | (3,202) | (4,912) | - | (4,912) |
| Administrative costs | 3 | (9,144) | | (9,144) | (9,146) | - | (9,146) |
| Other expenses | 3&4 | (288) | (190,242) | (190,530) | (4,628) | (21,936) | (26,564) |
| Operating loss | | (38,728) | (190,242) | (228,970) | (18,979) | (21,936) | (40,915) |
| Finance income | | 1,061 | - | 1,061 | 12,527 | - | 12,527 |
| Finance costs | | (210) | - | (210) | (265) | - | (265) |
| Loss before tax | | (37,876) | (190,242) | (228,118) | (6,717) | (21,936) | (28,653) |
| Income tax expense | | 1,446 | 16,108 | 17,554 | (594) | 510 | (84) |
| Loss for the year | | (36,431) | (174,134) | (210,565) | (7,311) | (21,426) | (28,737) |
| Attributable to: | | | | | | | |
| Equity holders of the parent | | (35,484) | (151,961) | (187,445) | (7,262) | (21,426) | (28,688) |
| Minority interest | | (947) | (22,173) | (23,120) | (49) | - | (49) |
| Loss per share | | | | | | | |
| - Basic loss per share | | | | (48.60p) | | | (9.57p) |
| - Diluted loss per share | | | | (48.60p) | | | (9.57p) |

Group Balance Sheet as at 31 March 2009

| | Note | 2009 £'000 | 2008 £'000 |
|---|------|---------------|----------------|
| Assets | | | |
| Non Current Assets | | | |
| Intangible assets | 5 | 8,000 | 85,489 |
| Property, plant and equipment | 6 | 30,388 | 68,742 |
| Investments | | 1,377 | 5,979 |
| Deferred tax assets | | 217 | 1,417 |
| Non-current receivables | | 25 | 76 |
| Total non-current assets | | 40,007 | 161,703 |
| Current assets | | | |
| Cash and cash equivalents | | 19,198 | 21,283 |
| Inventories | | 8,378 | 16,350 |
| Trade and other receivables | | 13,595 | 16,239 |
| Tax receivable | | 72 | 260 |
| Available-for-sale financial assets | | 1,857 | 2,596 |
| Assets held for sale | | 2,544 | 2,000 |
| Total current assets | | 45,644 | 58,728 |
| Total assets | | 85,651 | 220,431 |
| Equity | | | |
| Issued share capital | 7 | 40,043 | 33,793 |
| Share premium | 7 | 19,406 | 1,906 |
| Reserves | 7 | 64,351 | 42,147 |
| Retained earnings | | (76,474) | 68,135 |
| Total equity attributable to equity holders of the company | | 47,326 | 145,981 |
| Minority interest | | 7,168 | 30,334 |
| Total equity | | 54,494 | 176,315 |
| Liabilities | | | |
| Non Current Liabilities | | | |
| Provision | | 5,580 | 5,557 |
| Deferred tax liabilities | | 887 | 18,431 |
| Total non-current liabilities | | 6,467 | 23,988 |
| Current Liabilities | | | |
| Trade and other payables | | 24,378 | 19,806 |
| Bank overdrafts | | 312 | 42 |
| Taxation payable | | - | 280 |
| Total current liabilities | | 24,690 | 20,128 |
| Total liabilities | | 31,157 | 44,116 |
| Total equity and liabilities | | 85,651 | 220,431 |

Group statement of cash flows for the year ended 31 March 2009

| | Note | 2009 £'000 | 2008 £'000 |
|---|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Loss before tax | | (228,118) | (28,653) |
| Adjustments for: | | | |
| Finance income | | (1,061) | (12,527) |
| Finance costs | | 210 | 265 |
| Impairment charge | | 190,242 | 21,936 |
| Stock write-off | | 8,052 | - |
| Depreciation | | 11,850 | 11,902 |
| Exchange movements | | (374) | 1,366 |
| Loss/(profit) on sale of non-current assets | | 4 | (7) |
| Write-off of exploration expenses | | - | 1,439 |
| Charge in relation to share-based payments | | 337 | 1,174 |
| | | (18,858) | (3,105) |
| Change in inventories | | 6,473 | (4,253) |
| Change in trade and other receivables | | 5,640 | 7,515 |
| Change in trade and other payables | | 1,114 | 8,066 |
| Change in available-for-sale financial assets | | 1,370 | (862) |
| Change in provisions | | (2,113) | 2,559 |
| | | (6,374) | 9,920 |
| Interest paid | | (210) | (265) |
| Income tax paid | | (160) | (4,639) |
| Net cash from operating activities | | (6,744) | 5,016 |
| Cash flows from investing activities | | | |
| Acquisition of other investments | | (218) | (76) |
| Interest received | | 1,061 | 12,527 |
| Additions to property, plant and equipment | | (5,909) | (14,958) |
| Additions to exploration assets | | (14,296) | (10,257) |
| Proceeds from sale of property, plant and equipment | | 1 | 7 |
| Acquisition of subsidiaries, net of cash acquired | | - | (10,342) |
| Net cash used in investing activities | | (19,361) | (23,099) |
| Cash flows from financing activities | | | |
| Proceeds from issue of share capital | | 23,750 | 2,158 |
| Dividends paid to minority shareholders | | - | (1,006) |
| Net cash from financing activities | | 23,750 | 1,152 |
| Net decrease in cash and cash equivalents | | (2,355) | (16,931) |
| Cash and cash equivalents at beginning of the year | | 21,241 | 38,671 |
| Effect of exchange rate fluctuations on cash held | | - | (499) |
| Cash and cash equivalents at end of the year | | 18,886 | 21,241 |

Statement of recognised income and expense for the year ended 31 March 2009

| | Group | | Company | |
|--|------------------|-----------------|------------------|-----------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Loss for the financial year | (210,565) | (28,737) | (116,871) | (23,332) |
| Movement in available-for-sale financial assets | - | (328) | - | - |
| Deferred tax on movement in available-for-sale financial assets | - | 66 | - | - |
| Net exchange differences on the retranslation of net investments | 75,259 | 1,182 | - | - |
| | (135,306) | (27,817) | (116,871) | (23,332) |
| Attributable to: | | | | |
| Minority shareholders | (12,612) | (2,392) | | |
| Equity holders of the parent | (122,694) | (25,425) | (116,871) | (23,332) |

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1 Accounting policies

Going-concern basis

The directors believe that it is appropriate to adopt the going-concern basis in preparing the financial statements for the year to 31 March 2009, having considered the current trading, the current funding position, and the projected funding requirements for at least the next 12 months from the date of approval of the financial statements, of the parent company (“the Company”) and its subsidiaries (together, “the Group”).

Current Trading

The adverse economic conditions and their effect on commodity prices during the year have had a material impact on the group’s operations.

During the financial year ended 31st March 2009, production from the Company’s subsidiary, Bindura Nickel Corporation, continued to be hampered by the difficulties in Zimbabwe. The dramatic fall in the international market price for nickel rendered production at BNC uneconomic. Consequently, the mines were placed onto care and maintenance in November 2008, and the smelter and refinery operations were placed onto care and maintenance during March 2009.

The Freda Rebecca gold mine was placed onto care and maintenance in 2007 and remained on care and maintenance throughout the financial year.

Increased production at Klipspringer was largely offset by a decline in the average price achieved. The mine approximately broke even for the year.

During the year, Mwana Africa (excluding BNC) invested £14.3m in its portfolio of exploration prospects. Exploration expenditure was sharply curtailed in the second half of the year as a result of the revised strategy to conserve cash.

Current funding position

The group maintains no borrowing facilities and meets its day to day working capital requirements from cash resources. The group reported a cash outflow of £26.0m, in the year to 31 March 2009, before the proceeds of £23.7m through an issue of 62.5m shares in June 2008. Including the proceeds of the placing, the group had a net cash balance of £18.9 million at 31 March 2009.

The cash outflow of the group (excluding BNC) in the period from 1 April 2009 to 26 June 2009, net of income of approximately £1.0m resulting from the sale of inventory and proceeds of the sale of certain diamond exploration interests in the DRC, was approximately £2.7 million. The group (excluding BNC) held net cash position of approximately £13.8 million at 26 June 2009.

Projected Funding requirements

The cash flow forecasts show that the group can continue to operate utilising existing cash resources. However the substantial achievement of those forecasts is subject to various uncertainties which are described further below.

Freda Rebecca

Mwana Africa announced in March 2009 its intention to restart gold production at the Freda Rebecca mine. A budget of approximately £4m has been allocated to bring the mines and the first phase of the plant to production. The commencement of production from Phase I is currently scheduled for September 2009. A

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similar amount is forecast to be required to complete the second phase of the refurbishment, scheduled for completion in September 2010.

Operating costs at Freda Rebecca are expected to be in the region of \$700 per ounce. The Group has assumed an average gold price going forward of \$900 per ounce, based on market estimates, forecasts, and prevailing spot and forward market prices. Following completion of the first phase of the refurbishment programme, it is expected that the net cashflow generated will be applied to expenditure to bring the second phase of the plant into production.

The directors acknowledge that the restart of Freda Rebecca involves uncertainties that could adversely affect the funding position. The directors believe that the principal risks and uncertainties that would impact on cash flow projections in relation to the start up and operation of the Freda Rebecca mine are a delay in re-commissioning of the mine, a fall in the price achieved for gold, and a reduction in achieved output from the plant.

These factors would reduce the cashflow received in the period to 30 June 2010 by £0.8m for each month of delay, by £0.9m if gold prices fell to an average of \$850 per ounce, and by £1.6m if output reduced by 10% with no corresponding reduction in operating costs. An adverse combination of these factors could result in the Group not having sufficient cash resources to meet its liabilities. The directors have tested the model for reasonable scenarios of possible combinations of adverse outcomes and have concluded that the existing cash resource should be sufficient. However it is acknowledged that the margin of headroom over requirements is not large. In this event the Directors would assess their options for raising alternative sources of finance.

BNC

BNC has initiated a financial plan to realise working capital and investments, to reach settlement with creditors, and to fund ongoing operating costs while on care and maintenance, and while opportunities to restart the operation are assessed. As noted above, the Directors, for the purpose of their assessment of the appropriateness of applying the going concern basis, have assumed that BNC will continue to be run on a care and maintenance basis for the duration of the projection period on a broadly cash neutral basis.

In order to investigate the full potential economic value of BNC, the Directors intend to carry out a feasibility study aimed at demonstrating that the mine has the capability of operating on a significantly lower cost model than was previously the case. In the meantime, BNC's cash flow projections indicate that it will continue to be able to fund its operating costs while on care and maintenance for at least 12 months from the date of approval of these financial statements.

This feasibility study will consider options that may require material capital investment, for which BNC would require additional financing. In this event, it is likely that the directors of BNC would seek external funding.

In drawing up the projections for Mwana Africa, the Directors have taken account of the fact that they have provided no guarantee or indication of financial support to the directors of BNC. Should a material cash call arise, the Directors of Mwana would not advance funds unless they considered that such a call had merit. The directors note that Mwana Africa's participation in any material fundraising by BNC that warranted merit, for example raising funds towards restarting production would be conditional on Mwana Africa raising additional capital itself. However, Mwana's cash flow forecasts do not assume any material advance of funds to BNC or any cash inflows from external fund raising.

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Exploration

As noted above the funding plans have assumed that exploration activities will remain suspended.

Outlook

Following the de facto dollarization of Zimbabwe's economy, the announcement of revised export procedures for gold producers, and the removal of foreign exchange surrender requirements, the directors believe that the environment for operating in Zimbabwe has improved, and will continue to improve, from the position as recently as November 2008. For these reasons, the group intends to continue to trade for the foreseeable future.

The directors believe that Mwana Africa's participation in any material fundraising by BNC, or development of the group's base and precious metal exploration prospects in the DRC, would be conditional on Mwana Africa itself raising additional capital. Any additional fundraising would need to be supported by detailed plans which the Company will need to compile. As noted above the cash flow forecasts do not include any assumptions regarding external fund raising.

Conclusion

As noted above the directors have prepared cash flow projections for the period to 31 December 2010. Those cash flow projections would result in the group being able to operate within the limit of current cash resources. However, it is acknowledged that the substantial achievement of those forecasts is subject to several operational and market uncertainties particularly those surrounding the successful restarting of Freda Rebecca noted above that could significantly erode the forecast cash position. The combination of these circumstances represent a material uncertainty that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern and may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after taking account of the Group's funding position, its cash flow projections and the risks and uncertainties associated with these, the Directors have a reasonable expectation that the group and Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

2 Segmental information

Primary reporting format - industry

| | Gold | Nickel | Exploration and diamond development | Corporate | Total |
|-----------------------------|--------------|---------------|--|------------------|--------------|
| | 2009 | 2009 | 2009 | 2009 | 2009 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| External segmental revenue | - | 26,203 | 1,422 | 681 | 28,306 |
| Total segmental revenue | - | 26,203 | 1,422 | 681 | 28,306 |
| Segment result† | (15,315) | (80,054) | (129,630) | (3,971) | (228,970) |
| Segment loss before tax† | (15,315) | (79,850) | (129,630) | (3,323) | (228,118) |
| Segment assets | 8,490 | 43,402 | 13,621 | 20,138 | 85,651 |
| Segment liabilities | 2,394 | 25,802 | 1,793 | 1,168 | 31,157 |
| Other segmental information | | | | | |
| Capital expenditure | 230 | 5,339 | 271 | 69 | 5,909 |
| Depreciation | - | 11,421 | 409 | 20 | 11,850 |
| Impairment losses | 14,850 | 47,042 | 122,614 | 5,736 | 190,242 |

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For the twelve months ended 31st March 2009

(Audited)

| | Gold | Nickel | Exploration and diamond development | Corporate | Total |
|-----------------------------|---------|----------|---|-----------|----------|
| | 2008 | 2008 | 2008 | 2008 | 2008 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| External segmental revenue | 7 | 77,930 | 542 | 788 | 79,267 |
| Total segmental revenue | 7 | 77,930 | 542 | 788 | 79,267 |
| Segment result† | (4,495) | (10,867) | (22,639) | (2,914) | (40,915) |
| Segment loss before tax† | (4,495) | (305) | (22,639) | (1,214) | (28,653) |
| Segment assets | 14,068 | 94,315 | 91,588 | 20,460 | 220,431 |
| Segment liabilities | 3,012 | 29,653 | 9,515 | 1,936 | 44,116 |
| Other segmental information | | | | | |
| Capital expenditure | 1,181 | 13,558 | 10,468 | 8 | 25,215 |
| Depreciation | - | 11,628 | 266 | 8 | 11,902 |
| Impairment losses | 3,300 | - | 18,636 | - | 21,936 |

†Includes impairment losses

Secondary reporting format – Geographical

| | Southern Africa | | Central Africa | | Western Africa | | United Kingdom | | Total | |
|--------------------------|-----------------|---------|----------------|--------|----------------|-------|----------------|--------|--------|---------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| External segment revenue | 27,953 | 79,085 | - | - | - | - | 353 | 182 | 28,306 | 79,267 |
| Segment assets | 56,425 | 136,073 | 10,272 | 66,624 | 2,244 | 6,164 | 16,710 | 11,570 | 85,651 | 220,431 |
| Capital expenditure | 5,633 | 14,810 | 213 | 9,316 | 1 | 1,089 | 62 | - | 5,909 | 25,215 |

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For the twelve months ended 31st March 2009

(Audited)

3 Analysis of operating profit

Operating loss on ordinary activities before taxation is stated after charging

| | 2009 | 2008 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Cost of sales | 31,574 | 27,941 |
| Depreciation | 11,762 | 11,647 |
| Foreign exchange differences | 3,011 | 39,972 |
| Stock write-off | 8,052 | - |
| | 54,400 | 79,560 |
| | | |
| Selling and distribution costs | 3,202 | 4,912 |
| | | |
| Administrative costs | 9,144 | 9,146 |
| | | |
| Profit on sale of non-current assets | (3) | - |
| Fair value adjustments on available-for-sale assets | 1,370 | - |
| Lease costs | 155 | 312 |
| Write-off of capitalised exploration costs | - | 1,439 |
| Provision for closure costs | 80 | 2,673 |
| Reversal of provision for closure costs | (1,998) | |
| Other expenses | 685 | 204 |
| | 288 | 4,628 |
| | | |
| Impairment | 190,242 | 21,936 |

Depreciation on property, plant and equipment capitalised as intangible assets is not included in the above analysis.

4 Impairment

The board has assessed for impairment the carrying values of the group's intangible exploration and development assets, goodwill and property, plant and equipment and equity investments as at 31 March 2009. In addition, the Company's investments in and loans to subsidiaries have been assessed for impairment as at 31 March 2009.

As a result of these assessments, impairment charges have been recognised to reduce the carrying values of the following classes of assets. The impairment charges have been recognised in the income statement as other expenses of the period.

| | Group | | Company | |
|--|------------------|-----------------|------------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Impairment of property, plant and equipment | (64,007) | (3,306) | - | - |
| Impairment of exploration and development assets | (104,586) | (3,517) | - | - |
| Impairment of goodwill | (14,936) | (15,113) | - | - |
| Impairment of trade and other receivables | - | - | (27,731) | - |
| Impairment of non current investments | (6,713) | - | (90,914) | (20,629) |
| Impairment loss of the period | (190,242) | (21,936) | (118,645) | (20,629) |

No previous impairment has been reversed in 2009 and 2008.

All impairment charges have been booked to the income statement in 2009 and 2008.

Selected notes to the financial report

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The group's assets, and the impairment charges recognised in the period, have been allocated to cash-generating units as set out in table below.

| Cash Generating Units | BNC £'000 | Freda Rebecca £'000 | Klipspringer £'000 | Diamond exploration £'000 | Gold exploration £'000 | Base Metal exploration £'000 |
|---|-----------------|---------------------------|-----------------------|---------------------------------|------------------------------|------------------------------------|
| <i>Carrying values</i> | | | | | | |
| Property, plant and equipment | 68,529 | 23,011 | 333 | 1,347 | 251 | 527 |
| Intangible exploration and development assets | - | - | - | 80,132 | 19,444 | 15,362 |
| Allocated Goodwill | - | - | - | 14,936 | - | - |
| Total carrying values of assets allocated to the Cash Generating Unit as at 31 March 2009 | 68,529 | 23,011 | 333 | 96,415 | 19,695 | 15,889 |
| <i>Impairment</i> | | | | | | |
| Property, plant and equipment | (47,042) | (14,850) | - | (1,337) | (251) | (527) |
| Intangible exploration and development assets | - | - | - | (79,780) | (12,444) | (12,362) |
| Allocated Goodwill | - | - | - | (14,936) | - | - |
| Total impairment of assets allocated to cash generating units in the year ending 31 March 2009 | (47,042) | (14,850) | - | (96,053) | (12,695) | (12,889) |
| Recoverable value of assets allocated to cash generating units as at 31 March 2009 | 21,488 | 8,161 | 333 | 362 | 7,000 | 3,000 |

Figures shown above do not include non-current investments held by the group which have been tested for impairment on an individual asset basis. Non-current investments with carrying value before impairment of £8.1m have been impaired by £6.7m.

Group corporate assets of £0.4m have not been allocated to cash generating units and have not been impaired.

Bindura Nickel Corporation (BNC)

Mwana Africa owns 52.9% of BNC, and the assets and liabilities of the company are fully consolidated into Mwana Africa's accounts. BNC owns the existing Trojan and Shangani mines, the Bindura Smelter and Refinery complex, and the Hunters Road project.

Due to continued operating difficulties in Zimbabwe and the dramatic fall in the international market price for nickel during the period, the decision to place BNC onto care and maintenance was taken in November 2008. All the assets allocated to this cash generating unit have been tested for impairment.

The recoverable value of BNC as at 31 March 2009 is estimated to amount to £21.5m, based on an estimate of its value in use. This has been derived from a forecast of potential future cash flows, discounted at an assumed pre-tax cost of capital of 20%. The potential future cashflows have been estimated on the assumption that BNC's mines, smelter and refinery operations are returned to production, and that the Hunters Road project is brought to into production requiring aggregate capital expenditure of \$171m. A nickel price of \$7.50 / lb has been assumed.

The sensitivity of the valuation to these parameters is as follows:

| | |
|--|----------------------------------|
| 10% increase in nickel price forecast | Increase in fair value of £39.7m |
| 1% point increase in cost of capital | Decrease in fair value of £3.8m |
| 10% increase in capital expenditure for Hunters Road | Decrease in fair value of £6.5m |

The carrying value of BNC, before impairment, was £68.5m as at 31 March 2009. As a result, its assets have been subject to an impairment of £47.0m. The assets belong in the nickel primary reporting segment.

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Freda Rebecca

Mwana Africa acquired the Freda Rebecca gold mine in April 2005. The mine was placed onto care and maintenance in 2007. In March 2009, Mwana Africa announced its intention to complete a two-phase refurbishment of the mine to allow a restart of production from Freda Rebecca. Consequently, management has assessed the carrying value of the asset for impairment, based on its latest estimates of revenue, and capital and operating costs.

The recoverable amount of Freda Rebecca as at 31 March 2009 is estimated to amount to £8.2m, based on an estimate of its value in use. This has been derived from a forecast of potential future cash flows, discounted at an assumed pre-tax cost of capital of 20%. The potential future cashflows have been estimated on the assumption that capital expenditure of £2.2m and £2.8m will be required to bring the first and second phases (respectively) of the plant into production. A gold price of \$900 per ounce has been assumed.

The sensitivity of the valuation to these parameters is as follows:

| | |
|--------------------------------------|---------------------------------|
| 10% increase in gold price forecast | Increase in fair value of £8.0m |
| 1% point increase in cost of capital | Decrease in fair value of £0.4m |
| 10% increase in capital expenditure | Decrease in fair value of £0.8m |

The carrying value of Freda Rebecca, before impairment, was £23.1m as at 31 March 2009. As a result, its assets have been subject to an impairment of £14.9m. The asset belongs in the gold primary reporting segment.

Klipspringer

The Klipspringer diamond mine is held by a joint venture with a consolidated carrying value amounting to £0.3m. Its recoverable value has been estimated based on its value in use. This has been calculated using a discounted cash flow model assuming a long term diamond price of \$75 per carat, a 5 year life and a 12% discount rate. The estimated value in use is above the carrying value and consequently no impairment is required. The asset belongs in the exploration and diamond development primary reporting segment.

Diamond Exploration Assets

Through its acquisitions of SouthernEra Diamonds Limited and Gravity Diamonds Pty Ltd Mwana Africa developed a significant diamond exploration portfolio in the DRC, conducted under joint venture and framework agreements with BHP Billiton. Following BHP Billiton's withdrawal from these agreements, Mwana has itself withdrawn from diamond exploration activities in the DRC. Consequently the assets in the diamond exploration cash generating unit, comprising goodwill arising on acquisition, intangible assets and property, plant and equipment have been assessed for impairment.

Following withdrawal from diamond exploration activities in the DRC, the recoverable value of the remaining diamond activities in this cash generating unit has been estimated as their fair value less costs to sell. The estimated fair value of £0.5m has been estimated based on the consideration paid or payable based on sale offers either signed or completed at or subsequent to 31st March 2009.

The carrying value of diamond exploration assets, before impairment, was £96.4m as at 31 March 2009. As a result, its assets have been subject to an impairment of £96.1m. These assets belong in the exploration and diamond development primary reporting segment.

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Gold Exploration Assets

Mwana Africa owns gold exploration prospects in the DRC and in Ghana. During the year, the group scaled back significantly its exploration programmes.

Subsequent to the year end, Mwana Africa reached agreement for the sale of its interest in the Konongo project in Ghana, and options are being evaluated for the remaining Ghanaian gold exploration assets. Consequently, the assets have been assessed for impairment and reclassified as assets held for sale as at 31 March 2009. The Konongo assets have been valued at £1.9m, being an estimate of the fair value of the consideration to be received under the terms of the sale agreement less cost to sell. The remaining Ghanaian gold exploration assets have been valued at £0.1m, being an estimate of the fair value of the consideration to be received, based on discussions with prospective purchasers, less cost to sell. The carrying value of the Ghanaian gold exploration assets, before impairment, was £10.1m as at 31 March 2009. As a result, they have been subject to an impairment of £8.1m. These assets belong in the exploration and diamond development primary reporting segment.

The recoverable value of assets related to the Zani-Kodo prospect in the DRC has been calculated based on an estimate of fair value less costs to sell. This estimate has been extrapolated from market values of similar gold exploration companies in the region.

The carrying value of gold exploration assets in the DRC, before impairment, was £9.6m as at 31 March 2009. As a result, they have been subject to an impairment of £4.6m. These assets belong to the exploration and diamond development primary reporting segment.

Base Metal Exploration Assets

Mwana Africa holds exploration concessions in the Katanga province of the DRC. During the year, expenditure on exploration was curtailed to a minimum in light of the weakened outlook for commodity prices. Consequently, management has assessed for impairment the carrying value of this cash generating unit. Its recoverable amount has been estimated at £3.0m. This amount corresponds to an estimate of fair value less costs to sell of the base metal exploration activities in the DRC, which has been based on the historic cost of the exploration programme and the terms of existing joint venture agreements in the region.

The carrying value of base metals exploration assets in the DRC, before impairment, was £15.9m as at 31 March 2009. As a result, they have been subject to an impairment of £12.9m. The assets belong to the exploration primary reporting segment.

Group - Non current investments

Given the continuing uncertainty over the return to production at MIBA and at Camafuca, the value of the Group's investment in MIBA and in Camafuca has been written down to zero, requiring impairment of £5.7m.

During the year, a sale of the group's diamond exploration activities in Canada was completed. Consideration comprised shares in Mantle Diamonds Limited, a private, unlisted company. The group has assessed the fair value of its investment in Mantle Diamonds Limited and concluded that an impairment of £1.0m should be recorded.

Company – Non current investments in subsidiaries and loans to subsidiaries

As a result of the events and circumstances described in this note, non current investments held by the Company have been tested for impairment. The fair value of non current investments held by the Company has been

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(Audited)

estimated based on the group's assessment of the recoverable values of its assets. Where the carrying values of the investments held by the Company were above their recoverable values, impairment has been recognised in the Company's income statement. The total impairment of investments for the year ending 31 March 2009 amounts to £90.9m.

As a result of the events and circumstances described in this note, inter-company loans made by Mwana Africa PLC have also been impaired to reflect the fact that the extent of recovery of these loans remains limited in extent. Inter-company loans with a carrying value of £45.6m have been impaired by £27.7m as at 31 March 2009. This impairment charge has been recognised in the Company's income statement.

Group and Company – Other

Impairments are recorded under other expenses in the income statement. No reversals of previous impairment losses have been recorded, and no impairment or revaluation has been recognised directly in equity in the period.

5 Intangible assets

| | Goodwill | Development assets | Exploration and evaluation costs | Total |
|--|-----------------|-----------------------|-------------------------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2007 | – | – | 15,156 | 15,156 |
| Acquisitions through business combinations | 26,213 | 4,096 | 50,170 | 80,479 |
| Capitalised exploration costs | – | – | 10,257 | 10,257 |
| Transferred to assets held for sale | – | – | (1,991) | (1,991) |
| Effect of movements in exchange rates | 901 | 26 | 787 | 1,714 |
| Balance at 31 March 2008 | 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 | 34,782 | 5,783 | 113,836 | 154,401 |
| Amortisation and impairment losses | | | | |
| Balance at 1 April 2007 | – | – | (57) | (57) |
| Write-off in ordinary course of business | – | – | (1,439) | (1,439) |
| Impairment loss | (15,113) | – | (3,517) | (18,630) |
| Balance at 31 March 2008 | (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 | (34,782) | (5,783) | (105,836) | (146,401) |
| Carrying amounts | | | | |
| At 1 April 2007 | – | – | 15,099 | 15,099 |
| At 31 March 2008 | 12,001 | 4,122 | 69,366 | 85,489 |
| At 31 March 2009 | – | – | 8,000 | 8,000 |

The carrying amount of the intangible assets relates to capitalised exploration, evaluation and development costs and goodwill on acquisition of subsidiary companies. Goodwill relating to the acquisition of Gravity Diamonds Limited and SouthernEra Diamonds Inc in the Democratic Republic of Congo has been fully impaired during the year. Ghanaian assets valued at US\$2,842,800, Australian exploration assets valued at AU\$400,000 and diamond exploration assets in the Democratic Republic of the Congo valued at US\$500,000 were transferred to asset held for sale as at 31 March 2009.

Selected notes to the financial report

For the twelve months ended 31st March 2009

(Audited)

6 Property, plant and equipment

| Cost or deemed cost | Mining | Smelter refinery plant and equipment | Plant and equipment | Exploration assets | Building & leasehold | Motor vehicles | Total |
|--|-----------------|---|------------------------|-----------------------|-------------------------|-------------------|-----------------|
| | assets £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2007 | 38,938 | 12,502 | 732 | 702 | 13,097 | 4,737 | 70,708 |
| Acquisitions through business combinations | – | – | 418 | 1,028 | – | – | 1,446 |
| Other additions | 9,696 | 3,454 | 9 | 210 | 150 | 1,439 | 14,958 |
| Transfer to assets held for sale | – | – | – | (12) | – | – | (12) |
| Reallocations | (1,810) | (1,093) | – | – | 2,797 | 106 | – |
| Disposals | – | – | – | (11) | – | – | (11) |
| Effect of movements in exchange rates | (513) | (268) | (13) | (1) | (171) | (58) | (1,024) |
| Balance at 31 March 2008 | 46,311 | 14,595 | 1,146 | 1,916 | 15,873 | 6,224 | 86,065 |
| Additions | 3,843 | 386 | 540 | 4 | 211 | 925 | 5,909 |
| Disposals | – | – | – | – | – | – | – |
| Effect of movements in exchange rates | 18,643 | 8,836 | 346 | 793 | 6,181 | 2,484 | 37,283 |
| Balance at 31 March 2009 | 68,797 | 23,817 | 2,032 | 2,713 | 22,265 | 9,633 | 129,257 |
| Depreciation and impairment loss | | | | | | | |
| Balance at 1 April 2007 | (986) | (176) | (22) | (247) | (156) | (580) | (2,167) |
| Depreciation for the year | (6,903) | (1,796) | (8) | (255) | (756) | (2,184) | (11,902) |
| Transfer to assets held for sale | – | – | – | 3 | – | – | 3 |
| Disposals | – | – | – | 11 | – | – | 11 |
| Impairment loss | (3,300) | – | – | (6) | – | – | (3,306) |
| Effect of movements in exchange rates | 15 | 7 | – | 4 | 2 | 10 | 38 |
| Balance at 31 March 2008 | (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 | (51,774) | (14,181) | (1,618) | (2,711) | (19,085) | (9,500) | (98,869) |
| Carrying amounts | | | | | | | |
| At 1 April 2007 | 37,952 | 12,326 | 710 | 455 | 12,941 | 4,157 | 68,541 |
| At 31 March 2008 | 35,137 | 12,630 | 1,116 | 1,426 | 14,963 | 3,470 | 68,742 |
| At 31 March 2009 | 17,023 | 9,636 | 414 | 2 | 3,180 | 133 | 30,388 |

Depreciation on exploration assets was capitalised to intangible assets.

The net book value of the Company's property, plant and equipment as at 31 March 2009 amounted to £57,062 (2008: £6,780). Depreciation charged to the income statement during the year amounted to £12,203 (2008: £3,204) and capital expenditure for the year to £62,485 (2008: nil).

Selected notes to the financial report

For the twelve months ended 31st March 2009

(Audited)

7 Called up share capital

| | 2009 | 2008 |
|---|--------|--------|
| | £'000 | £'000 |
| Authorised 650,000,000 ordinary shares of 10p each (2008: 553,000,000 ordinary shares of 10p) | 65,000 | 55,300 |
| Allotted, called up and fully paid | | |
| Opening balance 337,933,819 (2008: 249,170,654) ordinary shares of 10p each (2008: 10p each) | 33,793 | 24,917 |
| Issued during the year | | |
| 62,500,000 (2008: 88,763,165) ordinary shares of 10p each | 6,250 | 8,876 |
| Closing balance 400,433,819 (2008: 337,933,819) ordinary shares of 10p each | 40,043 | 33,793 |

During the year the Company issued 62,500,000 ordinary 10p shares (2008: 88,763,165) for a total consideration of £25,000,000 (2008: £53,367,867).

No shares were issued, but not fully paid as at 31 March 2009 (2008: nil).

Movements in issued share capital

| Date | Event | Issued price £ | Number of shares |
|---------------|------------------|----------------|------------------|
| 1 April 2008 | Opening balance | | 337,933,819 |
| 25 June 2008 | Placing for cash | 0.40 | 62,500,000 |
| 31 March 2009 | Closing balance | | 400,433,819 |

Reconciliation of movement in capital and reserves – Group

| | Called up share capital | Share premium account | Translation reserves(1) | Non-distributable other reserves(2) | Investment revaluation reserve(3) | Treasury stock (4) | Share-based payments (5) | 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 | 8,876 | - | - | - | - | - | - | - | 8,876 |
| Premium on share issue less expenses | - | 1,656 | - | - | - | - | - | - | 1,656 |
| Premium on shares not issued for cash | - | - | - | 42,836 | - | - | - | - | 42,836 |
| Revaluation of available-for-sale financial assets | - | - | - | - | (174) | - | - | - | (174) |
| Deferred tax on available-for-sale financial assets | - | - | - | - | 35 | - | - | - | 35 |
| 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 | - | - | - | - | - | - | - | (187,445) | (187,445) |
| Credit in relation to share based payments | - | - | - | - | - | - | 337 | - | 337 |
| Shares issued | 6,250 | - | - | - | - | - | - | - | 6,250 |
| Premium on share issue less expenses | - | 17,500 | - | - | - | - | - | - | 17,500 |
| Exchange adjustments | - | - | 64,703 | - | - | - | - | - | 64,703 |
| Reclassification of reserves (6) | - | - | - | (42,836) | - | - | - | 42,836 | - |
| Balance at 31 March 2009 | 40,043 | 19,406 | 62,176 | - | - | (1,072) | 3,247 | (76,474) | 47,326 |

(1) The translation reserve represents exchange differences arising on the translation of non-GBP functional currency operations within the Mwana Africa group into GBP.

(2) Other reserves represents the surplus value of shares not issued for cash over the par value of the relevant shares.

Selected notes to the financial report

For the twelve months ended 31st March 2009

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(3) The investment revaluation reserve represents the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the relevant portion of the reserve is recognised in the income statement.

(4) The treasury stock reserve represents the market value of Mwana Africa PLC shares which were purchased, but not cancelled. The value represents the value on the date of purchase.

(5) The share-based payments reserve represents the accrued employee entitlements to share awards that have been charged to the income statement.

(6) A reserve was created on acquisition of Gravity Diamonds and SouthernEra Inc resulting from the excess value of shares issued for cash above the par value. This reserve has been transferred to retained earnings during the year to the extent that it relates to the impairment of the Gravity Diamonds and SouthernEra Diamonds assets.

Reconciliation of movement in capital and reserves – Company

| | Called up share capital | Share premium account | Non-distributable other reserves(1) | Treasury stock (2) | Share-based payments (3) | Retained earnings | Total |
|--|-------------------------|-----------------------|-------------------------------------|--------------------|--------------------------|-------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2007 | 24,917 | 250 | - | (1,072) | 1,736 | 78,301 | 104,132 |
| Loss for the year | - | - | - | - | - | (23,332) | (23,332) |
| Credit in relation to share based payments | - | - | - | - | 1,174 | - | 1,174 |
| Shares issued | 8,876 | - | - | - | - | - | 8,876 |
| Premium on share issue less expenses | - | 1,656 | - | - | - | - | 1,656 |
| Premium on shares not issued for cash | - | - | 42,836 | - | - | - | 42,836 |
| Balance at 31 March 2008 | 33,793 | 1,906 | 42,836 | (1,072) | 2,910 | 54,969 | 135,342 |
| Loss for the year | - | - | - | - | - | (116,871) | (116,871) |
| Credit in relation to share based payments | - | - | - | - | 337 | - | 337 |
| Shares issued | 6,250 | - | - | - | - | - | 6,250 |
| Premium on share issue less expenses | - | 17,500 | - | - | - | - | 17,500 |
| Reclassification of reserves (4) | - | - | (42,836) | - | - | 42,836 | - |
| Balance at 31 March 2009 | 40,043 | 19,406 | - | (1,072) | 3,247 | (19,066) | 42,558 |

(1) Other reserves represents the surplus value of shares not issued for cash over the par value of the relevant shares.

(2) The treasury stock reserve represents the market value of Mwana Africa PLC shares which were purchased, but not cancelled. The value represents the value on the date of purchase.

(3) The share-based payments reserve represents the accrued employee entitlements to share awards that have been charged to the income statement, as well as accrued group employee entitlements that have been debited to investment in subsidiaries.

(4) A reserve was created on acquisition of Gravity Diamonds and SouthernEra Inc resulting from the excess value of shares issued for cash above the par value. This reserve has been transferred to retained earnings during the year to the extent that it relates to the impairment of the Gravity Diamonds and SouthernEra Diamonds assets.

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For the twelve months ended 31st March 2009

(Audited)

8 Commitments

Capital commitments at the end of the financial year relating principally to property, plant and equipment for Bindura Nickel Corporation and Freda Rebecca, for which no provision has been made, are as follows:

| | Group | | Company | |
|------------|--------------|--------------|----------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Contracted | 1,249 | 4,564 | - | - |

The group and Company have the following commitments under non-cancellable operating leases:

| | Group | | Company | |
|--------------------------------|--------------|--------------|----------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | £'000 | £'000 | £'000 | £'000 |
| Operating leases which expire: | | | | |
| Within one year | 232 | 280 | 130 | 57 |
| Two to five years | 575 | 231 | 413 | - |
| Over five years | - | - | - | - |
| Contracted | 807 | 511 | 543 | 57 |

9 Contingencies

The Company has committed to a death in service benefit of five times executive annual salary for Mr KK Mpinga, Mr OAG Baring and Mr KC Owen. Two times annual salary is covered by a policy leaving the Company with a remaining exposure of three year.