

30th June 2010

Mwana Africa PLC

Audited results for the year to 31 March 2010

Mwana Africa PLC (“Mwana”, the “Group” or the “Company”), is pleased to announce its audited financial results for the year to 31 March 2010.

Key Features

- Freda Rebecca gold mine returned to commercial production in October 2009, in time to benefit from a record high gold price. 8,550 ounces of gold were produced in the six months to 31st March 2010, since when a further 3,447 ounces have been produced.
- Bindura Nickel Corporation (“BNC”) has advanced plans for the resumption of operation at its Trojan nickel mine and concentrator, including proposed offtake terms.
- In March 2010 independent engineering consultants SRK Consulting (UK) Ltd were commissioned to prepare a Competent Persons Report on BNC and Freda Rebecca. The report is due imminently and will form the basis for the investment and financing plans for the restart of BNC. BNC and Mwana are now evaluating their strategic and financing options.
- The Company’s exploration programme at the Zani Kodo gold exploration prospect in the DRC has delivered further promising results. An updated resource estimate was announced in February 2010. Further drilling has been very promising and a full update will be provided by the end of July. To date, Mwana has defined indicated mineral resources containing 217,277 ounces of gold at 2.95 g/t and inferred resources containing 421,013 ounces of gold at 2.75 g/t.
- The Company’s placing of 88.3 million shares in March 2010 raised approximately £8.4m after expenses.
- Despite BNC remaining on care and maintenance throughout the year, and production from Freda Rebecca commencing only in the second half of the year, the group’s principal operations generated revenues of £18.8m (2009: £28.3m). At BNC, sales of in-process materials were concluded as part of the company’s strategy to realise cash from existing working capital positions while the care and maintenance programme continues. The Freda Rebecca gold mine generated revenue of £6.0m.
- Group loss for the year before tax was £14.4m (2009: £228.1m).
- Net cash outflow during the year from the group was £3.7m (2009: £2.4m). Net cash (including BNC) at 18th June 2010 was £9.1m.

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

“This has been an important year for Mwana, with the restart of gold production at Freda Rebecca. We are now focussing on achieving the planned ramp up in production at the mine, and on implementing BNC’s plans to resume operations at its Trojan nickel mine and concentrator. Our drilling programme at Zani Kodo is producing some exciting results and we look forward to reporting on these shortly.”

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 the exploration and resource development information contained in this press release is based upon information prepared under the supervision of Dr Du Plessis, who has reviewed the information included herein. Dr Natasha Gibson Pr.Sci.Nat., Vice President, Exploration, is the qualified person as defined in the AIM Rules and responsible for the technical information in this release relating to Mwana Africa’s diamond production activities. The information relating to resources at BNC and Freda Rebecca is based on information prepared under the supervision of Claudius Makuni, Manager Geology for BNC and a qualified person as defined in the AIM Rules.

Chairman's Statement

It is satisfying to look back on a busy year, in which we took decisive steps to contain costs and focus on core assets in response to the global financial crisis. The difficult but necessary decisions taken in 2008/09 set a solid basis for our development by maintaining the integrity of our assets and our cash balance. The recovery in commodity prices and the improvement in the economic situation in Zimbabwe in 2009 allowed us to restart operations at the Freda Rebecca gold mine and to work towards the restart of operations at Bindura Nickel Corporation. We believe that our strategy to grow production in Zimbabwe while continuing to invest in our most promising exploration prospects remains appropriate.

Commodity prices recovered in the second half of 2009 from the lows reached at the beginning of the year. Gold in particular continues to be regarded as an attractive investment; in recent weeks the gold price has hit record highs. Although recovery in base metals demand has been slow to materialise in the western markets, prices have increased on the back of strong Chinese economic growth. Although short term corrections remain possible, we have confidence in the long term strength of the base metals market and in the sustainability of demand.

February saw the first anniversary of the formation of Zimbabwe's Government of National Unity, and the local economic environment has continued to improve during the year. Our supply chain and our gold export process have been functioning normally and, while there remains some way to go to address the concerns of international financiers, there are signs that Zimbabwe is increasingly regarded as a potential destination for investment. In November 2009, the Industrial Development Corporation of South Africa approved a US\$10 million debt facility for Mwana's Freda Rebecca gold mine, the first such funding in Zimbabwe in recent years. Whilst earlier in the year we believed that the loan would be forthcoming shortly, the drawdown of this facility has been delayed and remains subject to a number of conditions, including the provision by ECIC of political risk insurance, which is itself subject to ratification of the Bilateral Investment Promotion and Protection Agreement (BIPPA) between Zimbabwe and the Republic of South Africa. Whilst the agreement has been signed by both countries, formal ratification by the South African parliament remains outstanding.

At Freda Rebecca, we have completed the first phase of the refurbishment programme, with the first commercial gold pour since recommissioning taking place on 13th October 2009. Gold production to date has totalled 11,997 ounces. While the refurbished plant has performed well, production from the mine has been hampered by poor availability and reliability of our mining fleet, and ramp up has therefore been slower than expected. We have consequently taken steps to bolster the mine fleet, and we are confident that Phase I of the project will deliver its target rate of production of 30,000 ounces of gold per year. Drawdown of the IDC loan described above will allow us to proceed with the second phase of the refurbishment programme, which is expected to increase production to 50,000 ounces of gold per year.

We are completing our plans for a phased re-start of operations at Bindura Nickel Corporation. As the only integrated nickel mine, smelter and refinery complex in Southern Africa, BNC has the potential to become

a processing centre for materials produced throughout the region. Our plans to restart mining at Trojan and the production and sale of 7,000tpa of nickel in concentrate are at an advanced stage. SRK Consulting (UK) Ltd is preparing a Competent Persons Report on the restart plans and this report is nearing completion. The ongoing care and maintenance programme has preserved the opportunity to resume smelting and refining operations once sufficient material is available to justify their restart. We are now evaluating the strategic and financing options available to the group.

Our gold exploration programme at Zani Kodo in the DRC has confirmed the significant potential of the prospect. During the year, we announced the definition of further resources, which now total 638,290 ounces of gold, and we expect to announce a further resource update during July. A further 23,000m of drilling is planned for the year ahead, designed to increase substantially the resources defined to date. At the Semhkat base metals exploration concessions in the DRC, we are reviewing our exploration strategy, and considering opportunities to bring in joint venture partners.

The Company's results for the year reflect the continued period of care and maintenance at BNC and the ramp up of operations at Freda Rebecca. Revenue of £18.8m arose from sales of gold from Freda Rebecca in the second half of the year, diamonds from the Klipspringer mine and of in process inventories at BNC. Reduced operating costs at BNC during the period of care and maintenance were offset by increased costs at Freda Rebecca as the plant ramped up its rate of production. The Company invested £2.0m in fixed assets, principally on the refurbishment programme at Freda Rebecca, and £4.0m in its portfolio of exploration properties.

Zimbabwe remains a challenging country in which to finance projects, but we believe that the quality of our assets and the experience of our team will ensure that our projects are returned to profitable production in the shortest possible timeframe. In March 2010, we completed a placing of 88,340,540 ordinary shares, raising approximately £8.4m after fees and expenses. At 31st March 2010, Mwana Africa (excluding BNC) held cash of £10.4m.

Our enthusiastic and competent team have worked extremely hard through what has been a demanding year. During the period, I was delighted with the appointments of James Arthur as Executive Vice President Operations in July and of Donald McAlister as Finance Director in September. Both have brought Mwana a wealth of experience and the highest level of expertise in mining in general, and in Africa in particular. In addition, we have taken steps to strengthen and deepen the on-site management teams at our operations, commensurate with the increase in activity following the return to production at Freda Rebecca and the plans to resume production at BNC.

As well as our team, I would like to thank our shareholders for their ongoing support and confidence in the Company and to reaffirm our full commitment to building a truly pan-African mining group.

Oliver Baring
Executive Chairman

Chief Executive's review

Despite the obvious effects of continuing market turbulence, the year for Mwana has been defined by the resumption of operations at Freda Rebecca and the development of plans to resume operations at BNC. I am pleased to be able to look ahead to the coming year, in which we intend to recommence production at BNC, and to increase gold production from Freda Rebecca. In addition, I look forward to further encouraging results from our exploration portfolio, in particular the Zani Kodo gold prospect in the DRC.

Freda Rebecca

In March 2009, we announced that we would undertake a two-phase refurbishment programme at the mine, with a targeted commissioning date for the first phase of the project in September 2009. The plant achieved its first commercial pour of gold following completion of phase one of the refurbishment programme on 13th October 2009.

The revised export procedures for gold producers announced by the Zimbabwean government in February 2009 are working well. On average we receive cash for our gold sales 19 days after dispatch of gold dore to the Chamber of Mines.

Despite some start-up problems the plant has performed well. The mine was restarted with relatively limited capital expenditure and although initial production was in line with the Company's plans, the refurbished mine fleet has been stretched as a result of low reliability, and hence availability, as we have sought to increase the production of ore from underground. This has had an adverse impact on tonnage, grade, and consequently gold production. We remain confident in the quality of the orebody and the plant, and we have moved quickly to address the capacity constraints at the mine. Two additional B30D Articulated Dump Trucks, ordered in April, are due to arrive on site shortly. We are also investigating the potential to supplement the mine fleet with rental units as required. We now look forward to a return to production in line with the planned 30,000 ounces of gold per year from Phase 1.

We continue to work with IDC to satisfy the remaining conditions to drawdown of the \$10m facility approved in November 2009. Further detail on these conditions is provided in the financial results section which follows under "Group Liquidity". The facility, when available, will allow us to implement the second phase of the refurbishment programme, which is planned to increase output to approximately 50,000 oz gold per year.

Production from recommissioning to date has totalled 11,997 ounces, achieving average revenue of \$1,118 per ounce.

Bindura Nickel Corporation

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

BNC has prepared detailed plans for the resumption of operations at the Trojan mine and concentrator, to produce concentrates for export to third parties for further processing. Based on these plans, BNC's team has commenced preparatory work in a number of areas which lie on the critical path to the resumption of production, but where only limited expenditure is required. Further plans have been drawn up to restart and enhance the efficiency of BNC's other mines, smelter and refining assets. In addition, the company continues to assess the potential to develop the Hunters Road project.

Independent engineering consultants SRK Consulting (UK) Ltd have been appointed to review the Trojan restart project, which envisages production of up to 7,000 tonnes of nickel in concentrate per year. The planned programme envisages relatively limited capital expenditure, given the extent of the existing infrastructure, and a relatively short period until the intended start of commercial production. In parallel with the restart of the Trojan operation, BNC intends to conduct a recapitalisation and restructuring process, including a reduction in staffing levels, in particular at those assets which will remain on care and maintenance. While we consider that these processes are essential to enable the restart and to ensure a sustainable future for the company, we are of course aware of the impact this process will have on the individuals concerned, and will seek to mitigate these impacts where possible.

The focus of our attention has now turned to the financing of the project, and BNC has commenced discussions with offtakers and potential financiers, including Mwana itself. 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.

Klipspringer

Klipspringer has begun to benefit from a strong recovery in the international price for diamonds, however exceptionally high rainfall hindered production during the last quarter of the year. Conditions have subsequently improved, with a consequent increase in the rate of production. 28,319 carats were sold during the year.

Exploration

In the Democratic Republic of Congo we have resumed exploration at the Zani Kodo gold project, located in the highly prospective Ituri region. In February 2010, we announced the definition of a further 186,414 ounces of gold at Zani Kodo, bringing indicated mineral resources at the Zani Kodo prospect to 217,277 ounces of gold and inferred resources to 421,013 ounces. The planned exploration programme aims to build on this success. At Semhkat, exploration activities were scaled back in 2008 following the collapse in commodity prices. Advisors have been appointed to evaluate interest in the prospect from potential joint venture partners.

Zimbabwe

During February 2010, new regulations concerning indigenisation and economic empowerment were published by the government of Zimbabwe. These regulations included a statement that the government would endeavour to procure that at least 51% of the shares of all companies with a market capitalization over \$500,000 is held by indigenous Zimbabweans.

Of the business sectors in Zimbabwe, mining is unique in the scale of its need for capital investment, and its potential to contribute significantly to the country's economic recovery. The Chamber of Mines of Zimbabwe, of which BNC and Freda Rebecca are members, is in discussions with government regarding the application of the regulations to the mining sector. In previous years, we have taken steps towards indigenous economic empowerment at both BNC and Freda Rebecca, including BNC's listing on the Zimbabwe Stock Exchange, and our commitment to sell a 15% stake in Freda Rebecca to a local partner. We are confident that, across the country, solutions will be found that balance both the need to attract investment to Zimbabwe and the responsibility of the mining industry to support the economic development of the whole country.

Human resources

I would like to add my thanks to those of our chairman to our hard working team, our shareholders, and not least to the local communities who have supported Mwana's operations over the past year, and who play a key role in the Company's future.

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. Historically, ore from the company's Shangani and Trojan mines, with a combined hoisting capacity in excess of 2 million tonnes of ore per year, was concentrated and fed, along with concentrate from third parties, to BNC's smelter and refinery (BSR). BNC has approximately 2,400 employees and is listed on the Zimbabwe Stock Exchange. Mwana Africa acquired its 52.9% stake in the company in 2003. The mines, smelter and refinery remained on care and maintenance during the year.

The care and maintenance programme continues to preserve the integrity of the underground operations, surface concentrators, and the smelter and refinery complex. Clearly defined procedures have been put in place across the operation, and special attention has been given to minimising the risk of damage to the integrity of the smelter, building on experience and protocols developed during the previous furnace shutdown.

Trojan Restart

BNC has developed plans for the restart of production from the Trojan mine and concentrator, which envisage completion of the existing shaft deepening project, enhancement of existing mine infrastructure and refurbishment of existing, and purchase of new, vehicles in the mining fleet. The mine plan indicates an improvement in grade over the modelling period, as a result of the increased contribution over time of the massive orebody – a zone of high grade mineralisation on the footwall of the Main orebody. This improvement in grade results in an increase in expected contained nickel in concentrate to in excess of 7,000 t per year.

The plan to resume operations at the Trojan mine and concentrator is being reviewed by SRK Consulting (UK) Limited. A limited amount of pre-start work has been conducted during the care and maintenance programme. This work has targeted the refurbishment of underground plant and equipment, and the overhaul of surface crushing and conveying systems, and will enable production to restart rapidly when finance is available.

BNC reserves and resources as at 31st March 2010 (unaudited)

Classification of resources	Tonnage (Mt)	Grade (%)	Nickel (t)
<u>Measured</u>			
Trojan	1.71	1.36	23,250
Shangani	1.84	0.58	10,750
Hunter's Road	-	-	-
Total	3.55	0.96	34,000
<u>Indicated</u>			
Trojan	0.71	1.38	9,810
Shangani	0.48	0.59	2,840
Hunter's Road	45.06	0.54	243,230
Total	46.25	0.55	255,880
<u>Measured & Indicated</u>			
Trojan	2.42	1.37	33,060
Shangani	2.32	0.59	13,590
Hunter's Road	45.06	0.54	243,230
Total March 2010	49.80	0.58	289,880
<i>Total March 2009</i>	<i>58.16</i>	<i>0.63</i>	<i>368,990</i>
<u>Inferred Resources</u>			
Trojan	1.11	1.13	12,540
Shangani	9.71	0.56	54,280
Hunter's Road	-	-	-
Total March 2010	10.82	0.62	66,820
<i>Total March 2009</i>	<i>12.79</i>	<i>0.65</i>	<i>82,950</i>

The resource statement for the Trojan mine reflects the portion of the resource assessed by SRK Consulting (UK) Limited as part of their review of the Trojan restart plan. Previous resource statements included mineralisation below 37 level, which have not been reviewed by SRK. Drilling from 35 Level has commenced with the aim of improving confidence on the resource information below 37 Level and upgrading the current internal resource evaluation to JORC/SAMREC compliance. The program comprises of 18 holes totalling approximately 9,000m of drilling.

At Shangani, resources have been reallocated into different categories from previous statements. 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.

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 also conducting exploration under a joint venture agreement with Ambase Exploration Africa, a subsidiary of Anglo American, over 476 square kilometres of the concession. Mwana Africa holds an 85% interest in further exploration rights over 6,395 square kilometres of prospective ground in the western Katanga and eastern Kasai Oriental provinces of the DRC (“Maniamuna”).

Following the decline in commodity prices in 2009, exploration during the year was directed towards low cost regional mapping and geochemical soil sampling programmes on the Mukema, Kiamato, Kibolwe and Kawesitu licences. At the end of the field season a limited core drilling programme was undertaken on the Kibolwe West and Kiamato West Copper soil anomaly.

Base metals prices have subsequently improved, and Mwana Africa has outlined a 11,000m drilling programme for 2010/11. Mwana is in the process of identifying additional joint venture partners with whom to explore the above concessions.

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. RC and core drilling programmes have outlined a near-surface, flat-lying mineralised zone up to 40 metres thick extending over a strike of 1,500 metres.

Core drilling programmes undertaken at the end of 2009 confirm that the mineralization west of the Kibolwe Main copper clearing is open-ended. Holes drilled to the west of the main resource intersected encouraging copper grades. Further drilling programmes have been planned to test the western extensions of the deposit.

Table 1. Kibolwe West Diamond 2009 drill hole results.

Bore hole No.	From (m)	To (m)	Av. Total Cu %	True width (m)
KIB DD 011	37.60	44.70	3.2	4.9
KIB DD 012	17.20	32.20	7.4	13.7
KIB DD 017	27.20	52.00	3.6	21.8
KIB DD GW10N	25.60	47.50	5.7	17.6
KIB DD 023	61.30	69.50	3.0	7.1
KIB DD 028b	66.60	74.40	1.7	6.4
KIB DD 34	58.90	68.90	2.8	8.7

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.

Kiamato West: The prospect encompasses a 16km long and 500m wide copper soil anomaly (Cu 260-570ppm) with several gossan occurrences. Core drilling has intersected several zones with copper mineralization in the form of disseminated chalcopyrite.

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 as well as gold, platinum and palladium. 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 and has been subjected to iron metasomatism with the formation of magnetite and hematite. In places the mineralised breccia is 40 metres wide and coincides with a 4-kilometre long thrust fault highlighted by aeromagnetic and radiometric data. Pit sampling of the breccia has yielded elevated levels of copper, gold and silver.

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. 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. Ambase completed a 1,100m drilling programme at Lombe where one intersection gave 26% Zn and 15 Cu over 2.45m. Regional geochemical soil sampling programmes were continued over the NW concessions.

Precious Metals – Operations

Freda Rebecca – Zimbabwe

The Freda Rebecca mine, situated in 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 returned to production in October 2009 following an extended period of care and maintenance.

Mwana Africa announced in March 2009 its intention to restart production at the Freda Rebecca gold mine in Zimbabwe. A program of dewatering of the underground mining areas, together with the rehabilitation of underground trackless equipment was successfully completed during the year. In addition, the first phase of a two phase refurbishment programme at the processing plant was concluded.

The first commercial pour of gold following completion of phase one of the recommissioning programme took place on 13th October 2009. During the year, 8,550 ounces of gold were produced, realising average sales proceeds of \$1,116 per ounce.

The milling, leaching and gold winning circuits have demonstrated their ability to meet the projected throughput requirements for phase one. However, poor reliability, and hence availability of the underground vehicle fleet resulted in under production of ore from the mine. In order to make use of spare plant capacity, material from lower grade surface stockpiles has been processed. This has resulted in a lowering of the overall average feed grade achieved. Steps have been taken subsequently to increase the fleet capacity, including the purchase of two additional B30D articulated dump trucks.

Production results for the period from October 2009 to March 2010 are as follows.

		2010	2009
Tonnes mined ex Underground	t	95,668	-
Tonnes mined ex Surface – Low Grade Dump	t	137,569	-
Tonnes Processed	t	205,194	-
Feed Grade	g/t	1.76	-
Plant Recovery	%	74.2	-
Gold produced	oz	8,550	-

Freda Rebecca Mine – Resources and Reserves as at 31 March 2010 (unaudited)

Reserve Classification	Tonnage ('000t)	Grade Au (g/t)	Gold ounces ('000)
Proven			
Underground	2,042	2.59	170
Surface	270	3.47	30
Total	2,312	2.69	200
Probable			
Underground	1,744	2.5	140
Surface	–	–	–
Total	1,744	2.5	140
Total March 2010	4,056	2.61	340
Total March 2009	4,153	2.60	347

Resource Classification	Tonnage ('000t)	Grade Au (g/t)	Gold ounces ('000)
Measured			
Underground	10,408	2.51	841
Surface	688	1.43	32
Total	11,096	2.45	873
Indicated			
Underground	2,106	2.52	170
Surface	–	–	–
Total	2,106	2.52	170
Total March 2010	13,202	2.46	1,043
Total March 2009	13,340	2.44	1,048

(1) Resources are stated inclusive of reserves

(2) Underground resources are quoted at a 1.5g/t cut off; and surface resources are calculated at a 0.4g/t cut off.

(3) The Freda Rebecca resource estimate is based on internal estimates. The model is being reviewed by independent technical consultants and 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 when this review is completed.

Precious Metals – Exploration

Zani Kodo – 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, in which OKIMO has a 20% free carried interest, 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. Initial results from Zani-Kodo indicate potential for a significant gold deposit, a portion of which is likely to be suitable for open-pit mining.

Diamond drilling during the year was focused on defining the down dip extension of the previously identified high grade Kodo Main zone and was structured in two phases. The first phase involved a total of 9 holes for 2,550 metres, and was completed in February 2010. The second phase involves drilling a further 21 holes for 7,000 metres.

The drilling programme has proved the downdip continuity of the Kodo Main zone to a depth of 380m. Initial results from phase two drilling have confirmed the downdip continuity of the NE plunging lenticular mineralised zone, the tight margins of the mineralisation and a shallowing of the zone. The mineralised zone remains open at depth.

Following completion of the first phase of the drilling programme, an updated resource statement for Kodo was prepared. This represented an overall increase of 41.3% contained metal compared to the 2009 resource. In addition the gold resource grade increased by 4%. The resource statement will be updated following analysis of the results of the second phase of the drilling programme.

Cutoff (g/t Au)	Class	Tonnes	Metal (oz)	Au (g/t)
0.00	2 – Indicated	2 293 547	217 277	2.95
0.00	3 – Inferred	4 757 638	421 013	2.75
Total		7 051 185	638 291	2.82

Cutoff (g/t Au)	Class	Tonnes	Metal (oz)	Au (g/t)
1.00	2 – Indicated	2,243,374	216,285	3.00
1.00	3 – Inferred	4,515,635	415,674	2.86
Total		6 759 009	631 959	2.91

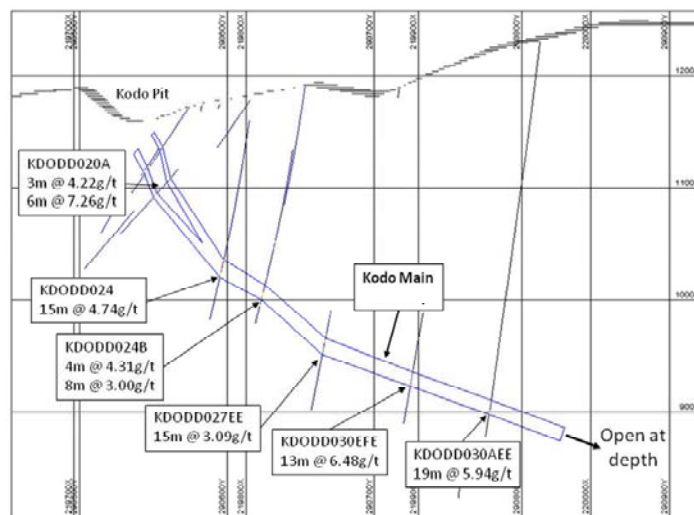


Figure 1. Cross section of central portion of Kodo Main zone.

Subsequent to the February resource estimate, additional drilling results were received. Best intersections from results received during the period are summarised below.

Hole ID	From	To	Intersection
KDODD015BFE	138	140	2m @ 61.65g/t inc. 1m @ 109.0 g/t
	323	330	7m @ 12.60g/t
KDODD018AEE	372	375	3m @ 8.16g/t
KDODD030EXE	319	322	3m @ 6.16g/t
	332	345	13m @ 2.60g/t
KDODD030AEE	324	343	19m @ 5.94g/t inc. 5m @ 8.50g/t; 4m @ 9.54g/t
KDODD033EFX	289	297	9m @ 2.70g/t inc. 4m @ 3.68
KDODD033AEX	170	175	5m @ 3.10g/t
	198	201	3m @ 3.35g/t
KDODD033AEE	228	334	6m @ 2.59g/t
	247	266	19m @ 1.9g/t inc. 5m @ 4.14 g/t
KDODD033EE	117	121	4m @ 2.91g/t
	151	157	6m @ 2.74g/t
KDODD033EFE	213	215	2m @ 2.37g/t
	268	271	3m @ 4.30g/t

The high grade intersections in holes KDODD015BFE and KDODD018AEE suggest the presence of a second shoot to the south of the Kodo Main zone. Although narrower than Kodo Main the zone shows excellent grades. Further drill testing is planned in this area.

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.

Production during the first nine months of the year exceeded expectations. However, higher than average rainfall during the last quarter led to an ingress of groundwater into working stopes. This made working conditions difficult, and consequently work on certain stopes was stopped temporarily. Operating conditions have improved with a reduction in rainfall in the region.

A total of 28,319 carats were sold during the year. A recovery in the price achieved for diamonds, from \$75 per carat in the May 2009 sale to \$103 per carat in February 2010, was offset in part by the continuing strength of the South African Rand, in which a significant portion of Klipspringer's costs are denominated. During the year, Klipspringer submitted its application for the conversion to new mining order mining rights to the Department of Mineral Resources (DMR).

Production results for the period from April 2009 to March 2010 are as follows:

	2010	2009
Tonnes mined	46,497	53,953
Tonnes treated	46,786	52,688
Carats recovered†	24,642	27,795
Grade (cpht)	52.67	52.75

† Carats recovered are prior to the acidisation process

Klipspringer – Resources as at 31 March 2010 (unaudited)
Leopard Fissure

	Mining Tons (t)	Mining grade (cpht^{††})	Carats (cts)
Indicated (above 7 level)			
Ingwe (East)	463,500	51.9	240,400
Ndau (West)	219,000	51.7	113,400
Total	682,500	51.8	353,800
Inferred (above 7 level)			
Ingwe (East)	67,000	52.4	35,000
Ndau (West)	455,000	52.4	238,000
Total	522,000	52.4	273,000
Inferred (below 7 level to 15 level^{†††})			
Ingwe (East)	1,340,000	52.4	702,000
Ndau (West)	1,950,000	52.4	1,025,000
Total	3,290,000	52.4	1,727,000

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

†† cpht – carats per 100 tonnes

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

Results for the year ended 31 March 2010

Income Statement

Pro forma income & expense

(£ million)	BNC	Freda Rebecca	Other Mwana Africa Group	Total
Revenue	11.8	6.0	1.0	18.8
Operating costs	(16.6)	(9.7)	(8.6)	(34.9)
Result from operating activities	(4.8)	(3.7)	(7.6)	(16.1)
Other income / expense	0.0	(0.0)	1.7	1.7
Net Income	(4.8)	(3.7)	(5.9)	(14.4)
Non-Controlling Interest	(0.1)	-	-	(0.1)
Net Income attributable to MWA	(4.9)	(3.7)	(5.9)	(14.5)

Other income / expense includes investment income and dividends received, interest income and expense, taxation and impairment charges where appropriate.

The group reported turnover for the period of £18.8m (2009: £28.3m) and a net loss for the year of £14.4m (2009: £210.6m).

Bindura Nickel Corporation

Revenue of £11.8m (2009: £26.2m) was generated principally through sales of in-process inventories. Operating costs of £16.6m (2009: £54.1m before impairment) were reduced from the previous year because of the move to care and maintenance, and as a result of lower foreign exchange losses following the US dollarization of the Zimbabwe economy. BNC reported a net loss of £4.8m (2009: £32.8m before impairment).

Freda Rebecca

During the year, Freda Rebecca was returned to production. Gold sales of 8,550 ounces, at an average of \$1,116 per ounce, generated revenue of £6.0m (2009: nil), including by-product sales and net of royalties and marketing costs. Operating costs during the period increased in line with the ramp up of operations, and totalled £9.7m (2009: £0.5m) for the year.

Other Mwana Africa Group

Other revenue of £1.0m (2009: £2.1m) was generated by the group, principally the Klipspringer diamond mine. The Company, excluding BNC and Freda Rebecca, incurred operating costs of £8.6m (2009: £9.5m).

Cash Flow Statement

Pro forma cash reconciliation

(£ million)	BNC	Freda Rebecca	Other Mwana Africa Group	Total
Opening cash 1 April 2009	2.4		16.5	18.9
Equity issues (1)	-		8.4	8.4
Non GAAP operating cash flow (2)	(0.8)	(4.0)	(7.2)	(12.0)
Change in working capital (3)	2.8	6.8	(3.8)	5.9
Capex (PP&E and investments)	0.3	(2.2)	(0.1)	(2.0)
Capex (exploration)	-	-	(4.0)	(4.0)
Other	0.0	0.1	(0.1)	0.0
Closing cash 31 March 2010	4.7	0.7	9.7	15.2

Note 1 – In March 2010 the Company issued 88,340,540 shares, raising £8.4m net of fees and expenses

Note 2. –non-GAAP operating cash flow of £(12.0)m represents cashflow from operating activities, excluding movements in creditors, debtors and inventory

Note 3. –change in working capital includes sales of equity investments held for sale and certain investments and PP&E

Bindura Nickel Corporation

BNC has initiated a financial plan to realise value from working capital and investments while on care and maintenance. Implementation of the plan, and receipt of cash from debtors, was offset by partial repayments to creditors and the costs of the care and maintenance programme. Net working capital movements resulted in the release of £2.8m (2009: £14.9m) including the sale of listed equities held by BNC. BNC's net cash position rose from £2.4m to £4.7m at the year end.

Freda Rebecca

Further capital expenditure of £2.2m (2009: £0.2m) was incurred on the first phase of the refurbishment programme at Freda Rebecca. Working capital movements, including loans advanced to Freda Rebecca by Mwana Africa PLC, resulted in a cash inflow of £6.8m (2009: £0.2m).

Other Mwana Africa Group

Mwana Africa (excluding BNC and Freda) saw a non-GAAP operating cash outflow (as defined in the notes to the proforma cash reconciliation) of £7.2m (2009: £2.4m). During the year, Mwana Africa invested £4.0m (2009: £14.3m) in its portfolio of exploration prospects.

During the period, the Company issued 88.3 million shares, raising £8.4m net of costs. £1.4m of the proceeds of the placing was received subsequent to the year end, and is shown as a receivable in the group's accounts.

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	11.7	4.7	15.6	9.4	13.3	7.3	6.0
Freda Rebecca	13.2	2.7	0.7	3.8	27.9	(15.0)	-	(15.0)
Other Mwana Africa group	17.1	3.8	9.7	2.6	(22.5)	50.5	-	50.5
Total	52.2	18.2	15.2	22.0	14.7	48.8	7.3	41.5

Non current liabilities at Freda Rebecca includes intercompany loans owed to other subsidiaries of Mwana Africa PLC. The corresponding receivable is shown as a negative non-current liability in Mwana Africa (ex BNC).

At 31 March 2010, the group had cash balances of £15.2m (2009: £18.9m), comprising £4.7m (2009: £2.4m) held by BNC and £10.4m (2009: £16.5m) held by other Mwana Africa group entities.

The book value of shareholders' equity at the year end was £41.5m (2009: £47.3m).

BNC

The value of current assets was reduced owing to conclusion of sales of various in-process inventories, certain non-critical stocks and spares, and a portion of the equity portfolio held by BNC, and settlement of an outstanding debtor balance. Current liabilities were reduced as a result of partial payments made to creditors during the year.

Freda Rebecca

Non-current assets increased to £13.2m as a result of the continued investment in the refurbishment of the mine and plant, and the addition of environmental assets. Current assets increased as a result of the increase in debtors following the return to production, and in line with the increase in spares inventory. Creditors increased in line with the greater expenditure at the mine and in accordance with creditor payment terms, and as a result of loans advanced by Mwana Africa PLC.

Other Mwana Africa Group

The value of non-current assets increased to £17.1m as a result of additional exploration expenditure which was capitalised during the year, and as a result of the net reversal in the impairment charge recorded in relation to gold and base metal exploration prospects in the previous year.

Group Liquidity

At 31 March 2010 the Group, excluding BNC, held cash of £10.4 million (2009: £16.5m), following receipt of £7.0m of the £8.4m net proceeds of the March 2010 share placing. The balance of £1.4m was received subsequent to the year end, and is shown as a receivable in the group's accounts. As at 18th June 2010 the Group, excluding BNC, held cash of £5.2 million. As at 28th June 2009, Mwana Africa had 486,107,759 issued and outstanding shares (excluding own shares held in treasury), and a market capitalisation of approximately £42 million.

The Group's exploration activities and other costs over the coming year would exceed current cash resources and the positive cash flow expected from Freda Rebecca, and thus require funding. The Directors intend to raise funding, by debt or equity, sufficient to restart operations at Trojan, settle BNC's deferred creditors and to provide sufficient funds for the Group's other activities.

IDC Facility

As announced in November 2009, Freda Rebecca Gold Mine (a subsidiary of Mwana) has agreed terms of a \$10m project finance facility provided by the Industrial Development Corporation of South Africa (the "IDC").

Formal documentation of the conditional loan facility was signed on 23rd March 2010. The board of IDC has since approved the final terms of the facility, and the environmental management plan for the mining operations at Freda Rebecca has been completed to the IDC's satisfaction.

Drawdown of the facility remains subject to certain conditions, most notably the provision by the Export Credit Insurance Corporation of South Africa ("ECIC") of political risk insurance for the facility, which is itself subject to ratification of the Bilateral Investment Promotion and Protection Agreement ("BIPPA") between Zimbabwe and South Africa. The agreement is aimed at providing security of tenure to South African investments in Zimbabwe, and Zimbabwean investments in South Africa. The agreement was signed by the respective governments on 27th November 2009, and was ratified by the government of Zimbabwe on 11th May 2010. In South Africa, the agreement has been adopted by the Portfolio Committee on Trade and Industry in the National Assembly and by the Select Committee on Trade and International Relations in the National Council of Provinces. Mwana expects that, in the coming weeks, the instrument will be put forward for adoption by the South African parliament, after which notice of the agreement's ratification will complete the process.

In addition, the External Loans Coordinating Committee ("ELCC") of the Reserve Bank of Zimbabwe ("RBZ") has approved the terms of the facility. However, ELCC has not approved the provision of certain of the ancillary arrangements, including the mortgage charge over the land on which the Freda Rebecca plant is built and the operation of offshore accounts. Mwana Africa is working with the ELCC and IDC to agree amendments to the security package, compliant with the current exchange control regulations in Zimbabwe.

Provision of the second tranche of the facility, totalling \$6 million, is subject to independent verification of JORC/SAMREC compliant measured gold resources, sufficient to support a ten year mine life. Adequate inferred and indicated resources to support this mine life were defined by the previous owners of the mine. However, the standards of quality control and quality assurance ("QA/QC") are considered insufficient to allow these resources to be classified as measured resources. A programme of re-sampling of existing drill cores is underway, and is expected to provide sufficient QA/QC to allow the resource to be upgraded to the measured category. This programme is expected to be completed during August 2010.

Once drawn, the loan is repayable in 10 equal instalments over a five year period and attracts interest at US\$LIBOR plus 5%. Mwana Africa PLC will provide a guarantee until completion of the refurbishment programme.

Going Concern

Attention is drawn to disclosure surrounding the going concern basis of preparation. Further information is provided in Note 1: Basis of Preparation to the financial statements on page 29.

Results for the year ended 31st March 2010

The financial information set out in this annual results announcement does not constitute the Company's statutory accounts for the years ended 31 March 2010 or 31 March 2009 but is derived from those accounts. Statutory accounts for the year ended 31 March 2009 have been delivered to the registrar of companies, and those for the year ended 31 March 2010 will be delivered in due course. The auditors have reported on those accounts; their report was (i) unqualified, (ii) included an emphasis of matter relating to going concern (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Consolidated income statement for the year ended 31 March 2010

	2010 £'000	2009 £'000
Revenue	18,780	28,306
Cost of sales	<u>(23,240)</u>	<u>(54,400)</u>
Gross loss	(4,460)	(26,094)
Other income	177	-
Selling and distribution expenses	(2,316)	(3,202)
Administrative expenses	(5,850)	(9,144)
Other expenses	(3,699)	(288)
Impairment reversal	4,073	-
Impairment (loss)	<u>(2,395)</u>	<u>(190,242)</u>
Loss from operating activities	(14,470)	(228,970)
Investment income	368	-
Dividends received	<u>20</u>	<u>-</u>
Loss before finance charges and income tax	(14,082)	(228,970)
Finance income	134	1,061
Finance costs	<u>(428)</u>	<u>(210)</u>
Loss before income tax	(14,376)	(228,119)
Income tax expense/(credit)	<u>(67)</u>	<u>17,554</u>
Loss for the year	(14,443)	(210,565)
Loss attributable to:		
Owners of the Parent	(14,520)	(187,445)
Non-controlling interest	<u>77</u>	<u>(23,120)</u>
Loss for the year	(14,443)	(210,565)
Loss per share		
Basic loss per share (pence)	(3.63)	(48.60)
Diluted loss per share (pence)	(3.63)	(48.60)

Consolidated statement of comprehensive income for the year ended 31 March 2010

	2010 £'000	2009 £'000
Loss for the year	(14,443)	(210,565)
<hr/>		
Other comprehensive (loss)/profit		
Foreign currency translation differences	(1,148)	75,259
Net change in fair value of available-for-sale financial assets, net of tax	1,252	-
	<hr/>	
Other comprehensive profit for the year, net of income tax	104	75,259
<hr/>		
Total comprehensive loss for the year	(14,339)	(135,306)
<hr/>		
Total comprehensive loss attributable to		
Owners of the Parent	(14,492)	(122,694)
Non-controlling interests	153	(12,612)
	<hr/>	
Total comprehensive loss for the year	(14,339)	(135,306)
<hr/>		

Consolidated balance sheet as at 31 March 2010

	Note	2010 £'000	2009 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	35,451	30,388
Intangible assets	5	13,659	8,000
Investments		2,076	1,377
Deferred tax assets		-	217
Non-current receivables		1,005	25
Total non-current assets		52,191	40,007
Current assets			
Cash and cash equivalents	6	15,156	19,198
Inventories		3,674	8,378
Trade and other receivables		12,197	13,667
Available-for-sale financial assets		2,250	1,857
Assets held for sale		108	2,544
Total current assets		33,385	45,644
Total assets		85,576	85,651
EQUITY			
Issued share capital	7	48,877	40,043
Share premium		19,406	19,406
Reserves		64,291	64,351
Retained earnings		(91,100)	(76,474)
Total equity attributable to equity holders of the parent		41,474	47,326
Non-controlling interest		7,321	7,168
Total equity		48,795	54,494
LIABILITIES			
Non-current liabilities			
Rehabilitation provisions		13,954	5,580
Deferred tax liabilities		670	887
Total non-current liabilities		14,624	6,467
Current liabilities			
Trade and other payables		8,879	13,695
Provisions and other payables		13,278	10,683
Bank overdrafts	6	-	312
Total current liabilities		22,157	24,690
Total liabilities		36,781	31,157
Total equity and liabilities		85,576	85,651

Consolidated statement of changes in equity for the year ended 31 March 2010

Note	Share capital £'000	Share premium £'000	Translation reserve £'000	Other reserves £'000	Investment revaluation reserve £'000	Treasury stock £'000	Share based payments £'000	Retained earnings £'000	Total equity attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance as at 31 March 2008	33,793	1,906	(2,527)	42,836	-	(1,072)	2,910	68,135	145,981	30,334	176,315
Loss for the year	-	-	-	-	-	-	-	(187,445)	(187,445)	(33,672)	(221,117)
Foreign currency translation differences	-	-	64,703	-	-	-	-	-	64,703	10,506	75,209
Impairment applied against reserves	-	-	-	(42,836)	-	-	-	42,836	-	-	-
Total comprehensive loss for the year	-	-	64,703	(42,836)	-	-	-	(144,609)	(122,742)	(23,166)	(145,908)
Contributions by and distributions to owners											
Issue of ordinary shares less expenses	6,250	17,500	-	-	-	-	-	-	23,750	-	23,750
Share-based payment transactions	-	-	-	-	-	-	337	-	337	-	337
Total contributions by and distributions to owners	6,250	17,500	-	-	-	-	337	-	24,087	-	24,087
Balance as at 31 March 2009	40,043	19,406	62,176	-	-	(1,072)	3,247	(76,474)	47,326	7,168	54,494

Consolidated statement of changes in equity for the year ended 31 March 2010 (continued)

									Total equity attributable to equity holders of the parent	Non-con- trolling interest	Total equity	
	Note	Share capital	Share premium	Translation reserve	Other reserves	Investment revaluation reserve	Treasury stock	Share based payments	Retained earnings			
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance as at 31 March 2009		40,043	19,406	62,176	-	-	(1,072)	3,247	(76,474)	47,326	7,168	54,494
Loss for the year		-	-	-	-	-	-	-	(14,520)	(14,520)	77	(14,443)
Foreign currency translation differences		-	-	(634)	-	-	-	-	-	(634)	(514)	(1,148)
Revaluation of available- for-sale financial assets		-	-	-	-	697	-	-	-	697	621	1,318
Deferred tax on available-for-sale financial assets		-	-	-	-	(35)	-	-	-	(35)	(31)	(66)
Total comprehensive loss for the year		-	-	(634)	-	662	-	-	(14,520)	(14,492)	153	(14,339)
Contributions by and distributions to owners												
Issue of ordinary shares		8,834	-	-	-	-	-	-	-	8,834	-	8,834
Share issue expenses		-	-	-	-	-	-	-	(456)	(456)	-	(456)
Share-based payment transactions		-	-	-	-	-	-	262	-	262	-	262
Share-based payment reversals		-	-	-	-	-	-	(350)	350	-	-	-
Total contributions by and distributions to owners		8,834	-	-	-	-	-	(88)	(106)	8,640	-	8,640
Balance as at 31 March 2010		48,877	19,406	61,542	-	662	(1,072)	3,159	(91,100)	41,474	7,321	48,795

Consolidated statement of cash flow for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Cash flows from operating activities			
Loss before income tax		(14,376)	(228,119)
Adjustments for:			
Depreciation		1,192	11,850
Stock write-off		-	8,052
Foreign exchange movements		(280)	(373)
Impairment reversal		(4,073)	-
Impairment loss		2,395	190,242
Decrease/(increase) in rehabilitation provisions		8,295	(2,113)
Increase in environmental assets		(5,402)	-
Loss on sale of non-current assets		(551)	4
Loss on sale of assets held for sale		1,036	-
Profit on sale of equity investments		(368)	-
Charge in relation to share-based payments		262	337
Loss from discontinued operations (net of tax)		-	-
Finance income		(134)	(1,061)
Finance costs		428	210
		(11,576)	(20,971)
(Increase)/decrease in trade and other receivables		(879)	5,640
Decrease in inventories		4,113	6,473
Increase in creditors		743	1,114
Decrease in available for sale assets		-	1,370
		(7,599)	(6,374)
Finance costs		(428)	(210)
Income tax paid		(60)	(160)
Net cash used in operating activities		(8,087)	(6,744)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,028)	(5,909)
Proceeds from sale of property, plant and equipment		439	1
Proceeds on sale of available-for-sale financial assets		233	-
Proceeds on sale of investments		1,200	-
Investment in intangible exploration assets		(4,047)	(14,296)
Acquisition of investments		-	(218)
Finance income		134	1,061
Net cash used in investing activities		(4,069)	(19,361)
Cash flows from financing activities			
Proceeds from issue of share capital		8,834	23,750
Share issue expenses		(456)	-
Loans		(102)	-
Net cash from financing activities		8,276	23,750
Net decrease in cash and cash equivalents		(3,880)	(2,355)
Cash and cash equivalents at beginning of year		18,886	21,241
Exchange rate movement in cash and cash equivalents at beginning of year		150	-
Cash and cash equivalents at end of year	6	15,156	18,886

Notes to the financial Statements

For the year ended 31 March 2010

1 Accounting policies

Basis of preparation

With the exception of certain items noted below, which are carried at fair value, the financial statements have been prepared under the historical cost convention.

The Company and consolidated financial statements have been prepared in accordance with applicable laws and International Financial Reporting Standards (IFRSs) as adopted by the EU and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under section 408 of the Companies Act 2006, the company has elected not to present its own income statement.

Going Concern

The Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements for the year to 31 March 2010 having considered current trading, the current funding position and the projected funding requirements of the Group for at least 12 months from the date of approval of these financial statements.

During the financial year ended 31 March 2010 the Group has recommenced operations at the Freda Rebecca gold mine as Phase I of its plans and has maintained its exploration activities at Zani-Kodo and Semhkat.

The global financial crisis in 2008, and the economic situation in Zimbabwe forced the Directors to place BNC, the Group's partly owned subsidiary in Zimbabwe, onto a care and maintenance basis in November 2008 and these operations remain on care and maintenance.

The Group reports a loss for the year to 31 March 2010 of £14 million. As at 18 June 2010, the Group held cash of £8.9 million, of which £3.8 million is held by BNC. BNC's costs whilst on care and maintenance have been largely funded from its own working capital and by the deferral of significant amounts which remain due on demand to creditors. The Group's other activities have been funded by its cash resources which were augmented by an equity fund raising of £8.8 million at the end of March 2010. The Group has no bank borrowings and a US\$ 10 million loan facility for the Freda Rebecca phase II expansion which remains undrawn, pending fulfilment of final loan conditions not all of which are within the Group's control.

Whilst Freda Rebecca is projected to be cash generative over the course of the next twelve months, its cash generation, together with existing cash resources, are not of themselves sufficient to fund the Group's long term cash requirements whilst BNC remains on care and maintenance. Accordingly, the Group's nickel assets at BNC will need to become operational once more. The Directors are planning to restart operations at BNC and settle its deferred creditors and accordingly have engaged SRK Consulting (UK) Limited to prepare a Competent Persons Report into the technical and economic viability of the restart of mining and concentrating operations at BNC's Trojan mine. The Directors are confident that operations at Trojan can be restarted and operated successfully, subject to the availability of finance, based on their existing extensive and detailed knowledge of the mine, the draft report of SRK Consulting (UK) Limited and on, the Group's economic models using a long term Nickel price assumption of 16,500 US\$/t.

The Directors are in discussion with a number of parties in relation to funding for BNC and have received preliminary indications from their advisors that financing for the reopening of the mine, including funds

Notes to the financial Statements

For the year ended 31 March 2010

sufficient to settle the amounts due to creditors, settlement of which are currently being deferred, would be available subject to both normal due diligence requirements and market conditions. In addition the Directors have taken into consideration the improved business environment in Zimbabwe, improved regulations covering the export and payment for metals, removal of foreign exchange controls and the abolition of the Zimbabwe dollar as currency of the country. There are also a number of examples of new investments into Zimbabwe in the mining sector indicating a general availability of funding.

The Directors acknowledge that the achievement of these aims remains subject to uncertainties resulting from operational, market and political and economic conditions in Zimbabwe, and to the availability of finance. In addition, timing of the restart of operations at BNC will depend on when new finance will be raised.

The Group's other exploration activities and other costs would, during the year, exceed current cash resources and the positive cash flow expected from Freda Rebecca, and thus require funding.

The Directors therefore intend to raise funding, by debt or equity, sufficient to restart operations at Trojan, settle BNC's deferred creditors and to provide sufficient funds for the Group's other activities. The Group could not continue beyond late 2010 without such funding.

In drawing up their projections the Directors have taken into account that they have provided no guarantee or indication of financial support to BNC and note that BNC will continue to rely on the agreement of creditors to defer settlement for funding and liquidity until new finance is raised.

The Directors consider that the requirement to raise new finance for both BNC and Mwana Africa in these circumstances represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern. This uncertainty is linked to the current reliance of BNC on creditor deferral, future availability of funding to both BNC and Mwana Africa, market conditions and the political and economic situation in Zimbabwe. Nevertheless, the Directors have a reasonable expectation that the Group and the Company will 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.

Basis of consolidation

Subsidiaries

Subsidiaries are those entities over whose financial and operating policies the Group has the ability to exercise control. The Group financial statements incorporate the assets, liabilities and results of operations of the company and its subsidiaries. The acquisition method of accounting has been adopted. Under this method, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Klipspringer Diamond Mine joint venture – Jointly controlled entities

A joint venture is an entity in which the Group holds a long term interest and in which the Group has the ability to exercise joint control in terms of a contractual arrangement. The Group's interest in a jointly controlled entity is accounted for by proportionate consolidation. In terms of this method, the group includes its share of the

Notes to the financial Statements

For the year ended 31 March 2010

income and expenses, assets and liabilities, and cashflows on a line by line basis with similar items in the group's financial statements.

Transactions eliminated on consolidation

Intra-Group transactions, balances, and any unrealised gains and losses, are eliminated in the consolidated financial statements.

Under section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For finished goods and work in progress, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is calculated based on market prices prevailing as at the year-end less costs to sell. The value of work in progress is not recognised as an asset in the statement of financial position. This material is considered inaccessible to the group as its value would only be realised upon closure or disposal of the asset.

Revenue recognition

Revenue represents the sale of diamonds, gold and nickel net of discounts and taxes. Revenue also includes toll refining and processing of material on behalf of, or purchased from, non-group companies. Revenue from the sale of gold is based on the spot price on date of delivery, while revenue from the sale of nickel is based on the international market price of nickel. Diamond revenue is based on negotiated prices. Revenue is only recognised when significant risks and rewards of ownership have passed to the purchaser.

2 Revised and Amended Standards and Interpretations

The following revised and amended standards and interpretations, which have all been endorsed by the EU, have been adopted by the Group in these consolidated financial statements; their adoption with the exception of IAS 1 (revised) has had no material impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

IAS 1 (Revised), *Presentation of Financial Statements*, effective for accounting periods beginning on or after 1 January 2009, has resulted in the Statement of Recognised Income and Expense being renamed the Statement of Comprehensive Income and the introduction of the Statement of Changes in Equity as a primary statement. The Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. IAS 1 also requires an additional Balance Sheet to be presented as at the beginning of the earliest comparative period whenever an accounting policy is applied retrospectively, or a retrospective restatement of items is made in the financial statements, or items are reclassified in the financial statements.

Amendment to IFRS 2, *Share-based Payments*, effective for accounting periods beginning on or after 1 January 2009, clarifies that vesting conditions are service conditions and performance conditions only; other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

Notes to the financial Statements

For the year ended 31 March 2010

IFRS 8, Operating Segments, effective for accounting periods beginning on or after 1 January 2009, replaces IAS 14 Segment Reporting and sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8.

3 Segmental information

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

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

Information about reportable segments – Operations

	Freda Rebecca		Bindura Nickel Corporation		Klipspringer Diamond Mine		Exploration		Total	
	Gold		Nickel		Diamonds					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
External revenue	5,979	-	11,796	26,203	1,005	1,422	-	-	18,780	27,625
Reportable segment loss before tax	(3,699)	(15,315)	(4,887)	(79,850)	(761)	(551)	2,472	(129,079)	(6,875)	(224,795)
Reportable segment assets	16,647	8,490	38,306	43,402	1,742	1,430	15,070	12,191	71,765	65,513
Reportable additions to property, plant and equipment	2,210	230	(261)	5,339	-	54	-	217	1,949	5,840
Reportable additions to intangible assets	-	-	-	-	-	-	4,047	14,296	4,047	14,296

Reconciliation of reportable segment profit or loss

	2010	2009
	£'000	£'000
Total loss for reportable segments	(6,875)	(224,795)
Unallocated amounts:		
Other corporate expenses	(7,501)	(3,324)
Consolidated loss before income tax	(14,376)	(228,119)

Notes to the financial Statements

For the year ended 31 March 2010

4 Property, plant and equipment

	Mining assets £'000	Smelter & refinery plant and equipment £'000	Plant and equipment £'000	Exploration assets £'000	Building & leasehold £'000	Motor vehicles £'000	Total £'000
Cost or deemed cost							
Balance at 1 April 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
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
Additions	1,787	162	61	-	-	18	2,028
Additions of environmental assets	5,402	-	-	-	-	-	5,402
Disposals	(14)	-	(12)	-	-	(14)	(40)
Effect of movements in exchange rates	(3,706)	(1,451)	41	(125)	(1,268)	(547)	(7,056)
Balance at 31 March 2010	72,266	22,528	2,122	2,588	20,997	9,090	129,591
Depreciation and impairment losses							
Balance at 1 April 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)
Depreciation for the year	(1,006)	-	(162)	-	-	(24)	(1,192)
Disposals	3	-	7	-	-	3	13
Effect of movements in exchange rates	3,302	810	46	123	1,086	541	5,908
Balance at 31 March 2010	(49,475)	(13,371)	(1,727)	(2,588)	(17,999)	(8,980)	(94,140)
Carrying amounts							
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
At 31 March 2010	22,791	9,157	395	-	2,998	110	35,451

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 2010 amounted to £92,187 (2009: £57,062). Depreciation charged to the income statement during the year amounted to £18,749 (2009: £12,203) and capital expenditure for the year to £53,874 (2009: £62,485).

Notes to the financial Statements

For the year ended 31 March 2010

5 Intangible assets

	Goodwill £'000	Development assets £'000	Exploration and evaluation assets £'000	Total £'000
Cost or deemed cost				
Balance at 1 April 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
Capitalised exploration costs	-	-	4,047	4,047
Capitalised depreciation	-	-	141	141
Effect of movements in exchange rates	-	-	119	119
Balance at 31 March 2010	34,782	5,783	118,143	158,708
Amortisation and impairment losses				
Balance at 1 April 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)
Impairment reversal	-	-	4,073	4,073
Impairment loss	-	-	(2,395)	(2,395)
Effect of movements in exchange rates	-	-	(326)	(326)
Balance at 31 March 2010	(34,782)	(5,783)	(104,484)	(145,049)
Carrying amounts				
At 31 March 2008	12,001	4,122	69,366	85,489
At 31 March 2009	-	-	8,000	8,000
At 31 March 2010	-	-	13,659	13,659

The carrying amount of the intangible assets relates to capitalised exploration on the Semhkat and Zani exploration projects. Goodwill relating to the acquisition of Gravity Diamonds Limited and SouthernEra Diamonds Inc in the Democratic Republic of Congo, development costs, and exploration and evaluation costs were fully impaired during the prior year ending 31 March 2009.

Notes to the financial Statements

For the year ended 31 March 2010

6 Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Cash at bank and on hand	6,300	4,632	-	132
Call deposits	<u>8,856</u>	<u>14,566</u>	<u>8,856</u>	<u>14,567</u>
Cash and cash equivalents	15,156	19,198	8,856	14,699
Bank overdrafts	<u>-</u>	<u>(312)</u>	<u>-</u>	<u>(6)</u>
Net cash and cash equivalents	15,156	18,886	8,856	14,693

Net cash and cash equivalents were represented by the following major currencies:

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Australian dollar	272	-	-	-
British pound	7,330	13,805	7,330	14,106
Euro	5	-	-	-
South African rand	244	162	-	-
United States dollar	<u>7,305</u>	<u>4,919</u>	<u>1,526</u>	<u>587</u>
Net cash and cash equivalents	15,156	18,886	8,856	14,693

Of the total cash and cash equivalents, £4,713,346 (2009: £2,412,008) held at the end of the year by BNC is not available for use by the parent company.

Notes to the financial Statements

For the year ended 31 March 2010

7 Called up share capital

	2010	2009
	£'000	£'000
Authorised		
650,000,000 ordinary shares of 10 pence each (2009: 650,000,000 ordinary shares of 10 pence each)	65,000	65,000
Allotted, called up and fully paid		
Opening balance		
400,433,819 ordinary shares of 10 pence each (2009: 337,933,819 shares of 10 pence each)	40,043	33,793
Issued during the year		
88,340,540 share were issued during the year (2009: 62,500,000 ordinary shares of 10 pence each)	8,834	6,250
Closing balance		
488,774,359 ordinary shares of 10 pence each (2009: 400,433,819 shares of 10 pence each)	48,877	40,043

Movements in Issued Share Capital

Date	Event	Issued price	Number of
		£	shares
1 April 2009	Opening balance		400,433,819
31 March 2010	Placing for cash	0.10	88,340,540
31 March 2010	Year end balance		488,774,359

During the year the company issued 88,340,540 ordinary 10 pence shares (2009: 62,500,000) for a total consideration of £8,834,054 (2009: £25,000,000).

No shares were issued but not fully paid as at 31 March 2010 (2009: nil).