Interim Results

for the six months ended 30 September 2006

MWANA AFRICA PLC

The Board of Mwana Africa PLC ("The Board"), the pan-African resources company, is pleased to announce its unaudited interim financial results for the six months to 30th September 2006

FINANCIAL HIGHLIGHTS FOR THE SIX-MONTH PERIOD

- Group turnover of £46.05 million
- Group profit before tax of £25.98 million (including £12.40 million of interest, denominated in Zimbabwean dollars, earned on Zimbabwean cash deposits)
- Group profit after tax and minority interests of £10.53 million
- Earnings per share (diluted) of 4.21p
- Positive cash flow from operations of £9.39 million
- Capital expenditure and financial investment of £12.65 million
- Cash, denominated in £ or US$, at bank as at 30th September 2006 of £45 million

Commenting on these results, Kalaa Mpinga, Chief Executive Officer of Mwana Africa, said:

"This half year we have begun to see the benefits of our persistent efforts to sustain and develop our operations in Zimbabwe, in spite of significant economic and operational difficulties. We will continue in our efforts to grow our nickel and gold operations in Zimbabwe and to support their long-term viability as we are doing with the improvements to the life of the Trojan and Shangani mines.

"Our exploration and near-production activities, in particular in the DRC, are full of potential and we believe justify continued investment.

"We remain open to new opportunities across the whole continent of Africa and believe that now is an exceptionally promising time to be operating in the natural resources business in Africa."

David Fish, Finance Director, commented that: "A significant proportion of the Group's profit after tax and minority interests is earned in Zimbabwean dollars both through regulated conversion of US dollar income into Zimbabwean dollars and interest earned on Zimbabwean dollar deposits.

"There are practical restrictions on converting Zimbabwean dollars into hard currency and hence £13 million of cash, denominated in Zimbabwean dollars, included in the balance sheet at 30th September 2006, cannot currently be converted into hard currency or remitted out of Zimbabwe. However, Mwana has received US$2.62 million from Bindura's interim dividend in the first half and anticipates receiving a second interim dividend which was declared and is payable to shareholders registered on the 8th December 2006 of a similar amount."

CHAIRMAN'S STATEMENT

It is now more than a year since the merger between African Gold and Mwana Africa Holdings in September 2005 to create Mwana Africa PLC. At this interim stage the growth and development of our production assets and the integration of our strategic acquisitions are both proceeding well. We are in the enviable position of being able to build on an already strong position in the Democratic Republic of Congo (DRC) where, directly and indirectly, we are one of the country's largest exploration licence holders. Our production assets have, in the six months to 30th September 2006, also generated strong cash flows that mean for the first time we have achieved a healthy operating profit and cash flow, mostly from our nickel operation at Bindura.

Our strategy is to build a broad-based African natural resources business with both exploration and production assets and to grow this business across Africa by developing existing assets and taking them to production as well as by selected acquisitions. We look at all potential acquisitions or investment proposals in light of our strategy to have assets spread across a range of commodities; to keep production costs low; to develop close and trusted long-term partnerships; to build and support a high-quality management team that will accommodate the growth of the business; and to expand into new countries across the African continent. The current opportunities in Africa are many and diverse and as a result we can be highly selective about those that we pursue.

The strong nickel price during the period supported a substantial increase in profitability at Bindura Nickel Corporation (BNC). We received a first interim dividend of US$2.62 million in the half-year and a second interim dividend payment of a similar amount has been declared. The strong cash flow has been achieved in spite of the continuing challenges of a difficult operating environment in Zimbabwe, where the managed exchange rate has mitigated against the high nickel price and the cash held in the country cannot currently be converted to other currencies. The value of Mwana's 53% stake in BNC, quoted on the Harare Stock Exchange, alone equates to a large part of the market capitalisation of Mwana Africa.

The proposed acquisition of Gravity Diamonds is a significant step towards our goal of creating a major integrated diamond exploration and production business. This followed the earlier acquisition in May of a 20% stake in MIBA which brought with it a significant attributable production of diamonds. We now intend to engage with the government of the DRC, which holds 80%, in returning production to optimal capacity. Gravity's strong land position in the prolific Kasai craton in the DRC supplements the attributable diamond production from MIBA, and Gravity's exploration team reinforces our experience in project development and construction.

Progress on the Freda Rebecca expansion project has been slower than expected mainly due to the bureaucracy of the Zimbabwe investment approval system, sourcing materials and spares, and construction skills

availability. Commissioning of the new and refurbished tankage should start in the second quarter of 2007 with ramp up to 60,000 tons of ore and 4,000 ounces of gold per month.

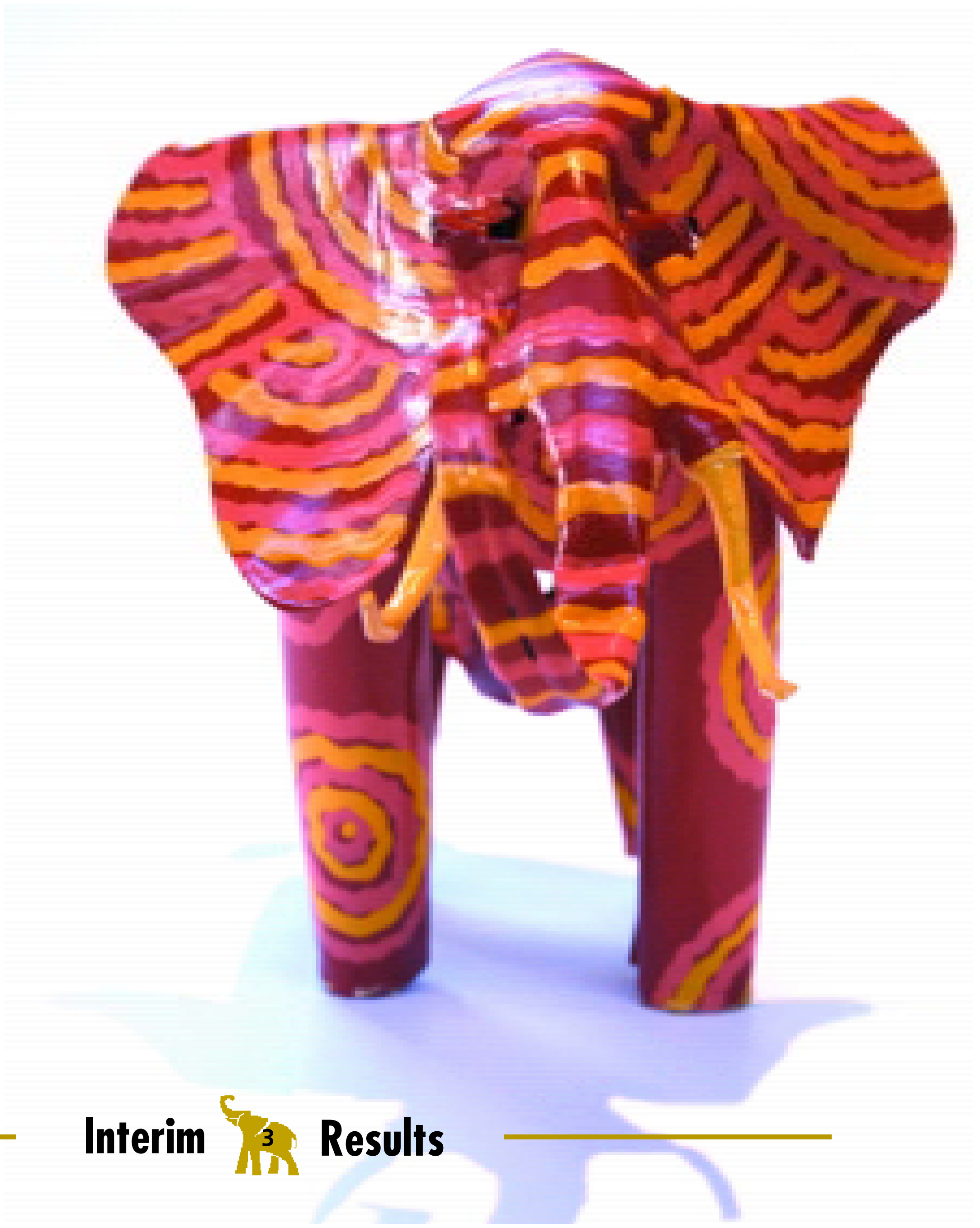
In the DRC at Kibolwe drilling is programmed to start in December with completion in the first quarter.

In Ghana, we have almost completed the drilling at Banka and the results should be available shortly. At Ahanta we are completing a reassessment of the new RC drilling within the context of all of the existing historical data. At Konongo we are examining all of our options against the background of the resource report prepared by RSG.

Our £ and US$ cash resources remain strong, supported by operational cash flow, and we expect to soon be in a position to enter into a share buyback scheme, if we believe this is in the interests of shareholders.

On behalf of the Board, I would like to express our gratitude to Hank Slack for his service to the company prior to his resignation in October. We wish him all the best with his business commitments in the US.

Oliver Baring
Executive Chairman
6 December 2006



Consolidated profit and loss account

For the six months ended 30 September 2006
(Unaudited)

	Note	6 months ended 30.09.2006 £000	6 months ended 30.09.2005 £000	Year ended 31.03.2006 £000
Group Turnover		**46,053**	**–**	**25,106**
Continuing operations		46,053	–	17
Acquisitions		–	–	25,089
Cost of sales		(29,819)	–	(12,908)
Gross profit	3	**16,234**	**–**	**12,198**
Administrative expenses		(3,097)	(334)	(9,710)
Operating profit/(loss)		**13,137**	**(334)**	**2,488**
Continuing operations		13,137	(334)	(1,772)
Acquisitions		–	–	4,260
Interest receivable and similar income	3	13,254	–	225
Interest payable and similar charges		(409)	–	(948)
Profit/(loss) on ordinary activities before taxation		**25,982**	**(334)**	**1,765**
Tax on profit/(loss) on ordinary activities		(5,041)	–	(700)
Profit/(loss) on ordinary activities after taxation	2	**0,941**	**(334)**	**1,065**
Minority interest		(10,414)	–	(1,165)
Profit/(loss) for the financial period		10,527	(334)	(100)
Earnings per share				
– Basic		4.46p	(1.10p)*	(0.11p)
– Diluted		4.21p	(1.10p)*	(0.11p)

For a complete understanding of the financial situation of the group, reference should be made to note 3.
*Restated for the share consolidation as per note 4.

Consolidated balance sheet

As at 30 September 2006
(Unaudited)

	Note	6 months ended 30.09.2006 £000	6 months ended 30.09.2005 £000	Year ended 31.03.2006 £000
Fixed assets				
Intangible assets		13,213	6,668	12,980
Tangible assets		61,751	308	65,365
Investments		8,879	–	–
		83,843	6,976	78,345
Current assets				
Stocks		8,333	1	8,773
Debtors		16,563	176	9,455
Short-term deposits	3	10,884	–	–
Cash at bank and in hand	3	47,687	45	14,311
		83,467	222	32,539
Creditors: amounts falling due within one year		(14,895)	(779)	(14,037)
Net current assets		68,572	(557)	18,502
Total assets less current liabilities		152,415	6,419	96,847
Provision for liabilities		(4,919)	–	(3,356)
Total assets less liabilities		147,496	6,419	93,491
Capital and reserves				
Called up share capital	4	24,792	3,174	17,938
Share premium account		87,888	8,661	54,116
Profit and loss account		2,314	(5,416)	(3,547)
		114,994	6,419	68,507
Minority interest		32,502	–	24,984
Shareholders' funds – equity		147,496	6,419	93,491

For a complete understanding of the financial situation of the group, reference should be made to note 3.

Consolidated cash flow statement

For the six months ended 30 September 2006
(Unaudited)

	6 months ended 30.09.2006 £000	6 months ended 30.09.2005 £000	Year ended 31.03.2006 £000
Cash flow statement			
Cash flow from operating activities	9,391	(257)	4,000
Returns on investments and servicing of finance	12,845	–	(723)
Taxation	(2,622)	–	(493)
Capital expenditure and financial investment	(12,654)	(730)	(4,414)
Acquisitions and disposals	–	–	(4,366)
Dividends paid to minority shareholders	(1,319)	–	–
Management of liquid resources	(10,884)	–	–
Cash outflow before financing	(5,243)	(987)	(5,996)
Financing	40,626	100	17,153
Increase/(decrease) in cash for the period	35,383	(887)	11,157
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the period	35,383	(887)	11,157
Movement in net funds for the period	35,383	(887)	11,157
Net funds at the start of the period	12,089	932	932
Translation differences	4	–	–
Net funds at the end of the period	47,476	45	12,089

For a complete understanding of the financial situation of the group, reference should be made to note 3.

Consolidated statement of total recognised gains and losses

For the six months ended 30 September 2006
(Unaudited)

	6 months ended 30.09.2006 £000	6 months ended 30.09.2005 £000	Year ended 31.03.2006 £000
Profit/(loss) for the period	10,527	(334)	(100)
Net exchange differences on the retranslation of net investments	(4,742)	(21)	941
Total recognised gain/(loss) for the period	5,785	(355)	841

Reconciliation of movements in shareholders' funds

For the six months ended 30 September 2006
(Unaudited)

	6 months ended 30.09.2006 £000	6 months ended 30.09.2005 £000	Year ended 31.03.2006 £000
Profit/(loss) for the period	10,527	(334)	(100)
Credit in relation to share-based payments	76	–	674
New share capital subscribed (net of issue costs)	40,626	100	60,318
Net exchange differences on the retranslation of net investments	(4,742)	(21)	941
Net addition to/(reduction in) shareholders' funds	46,487	(255)	61,833
Opening shareholders' funds	68,507	6,674	6,674
Closing shareholders' funds	114,994	6,419	68,507

Notes to the interim financial report

For the six months ended 30 September 2006
(Unaudited)

1. GENERAL INFORMATION

These interim consolidated financial statements are for the six months ended 30 September 2006. The information for the year ended 31 March 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year, which were prepared under UK Generally Accepted Accounting Principles (GAAP), has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified.

2. BASIS OF PREPARATION

The accounting policies applied in the preparation of this interim financial report are consistent with the accounting policies and estimates applied in the preparation of the Group's annual financial report for the year ended 31 March 2006. The interim financial report is to be read in conjunction with the annual financial report for the year ended 31 March 2006 and any public announcements made by the Company and its subsidiaries during the half year.

3. CURRENCY EXPOSURE

3.1 The Zimbabwean economy currently experiences hyper inflation and is managed under an official exchange rate which is fixed from time to time by the Zimbabwean Reserve Bank. This has the effect of eroding both the Group's gross profit margin and the buying power of cash balances held in Zimbabwean Dollars. This is partly compensated for by very high interest rates earned on Zimbabwean Dollar denominated cash balances. "Interest receivable and similar income" includes £12.4m of interest earned on such Zimbabwean Dollar cash balances during the six months under review.

Of the Group's £58.6m short-term deposits and cash balances at the balance sheet date, £13.4m was held in Zimbabwean Dollars. The remittance of cash from Zimbabwe is subject to foreign exchange controls and the limited availability of foreign exchange in the country.

The Zimbabwean interest received and cash balances were converted from Zimbabwean Dollars into Sterling at the official exchange rate. The official exchange rate is currently fixed at Zimbabwean Dollars 250: US Dollar 1.

3.2 The Group suffered a £6.3m exchange loss on the retranslation of its US Dollar denominated assets into Sterling, of which £4.7m was attributable to the majority shareholders and £1.6m to the minority shareholders. The retranslation difference was debited directly to Reserves.

Notes to the interim financial report *(continued)*

For the six months ended 30 September 2006
(Unaudited)

4. CALLED UP SHARE CAPITAL

	6 months ended 30.09.2006 £000	6 months ended 30.09.2005 £000	Year ended 31.03.2006 £000
Authorised			
276,500,000 ordinary shares of 10p each (2005: 1,000,000,000 ordinary shares of 1p)	27,650	10,000	27,650
Allotted, called up and fully paid			
Opening balance 179,376,154 ordinary shares of 10p each (2005: 312,397,889 shares of 1p each)	17,938	3,124	3,124
Issued during the period, prior to the share consolidation[1]	–	50	50
Issued during the period after the share consolidation	6,854	–	14,764
Closing balance 247,920,654 ordinaryshares of 10p each (2005: 317,397,889 shares of 1p each)	24,792	3,174	17,938

[1] At an Extraordinary General meeting on 25 October 2005, the shareholders approved a share consolidation. The share consolidation took effect following the close of business on 25 October 2005, with shareholders receiving one new ordinary share of 10p for every 10 existing shares of 1p held at the close of business on 25 October 2005. Trading of the new ordinary shares of 10p commenced on 26 October 2005.

Movements in Issued Share Capital

Date	Event	Issued price (£)	Number of shares
1 April 2006	Opening balance		179,376,154
21 April 2006	Exercise of share options	0.30	518,500
26 April 2006	Exercise of share options	0.39	1,099,000
2 May 2006	Placing for cash	0.63	66,900,000
20 June 2006	Exercise of share options	0.16	27,000
30 September 2006	Closing balance		247,920,654

5. POST BALANCE SHEET EVENTS

On 17 November 2006 the Company announced together with Gravity Diamonds Limited, their proposed merger to create a new diamond exploration business. This agreement follows the announcement in August 2006 that the Company acquired a 14.99% stake in Gravity. The merger will be implemented by schemes of arrangement whereby, through a cash offer, Mwana will offer Gravity shareholders 28 Australian cents for every Gravity share held, or through an equity alternative, Mwana will offer Gravity shareholders 1 Mwana share for every 4 Gravity shares held.

The merger is subject to Gravity shareholders' and Australian Court approval and should be completed by the end of the first quarter of 2007. The total value of the transaction, including the shares already acquired, is expected to be approximately £20 million.

6. CONTINGENT LIABILITIES

There were no significant changes to the Group's exposure to contingent liabilities since 31 March 2006.

Enquiries

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Copies of this statement will be available
on the Company's website, **www.mwanaafrica.com**