

Mwana Africa plc

Unaudited results for the 6 months to 30th September 2007

London, 6th December 2007 – The Board of Mwana Africa plc “Mwana”, the pan-African resource company, is pleased to announce its unaudited interim financial results for the six months to 30th September 2007.

Financial Highlights for the six month period

- Group turnover of £49.9 million
- Positive cashflow from operations of £7.01 million
- Group loss before tax of £2.46 million
- Loss per share (diluted) of 1.16p
- Capital expenditure and financial investment of £17.7 million
- Cash at bank as at 30th September 2007, denominated in £ or US\$ of £31.9 million, and denominated in Zimbabwean Dollars of £1.4 million

Operational Highlights

- The Hunters Road nickel project in Zimbabwe has entered the bankable feasibility stage ahead of planned first production in Q1 2009. We have doubled the resource base of Bindura Nickel Corporation “BNC” and the higher total production will increase utilisation of BNC’s smelting capability.
- Mwana’s near term diamond strategy includes:
 - Advanced stage negotiations with a substantial partner to form a joint venture to develop Mwana’s kimberlite diamond assets in the DRC.
 - Plans to bring the Klipspringer diamond mine in South Africa into production during 2008, in which, Mwana holds approximately a 61% interest. The target is for production of 88,000 carats per annum (61% of which is attributable).
 - Bringing the Tshikapa and Badibanga alluvial projects in the DRC into production as soon as possible.
 - Negotiations to begin the development of the Camafuca project in Angola, formerly part of SouthernEra Diamond Incorporation’s portfolio of African diamond assets, which is one of the largest known undeveloped diamond-bearing kimberlite complexes worldwide. Mwana holds an 18% free carried interest in Camafuca.
 - Pursue sale options for the former Gravity Diamonds Limited’s assets in Australia and the former SouthernEra asset portfolio in Canada.
 - Discussions with the DRC Government about MIBA continue.
- Gold production from the Freda Rebecca Mine in Zimbabwe is planned to resume soon and ongoing reconstruction works are expected to facilitate production at the rate of c75k oz per year by the end of 2008.

- Exploration continues at the Zani-Kodo gold joint venture with OKIMO in the Ituri region of the DRC, the current phase is nearing completion.
- Exploration is complete at Kibolwe in the DRC and the resource modelling scheduled for Q1 2008 is expected to lead to a pre-feasibility study to be completed in 2008.

Commenting on the announcement, Kalaa Mpinga, Chief Executive Officer of Mwana Africa, said:

“We are pursuing growth in our main business areas of nickel, gold, copper and diamonds making progress in each one. In particular, at Hunters Road we have doubled our nickel resources and will start producing in little more than a year. In our experience there has never been a better time to be producing and exploring on the African continent.”

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Copies of this statement and copies of the interim accounts to 30 September 2007, including the notes thereto will be available on the Company's website, www.mwanaafrica.com.

Chairman's Statement

6th December 2007

The two major themes that stand out this half year are our pace of acquisitions and our increasing exploration effort. The two themes reinforced each other during the period when our exploration strength was boosted substantially by the addition of two high quality teams of exploration professionals from Gravity Diamonds and SouthernEra.

With the acquisition of Gravity Diamonds in May, we consolidated the size and scope of our strategically important diamond assets in the prolific Kasai craton in the DRC. SouthernEra Diamonds was then finally acquired in September bringing with it assets including the Camafuca project in North Eastern Angola, one of the largest known but undeveloped diamond-bearing kimberlite complexes worldwide, in which Mwana now holds an 18% free carried interest. The SouthernEra acquisition also included the Klipspringer diamond mine in South Africa, in which Mwana holds approximately a 61% interest. This mine was built and operated in a Joint Venture with Naka Diamonds, a Black Empowerment Group. As part of Mwana's integration strategy following the merger with Gravity Diamonds and acquisition of SouthernEra, we are also looking at options to sell the former Gravity Diamonds assets in Australia and the former SouthernEra asset portfolio in Canada. Updates on this will be provided to shareholders in due course. At MIBA, in the DRC, we have been able to make only limited progress on restructuring aimed at restoring production levels but remain hopeful that it will be possible to speed up this process. Overall, we can be pleased that following our two acquisitions we have all the ingredients required to create a major integrated African diamond exploration and production business.

On the exploration front, our team has translated a substantial increase in expenditure into a very impressive series of advances in our base and precious metals exploration portfolio. This has meant that the results of our gold and copper exploration in the DRC and our gold exploration in Ghana have in each case taken us much closer to decisions on production, our goal in each case.

In Zimbabwe, the Freda Rebecca Mine is close to completing improvement works that would facilitate a return to production. We are also moving into the feasibility study stage for a major project at Hunters Road at a rate of 60,000 tonnes per month, producing 2,400 tonnes per year of metal. Inclusion of the Hunters Road project leads to a doubling of Bindura Nickel Company's resources and ultimately output. For both Freda Rebecca and Hunters Road the excellent work on the ground has however been hampered by economic uncertainty, problems with securing adequate mine supplies and the deterioration of transport and other infrastructure. These factors have all had an obvious negative impact on our employees' morale and their productivity. We are doing all we can to ameliorate the situation whilst also continuing to run the business. Our primary concern during the last six months has been to support our employees and retain their skills.

There has of course been an impact on the overall financial performance of Mwana during the last six months, as a result of the reduced nickel price during the period added to operational

difficulties in Zimbabwe, the overvalued official exchange rate and exceptionally high domestic inflation.

As a result of the problem with our Zimbabwean operations and their reporting in Zimbabwean dollars, we have reported a loss before tax of £3.4 million, although revenue increased to £49.9 million and positive cashflow generated from operations was more than £7 million. Our cash resources are strong and we remain committed to financing our plans for substantial exploration activity, in particular focusing on the Katanga and Ituri regions, and to actively considering further acquisition opportunities.

The outlook for the mining business across Africa is I believe as good as it has been in several decades, and Mwana is well placed to grow profitably in several commodities and countries across the continent.

Oliver Baring

Executive Chairman

Consolidated income statement

For the six months ended 30 September 2007

(Unaudited)

	6 months ended 30.09.2007	6 months ended 30.09.2006	Year ended 31.03.2007
	£000	£000	£000
Revenue	49,936	46,053	121,860
Cost of sales, administrative, selling and distribution costs	(56,708)	(32,916)	(93,717)
Operating (loss)/profit	(6,772)	13,137	28,143
Finance income	4,477	13,254	11,106
Finance cost	(162)	(409)	(46)
(Loss)/profit before tax	(2,457)	25,982	39,203
Income tax	(1,320)	(5,041)	(2,383)
(Loss)/profit after tax	(3,777)	20,941	36,820
Loss/(profit) attributable to minority interest	686	(10,414)	(17,934)
(Loss)/profit attributable to equity shareholders of the parent	(3,091)	10,527	18,886
Earnings/(loss) per share			
- Basic	(1.16p)	4.46p	7.79p
- Diluted	(1.16p)	4.21p	7.17p

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

Consolidated balance sheet

As at 30 September 2007
(Unaudited)

	Note	30.09.2007 £000	30.09.2006 £000	31.03.2007 £000
Assets				
Property, plant and equipment		67,836	61,751	68,541
Intangible assets	5	114,668	13,213	15,099
Investments		6,004	8,879	12,009
Deferred tax		-	386	6
Total non-current assets		188,508	84,229	95,655
Cash and cash equivalents	3	33,335	58,571	38,693
Restricted cash		190	-	-
Available for sale financial assets	3	2,595	-	2,090
Inventories		11,495	8,333	12,211
Trade and other receivables		14,215	16,506	22,727
Tax receivable		72	57	164
Total current assets		61,902	83,467	75,885
Total assets		250,410	167,696	171,540
Equity				
Issued capital	4	32,598	24,792	24,917
Share premium		40,320	87,888	250
Retained earnings		94,258	2,314	97,301
Equity attributable to shareholders of the parent equity		167,176	114,994	122,468
Minority interest		39,975	32,502	36,941
Total equity		207,151	147,496	159,409
Liabilities				
Trade and other payables		12,738	11,790	8,013
Taxation payable		4,629	2,895	52
Total current liabilities		17,367	14,895	8,065
Provisions		3,180	2,917	2,645
Deferred tax liability	5	22,712	2,388	1,421
Total non-current liabilities		25,892	5,305	4,066
Total equity and liabilities		250,410	167,696	171,540

For additional 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 2007

(Unaudited)

	6 months ended 30.09.2007 £000	6 months ended 30.09.2006 £000	Year ended 31.03.2007 £000
Cash flow from operating activities			
(Loss)/profit before taxation	(2,457)	25,982	39,203
Adjustments for:			
Depreciation	3,224	1,032	1,333
Foreign exchange movement	810	(348)	(1,755)
Loss on sale of fixed assets	-	-	371
Non-cash provisions	453	1,236	978
Charge in relation to share-based payments	-	76	1,062
Finance income	(4,477)	(13,254)	(11,106)
Finance costs	162	409	46
	(2,285)	15,133	30,132
(Increase)/decrease in trade and other receivables	9,109	(8,053)	(14,717)
(Increase)/decrease in inventories	293	(218)	(4,468)
Increase/(decrease) in creditors	1,041	2,530	(744)
Increase in available for sale assets	(1,065)	-	(1,762)
Cash generated from operations	7,093	9,392	8,441
Finance costs	(162)	(409)	(46)
Income taxes paid	(1,020)	(2,622)	(3,398)
<i>Net cash from operating activities</i>	5,911	6,361	4,997
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(9,177)	-	(5,739)
Purchase of property plant and equipment	(5,141)	(2,929)	(13,097)
Sale of plant and machinery	-	34	34
Investment in intangible exploration assets	(3,346)	(880)	(3,332)
Acquisition of investments	(119)	(8,879)	(6,273)
Finance income	4,477	13,254	11,106
<i>Net cash used in investing activities</i>	(13,306)	600	(17,301)
Cash flow from financing activities			
Proceeds from issue of share capital	2,158	40,626	39,929
Dividends paid to minority shareholders	(21)	(1,319)	(1,091)
<i>Net cash from financing activities</i>	2,137	39,307	38,838
Net increase / (decrease) in cash and cash equivalents	(5,258)	46,268	26,534
Cash and cash equivalents at beginning of period	38,671	12,089	12,089
Exchange rate movement in cash and cash equivalents at beginning of period	(78)	4	48
Cash and cash equivalents at end of period	33,335	58,361	38,671

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

Consolidated statement of recognised income and expense

For the six months ended 30 September 2007
(Unaudited)

	6 months ended 30.09.2007	6 months ended 30.09.2006	Year ended 31.03.2007
	£000	£000	£000
(Loss)/profit for the period	(3,091)	10,527	18,886
Remeasurement gain on available for sale financial assets, net of deferred tax	(139)	-	139
Net exchange differences on the retranslation of net investments	187	(4,742)	(6,055)
Net (reduction in)/addition to shareholders' funds	(3,043)	5,785	12,970

Notes to the interim financial report

For the six months ended 30 September 2007
(Unaudited)

1. GENERAL INFORMATION

These interim consolidated financial statements are for the six months ended 30 September 2007. The comparative figures for the financial year ended 31 March 2007 are not the company's statutory accounts for that financial year. Those accounts, which were prepared under UK GAAP, have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. BASIS OF PREPARATION

The AIM Rules require that the next annual consolidated financial statements of the company, for the year ending 31 March 2008, be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("adopted IFRSs").

This interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs that are effective (or available for early adoption) at 31 March 2007, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted IFRSs, the directors have applied the accounting policies, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 March 2008.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2008.

The interim financial report is to be read in conjunction with the Annual Report for the year ended 31 March 2007, the Financial Information related to IFRS restatement and correction under UK GAAP issued on 6 December 2007 and any public announcements made by the Company and its subsidiaries during the period.

Notes to the interim financial report

For the six months ended 30 September 2007

(Unaudited)

3. OPERATIONAL RISKS

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 high interest rates earned on Zimbabwean Dollar denominated cash balances. "Finance income" includes £3.7m of interest earned on such Zimbabwean Dollar cash balances during the six months under review.

Of the Group's £33.3m cash and cash equivalents at the balance sheet date, only £1.4m 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 Directors have prepared the interim results on the basis of their judgement that the functional currency under IAS 21 of the Group's subsidiary, Bindura Nickel Corporation Limited, is the US dollar. The directors judge that the functional currency of BNC is the US\$ based on revenue, capital expenditure and the majority of costs being denominated in US\$. The Group continues to use the Old Mutual rate to translate the transactions and balances denominated in Zimbabwean dollars into US dollars. For the interim period to 30 September 2007, the Directors considered that the Old Mutual rate continues to give a more accurate representation of the purchasing power of Zimbabwean dollars, than the official exchange rate.

The Directors note the proposed Mines and Minerals Amendment bill which is expected to be presented to the Zimbabwean Parliament. This bill might impact on the Group's holdings in its Zimbabwean subsidiaries. No provision or adjustment has been recorded in relation to this matter, which the Directors consider to be appropriate.

4. CALLED UP SHARE CAPITAL

	30.09.2007	30.09.2006	31.03.2007
	£000	£000	£000
<i>Authorised</i>			
553,000,000 ordinary shares of 10 pence each (2006: 276,500,000 ordinary shares of 10 pence)	55,300	27,650	55,300
<i>Allotted, called up and fully paid</i>			
Opening balance 249,170,654 ordinary shares of 10 pence each (2006: 179,376,154 shares of 10 pence each)	24,917	17,938	17,938
Issued during the period	7,681	6,854	6,979
Closing balance 325,983,321 ordinary shares of 10 pence each (2006: 247,920,654 shares of 10 pence each)	32,598	24,792	24,917

Notes to the interim financial report

For the six months ended 30 September 2007

(Unaudited)

4. CALLED UP SHARE CAPITAL (CONTINUED)

Movements in Issued Share Capital

Date	Event	Issued price	
		£	Number of shares
1 April 2007	Opening balance		249,170,654
21 May 2007	Consideration shares	0.64	13,711,132
12 July 2007	Exercise of share options	0.43	5,000,000
8 August 2007	Exercise of share options	0.47	25,000
10 September 2007	Consideration shares	0.64	47,754,282
17 September 2007	Consideration shares	0.64	5,691,969
24 September 2007	Consideration shares	0.58	4,630,284
30 September 2007	Closing balance		325,983,321

5. ACQUISITION ACCOUNTING

On 21 May 2007, the Group acquired the remaining 82.5% of the share capital of Gravity Diamonds Limited through the issue of shares and payment and cash. Gravity Diamonds Limited is now a 100% owned subsidiary.

On 19 September 2007, the Group acquired a further 74.4% of the outstanding share capital of SoutherEra Inc., through the issue of shares. SouthernEra Diamonds Inc. is now an 83.8% owned subsidiary.

The acquisition accounting that has been recorded in the interim financial statements for the six months ended 30 September 2007 is provisional.

The provisional acquisition accounting includes fair value adjustments which have increased the carrying value of intangible capitalised exploration assets. In recording the deferred tax liabilities in relation to such exploration cost tax goodwill of £21.5m has also arisen.

Notes to the interim financial report

For the six months ended 30 September 2007
(Unaudited)

6. GROUP RECONCILIATION OF EQUITY

	6 months ended 30.09.2007	6 months ended 30.09.2006	Year ended 31.03.2007
	£000	£000	£000
(Loss)/profit for the period	(3,091)	10,527	18,886
Credit in relation to share-based payments	-	76	1,062
New share capital subscribed (net of issue costs)	47,751	40,626	41,001
Net exchange differences on the retranslation of net investments	187	(4,742)	(6,055)
Remeasurement gain on available for sale financial assets, net of deferred tax	(139)	-	139
Purchase of own shares	-	-	(1,072)
Net addition to shareholders' funds	44,708	46,487	53,961
Opening shareholders' funds	122,468	68,507	68,507
Closing shareholders' funds	167,176	114,994	122,468

7. POST BALANCE SHEET EVENTS

On 13 November 2007 the Group entered into a scheme of arrangement to acquire all the 16.2% of SouthernEra Diamonds Inc's issued share capital that it does not already own. An interim order for the approval of the scheme was granted on 15 November 2007 and completion of the scheme is expected on 19 December 2007.

8. CONTINGENT LIABILITIES

There are no significant changes to Group's exposure to contingent liabilities since 31 March 2007.