

EVERY NUT AND BOLT
HAS A BEGINNING



ABOUT MWANA AFRICA PLC

Mwana Africa PLC (Mwana) is a pan-African, multi-commodity mining and development company. Mwana owns gold, nickel, copper and diamond operations and exploration activities across Zimbabwe, the Democratic Republic of the Congo (DRC), South Africa and Angola. Mwana is listed on the London Stock Exchange's AIM and also benefits from strategic investors in China. While the Company has been built on mining in Zimbabwe and South Africa it is intended that its interests shall be diversified beyond mining as well as geographically.

SCOPE AND BOUNDARY OF REPORT

This report covers the performance of Mwana Africa PLC's operations and exploration projects in Zimbabwe, the Democratic Republic of the Congo (DRC), South Africa and Angola. Where appropriate, historical information and information pertaining to the future are provided to offer context and to support an understanding of the business. However, this information should not be construed as forward-looking statements. To some extent we have explored circumstances that fall outside of the Company to enable us to provide some context for the risks and opportunities we face in delivering value to our shareholders.

This report also contains our annual financial statements (AFS) for the year ended 31 March 2015.

AUDIENCE FOR OUR REPORT

This report is primarily intended for our shareholders, with whom we communicate on a regular basis. However, it will also be of interest to all our stakeholders including employees, customers, suppliers, communities, governmental organisations and investors.

RESPONSIBILITY FOR THIS REPORT

The Board of Mwana Africa PLC holds collective responsibility for this report, which has been compiled by members of the management team as well as executive management. Every Director has had an opportunity to review and comment on the content of this report and ensure its integrity. The Board considers this report to be balanced and accurate and, on recommendation from the Audit Committee, approved this report on 29 July 2015.

NOMINATED ADVISER & BROKER

UNTIL 24 JULY 2015:

PEEL HUNT

Moor House
120 London Wall
London, EC2Y 5ET
United Kingdom

NOMINATED ADVISOR

FROM 24 JULY 2015:

GRANT THORNTON UK LLP

30 Finsbury Square
London, EC2P 2YU
United Kingdom

FINANCIAL ADVISER AND CORPORATE BROKER

FROM 24 JULY 2015:

CANTOR FITZGERALD EUROPE

1 Churchill Place, Canary Wharf
London, E14 5RB
United Kingdom

AUDITORS

KPMG LLP

15 Canada Square
London, E14 5GL
United Kingdom



KEY FACT**Mwana is strong and is poised to take advantage**

of further opportunities, many of which the Company will be instrumental in creating.

CONTENTS**ABOUT MWANA**

Our business	2
Vision and strategy	4
Highlights of FY2015	5

STRATEGIC REPORT**OUR LEADERSHIP**

Chairman's Letter and Report	6
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FY2015: PERFORMANCE REVIEW

Financial review	10
Review of operations and exploration	16
Overview of social and environmental responsibility	22

GOVERNANCE

Board of Directors	27
Directors' Report	29
Directors' Remuneration Report	32
Statement of Directors' Responsibilities	37
Statement of Corporate Governance	38
Independent Auditor's Report to the members of Mwana Africa PLC	40

ANNUAL FINANCIAL STATEMENTS

Annual financial statements	42
Notes to the annual financial statements	51
Corporate information	84

**MULTI-COMMODITIES PLACE US
A CUT ABOVE THE REST**
SHARE PRICE

AIM: MWA 1.80 PENCE*

SHARE PRICE INFORMATION

Exchange: London Stock Exchange
TIDM: MWA

Shares in issue: 1397.781m*
Market capitalisation: £25.2m*
* as at 31 March 2015

**Current share price**

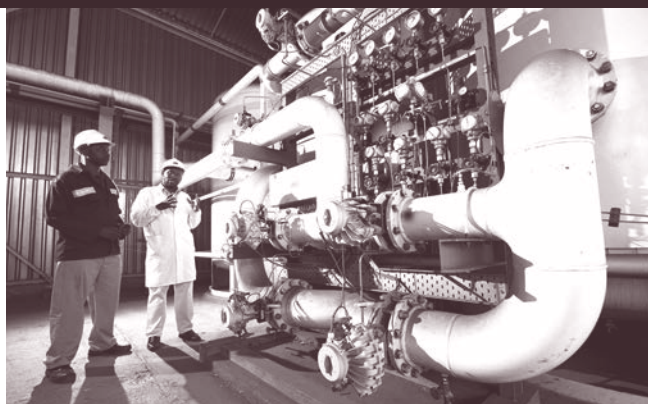
Scan the QR Barcode with your smartphone or tablet to view the current share price.

**Report PDF**

Scan the QR Barcode with your smartphone or tablet to download a PDF of the 2015 Mwana Africa Annual Report.

OUR BUSINESS

Mwana Africa PLC (Mwana) is a pan-African, multi-commodity mining and development company. Mwana owns gold, nickel, copper and diamond operations and exploration activities across Zimbabwe, the Democratic Republic of the Congo (DRC), South Africa and Angola. Mwana is listed on the London Stock Exchange's (AIM) market and also benefits from strategic investors in China. While the Company has been built on mining in Zimbabwe and South Africa it is intended that its interests shall be diversified beyond mining as well as geographically.



AFRICA



2. DRC

Commodities: Base metals, gold and diamonds

Exploration programmes: Katanga, Zani-Kodo and 20% stake in MIBA

4. ANGOLA

Commodity: Diamonds

Exploration prospect: Camafuca project

1. ZIMBABWE

Commodities: Base metals and gold

Operations: Bindura Nickel Corporation's Trojan and Shangani mines, and Freda Rebecca Gold Mine

Project: Hunter's Road and Maligreen

3. SOUTH AFRICA

Commodity: Diamonds

Operation: Klipspringer mine

COUNTRY

ZIMBABWE



Commodity

NICKEL

BINDURA NICKEL CORPORATION LIMITED (BNC)

- Ownership – Mwana has a 74.7% stake

Entities 100% owned by BNC:

TROJAN MINE LIMITED

- JORC compliant measured, indicated and inferred resource size – 97,286 tonnes of contained nickel at a grade of 0.89%
- Proved and probable reserves – 28,773 tonnes of contained nickel
- Status – operational mine; restarted in 2012 following a US\$23m restructuring and recapitalisation programme, after a four-year care-and-maintenance period
- FY2015 production – 7,306 tonnes (FY2014: 7,026 tonnes) nickel in concentrate, sold 7,352 tonnes (FY2014: 7,129 tonnes) nickel in concentrate
- Smelter restart underway; will have capacity to treat BNC and third party concentrate

SHANGANI PROJECT

- Measured, indicated and inferred resource size (neither SAMREC nor JORC compliant) – 67,870 tonnes of contained nickel
- Status – mine on care-and-maintenance

HUNTER'S ROAD PROJECT

- JORC compliant measured and indicated resource size – 200,404 tonnes of contained nickel
- Status – exploration in progress



Commodity

GOLD

FREDA REBECCA GOLD MINE LIMITED

- JORC compliant indicated and inferred resource size – 1,735,000 ounces of contained gold at a grade of 2.44g/t
- Ownership – Mwana has an 85% stake
- Status – operational mine; restarted 2009
- FY2015 – produced 58,714 ounces (FY2014: 58,704 ounces), sold 57,799 ounces (FY2014: 58,704 ounces) of gold

MALIGREEN MINING COMPANY (PVT) LIMITED

- Resource size – internally estimated at 615,000 ounces of contained gold (neither JORC nor SAMREC compliant)
- Ownership – Mwana has a 50% stake
- Status – exploration prospect



COUNTRY

DEMOCRATIC REPUBLIC OF THE CONGO (DRC)

Commodity
Cu
63.55
COPPER

SOCIÉTÉ D'EXPLORATION MINIÈRE DU HAUT KATANGA SARL (SEMHKAT) - KATANGA COPPER CONCESSIONS

- JORC compliant measured, indicated and inferred resource size – 210,058 tonnes of contained copper at a grade of 0.8%
- Ownership – 33 concessions, 100% ownership; 26 concessions transferred to new entity, MUYA SARL (MUYA), established in terms of joint venture agreement with Zhejiang Hailiang Company Limited ("Hailiang") – Mwana stake in MUYA at year end currently remains at 100%, but may decline to a 38% interest following the fulfilment of contractual obligations by Hailiang under the joint venture agreement – likely that contractual obligations will be fulfilled in 2017
- Status – exploration in progress

Commodity
Au
196.97
GOLD

ZANI KODO GOLD PROJECT

- JORC compliant measured, indicated and inferred resource size – 2.97 million ounces of contained gold at a grade of 2.43g/t
- Ownership – joint venture in which Mwana has an 80% stake
- Status – exploration in progress

Commodity
D
DIAMONDS

SOCIÉTÉ MINIÈRE DE BAKWANGA SARL (MIBA) DIAMOND RESOURCE

- Resource size – still to be confirmed by exploration
- Ownership – joint venture in which Mwana has a 20% stake
- Status – exploration prospect



COUNTRY

SOUTH AFRICA

Commodity
D
DIAMONDS

KLIPSPRINGER DIAMOND MINE

- Measured, indicated and inferred resource size (neither SAMREC nor JORC compliant) – Leopard Fissure – Gross 1,631,000 carats (1,150,000 carats attributable) of contained diamonds
- Resource information – Strike length 3,200m, depth 500m (drill indicated)
- Ownership – Mwana has a 70.48% interest through 100% owned subsidiary, SouthernEra Diamonds Inc.
- Status: underground mine operations on care-and-maintenance whilst viability of restarting underground mining is being evaluated
- Diamond production from fine tailings (slimes) retreatment taking place



COUNTRY

ANGOLA

CAMAFUCA DIAMOND PROJECT

- Inferred resource size (neither SAMREC nor JORC compliant) – 23 million carats of contained diamonds
- Ownership – Mwana has an 18% interest
- Status – exploration prospect

VISION AND STRATEGY



THE MWANA AFRICA VISION

Mwana aims to create value for its stakeholders by developing and managing a diverse investment portfolio. The Company's current operations and exploration projects include gold, nickel, diamonds and copper and they are located in a number of countries in sub-Saharan Africa.

THE MWANA STRATEGY

Our strategy is aimed at improving and strengthening the business by:



increasing the production base and expanding geographically and operationally



improving efficiency and operational performance



seeking prospective funders of further exploratory gold drilling in the DRC



adding value through nickel smelter restart and possible nickel refinery restart



growing revenue



containing and controlling corporate costs, reducing all-in sustaining costs at the operational level

AS TECHNOLOGY
CHANGES SO DOES
OUR BUSINESS

HIGHLIGHTS OF FY2015

FINANCIAL HIGHLIGHTS

- Group revenue increased 6.9% to US\$152.3m (2014: US\$142.5m)
- Group net cash from operating activities increased 81.3% to US\$11.6m (2014: US\$6.4m)
- Exploration spend increased by 20.8% to US\$6.4m (2014: US\$5.3m)
- Group EBITDA amounted to US\$18.8m (2014: US\$25.0m)

In view of current trading volumes and lower commodity prices we expect that profits for H1 FY2016 will be lower than the previous half year, being H2 FY2015.

OPERATIONAL HIGHLIGHTS

- Freda Rebecca gold sales of 57,799 ounces (2014: 58,704 ounces) for the year
- Freda Rebecca cash costs (C1) US\$1,067/oz (2014: US\$959/oz), all-in sustainable costs (C3) US\$1,259/oz (2014: US\$1,186/oz) as lower grades led to greater mill tonnages
- Freda Rebecca gold recoveries declined to 79% (2014: 82%)
- BNC nickel in concentrate sales of 7,352t (2014: 7,129t) for the year
- BNC cash costs (C1) US\$12,644/t (2014: US\$11,567/t), all-in sustainable costs (C3) US\$14,428/t (2014: US\$12,462/t) as equipment refurbishment added to costs and restricted mine tonnages
- BNC nickel recoveries marginally declined to 84% (2014: 86%)

POST PERIOD EVENTS

- The combined equity interest of Mr Yat Hoi Ning and China International Mining Group Corporation decreased from 29.0% to 15.6% on 30 April 2015
- Simultaneously, the equity interest of Zhejiang Hailiang Company Limited and entities and persons associated with Zhejiang Hailiang Company Limited increased from 1.6% to 9.3% on 30 April 2015
- Non-Executive Interim Chairman, Mr Stuart Morris, and Non-Executive Director, Mr Johan Botha, retired from the Board on 5 June 2015. Mr Morris was succeeded by Mr Yat Hoi Ning as Chairman
- An extraordinary general meeting held on 9 June 2015 led to several changes on the Board. Non-executive Directors Messrs Herbert Mashanyare and Ngoni Kudenga were voted off the Board, while Dr Scott Morrison, Ms Anne-Marie Chidzero and Messrs Mark Wellesley-Wood and Olivier Barbeau were voted onto the Board as Non-executive Directors. Dr. Scott Morrison was later confirmed as Senior Independent Non-executive Director
- Chief Executive Officer Mr Kalaa Mpinga departed from the Company on 10 June 2015
- The Company announced the appointment of Grant Thornton UK LLP as its Nominated Adviser and Cantor Fitzgerald as its Financial Adviser and Corporate Broker with effect from 24 July 2015

REVENUE



6.9%

GROUP NET CASH



81.3%

EXPLORATION SPEND



20.8%

FOCUSED ON
GEARING
MAXIMISING
PROFITS

CHAIRMAN'S LETTER AND REPORT

“This is a Company with considerable promise, and I am confident that under the new Board, this promise will be realised.”



Yat Hoi Ning – Executive Chairman

DEAR SHAREHOLDER

In this, my first message to shareholders and other stakeholders of Mwana following my very recent appointment as Executive Chairman of the Company, I feel it is appropriate to look back at the very recent past as well as to the future, because I believe this Group has undeniable potential.

I was appointed Executive Chairman following the retirement of my predecessor Stuart Morris, who served on an interim basis.

It would be remiss of me not to recognise Stuart's contribution during his tenure. Stuart, of course, succeeded Mark Wellesley-Wood, whom I am delighted to welcome back to the Board.

I must also express my thanks to Kalaa Mpinga, who has departed from Mwana as CEO and Executive Director, for his contributions to the Company and wish him well in his future endeavours. I welcome the new members of the Board namely, Mark Wellesley-Wood as mentioned above, Olivier Barbeau, Scott Morrison and Anne-Marie Chidzero. Collectively the new Board has many years of solid experience in the financial, technical and managerial aspects of mining, as well as corporate governance and social responsibility and I am sure that they will make a significant contribution to invigorating Mwana in the future.

Looking back over the past years since the dollarisation of Zimbabwe's economy – a move that allowed Mwana to restart its mothballed operations – we have seen a period of gradual recovery. Our task now is to ensure that our financial and technical foundations are sufficiently firm. This will allow us to consider expansion into African countries other than Zimbabwe and South Africa where we are currently producing minerals.

As it is now structured, Mwana's Board brings together a group of truly independent directors who reflect the diversity of the Company's interests and the needs of our host-country governments. I believe that Mwana can benefit strongly from its links with China – links that can introduce fresh ideas, skills and access to new capital markets.

The difference is between the Company and a shareholder, China International Mining Group Corporation, were resolved before being heard in court and all associated claims and counter-claims were withdrawn. In another action, a group of shareholders won the right to call an extraordinary general meeting, which took place on 9 June 2015 and resulted in a majority vote by which various Non-Executive Directors were replaced. The changing of the guard was handled smoothly and I am confident that the relationship Mwana enjoys with its host governments and with external providers of finance will flourish.

Though the year under review has been marked by some technical difficulties, the Company's technicians and engineers were crucial in seeing the Company through them. It is this commitment and capability that gives me confidence for Mwana's future.

An example of investors' perceptions of Mwana's qualities was our subsidiary Bindura Nickel's successful raising of a bond to partly finance the re-start of the smelter. A slight delay in transferring funds meant that only \$16.4m was banked before the year end, but of the balance outstanding of \$3.6m, \$1.5m was banked after the year end in July 2015, and \$2.1m is expected to be received in September 2015 under a signed letter of commitment obtained from the investor indicating its intention to do so. The capital raised will be used to partly finance the re-opening of Bindura's nickel smelter and the bond will be serviced from the additional revenue derived from selling nickel alloy rather than concentrate. The bond drew strong support from domestic institutional investors and was the first in Zimbabwe to enjoy liquid-and prescribed-asset status. This double status was not, of course, the sole reason for the bond's enthusiastic take-up. The clear perception among investors was that the smelter will deliver certainty of cash-flow to service the bond. It is the Board's intention to move operations as far as is feasible up the value chain.

During the current year, BNC spent \$2.4m, partly utilising Trojan cash flows generated and reflected in the overdraft balance, to prepare for the smelter's re-start, and at year end it had commitments to spend a further \$3.1m. BNC partly utilised

KEY FACT

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SEIZING OPPORTUNITIES

OPENING DOORS TO GROWTH

the bond funding to incur smelter restart costs of \$2.4m, and deposited \$3.7m into an existing overdraft account in order to sensibly avoid incurring interest on an overdraft, while cash sits available in another bank account. In light of these developments, and the funds raised as discussed above, the previous impairment of the smelter assets from FY2013 of \$5.1m was reversed in the current year.

Once the smelter has resumed operations it will have more than sufficient capacity to process the Trojan mine's concentrate. The Company believes that it would make sense, both for itself and for its host country, that the available excess capacity be used to process concentrates from third parties. This potential is still in the process of being investigated further by the Company.

Operations at the Trojan mine were affected during the past year by occasional poor availability of equipment and the need to repair or replace older equipment. These were possibly to be expected given the age of some of the mine's equipment, and the fact that the mine had spent time on care-and-maintenance. These replacements and repairs have been successfully completed and we confidently expect that interruptions of this sort will now be far less frequent.

Regrettably similar difficulties affected operations at Freda Rebecca Gold Mine while inclement rainy weather affected operations at the Klipspringer diamond joint venture in South Africa. Mwana's future sustainability and success lies in its ability to extend Trojan at depth, ability to improve on Freda Rebecca's performance and reduce expenses, and its ability to dewater the Klipspringer underground workings and resume extraction, complemented further by its ability to contain corporate expenses.

Of course the Company's operations have been affected by the progressive weakening of the prices of our two principal commodities – nickel and gold. As we enter the new financial year, indications are that commodity prices will remain under pressure as major economies struggle to emerge from set-backs stemming from the 2008 financial disasters and the commodities crash of 2012. However, I remain confident that

commodity prices will eventually stabilise at sustainable levels and that we at Mwana will manage our operations profitably despite any further price weaknesses.

As a result of the many challenges experienced during the year, our cash flow across the Group has taken strain. Although a fairly healthy cash balance of \$14m existed at the year end, the majority of the balance is attributable to BNC's bond funding, which is intended to be spent on the smelter re-start. Overdraft and loan funding has already been obtained totalling \$16.3m at year end, and a further \$16m in total is being sought by Mwana Africa PLC, BNC and Freda Rebecca in the form of further overdraft and asset financing facilities.

In the longer run, Mwana will be looking for opportunities in other southern African countries, particularly the DRC. But the likelihood is that any such opportunities will be seized in partnership with others who can provide funding and skills, as is the case with our copper exploration in the DRC.

It is important to repeat that the safety of our employees remains our foremost concern and must be improved upon. And so it is with considerable sorrow that I report the deaths of two of our colleagues during the year under review. Zero harm is our policy.

It remains for me to thank my colleagues throughout the Company for their efforts during the past year. Mwana is strong and is poised to take advantage of further opportunities, many of which the Company will be instrumental in creating.

This is a Company with considerable promise, and I am confident that under the new Board, this promise will be realised. I look forward to working with my colleagues – new as well as old – in taking the Company forward.

THE YEAR UNDER REVIEW

Let me start with the issue that matters most to all of us at Mwana – safety. The past year has been a difficult period for safety, because we lost two of our colleagues during FY2015. Jim Tembo and Binwell Mazivavose died at the Trojan mine in

KEY FACT

It is important to repeat that the safety of our employees remains our foremost concern.

CHAIRMAN'S LETTER AND REPORT CONTINUED

two separate accidents and, to the families and friends of these colleagues, I extend my heartfelt condolences as well as those of the Board. Our target at our operations is zero harm, so any accidents and injuries are cause for major concern. In these instances, they have resulted in a renewed focus on safety. Safety is a joint responsibility and every one of us needs to be committed to this principle in the workplace. The operations are implementing auditable safety, health, environmental and quality management systems with a view to improving safety – among other key performance indicators. We will not relax our vigilance.

As I mentioned above, raising capital through a five-year bond to help finance the re-start of Bindura's smelter was a major achievement. Its raising underscored the confidence investors have in the assets at Bindura's disposal and in its future prospects. The capital raising followed another success – the completion of the smelter re-start feasibility study.

The past year's major challenge, on the other hand, was to continue to generate cash in a commodities regime where prices and demand have been substantially lower than a year ago. We are price takers at both of our Zimbabwean mining operations and our response to poorer commodities markets will be to become progressively more careful in managing and controlling costs.

Price weakness was particularly marked in nickel during the second half of the year under review. This was exacerbated in the fourth quarter by the disruptions resulting from the continuing work on replacing Trojan's development rigs and its fleet of mobile equipment. This programme was subsequently completed during the fourth quarter and the slow development rates which delayed entry into the mine's higher grade massive reefs were thus addressed.

While development work and extraction of the massive reefs was delayed in the year's first six months, international nickel prices responded to supply deficits caused in part by Indonesia's continuing prohibition on exports of unrefined metal. This somewhat artificial market boost was counteracted during the year's second half as China's economic slow-down curbed demand for stainless steel and, by extension, nickel. Slackening demand also persuaded Chinese holders of nickel stocks to lighten their holdings.

In Zimbabwe, the government has been and remains particularly supportive of Mwana's efforts to boost beneficiation of domestic nickel. External support for our smelter re-start project has also come from elsewhere such as from investors that subscribed to the bond and banks that provided financing. Trojan will only be able to fill about two-thirds of the smelter's capacity with the mine's own concentrates. The remainder could be filled with toll-smelting of other operators' material. As the

KEY FACT

Safety is a joint responsibility and every one of us needs to be committed to this principle in the workplace.



smelter project has progressed we have received expressions of interest from the region and from as far afield as Australia to smelt concentrates. This is encouraging, particularly as the financial planning that has gone into Bindura Nickel's bond issue was based solely on Trojan's production. We will continue to investigate this possibility.

Once the smelter is in operation our attention is likely to turn in two directions – the feasibility of re-starting the Bindura Nickel refinery and the feasibility of restarting the Hunters Road project and the financial options of such a development. At Shangani we are evaluating our options – closing the mine entirely, restoring it to production from its current care-and-maintenance status, or disposing of the property.

At Freda Rebecca our mining staff had to contend with a combination of grades and recoveries that were lower than expected during the year under review for reasons that are interlinked. Mill head grades fell as mining had to pass through lower-grade areas before reaching the better grades of the richer reefs. And this lowering of the head grade contributed to reduced overall mill recoveries. Recoveries were particularly affected during the third quarter when the mine was supplied with sub-standard carbon for the carbon-in-pulp circuit. The problem was resolved as soon as it was realised by our metallurgical staff, but not before gold had escaped, carried by fine carbon to the tailings dam. Milling was affected

by late deliveries of mill liners from South Africa where the manufacture of the components was affected by that country's regular power outages.

By the year's end, virtually all the technical problems that had affected the milling of ore and plant recoveries had been resolved. Production has been assisted by the installation of crushing equipment ahead of the milling circuit.

Like most of its gold sector peers, Freda Rebecca remains affected by the persistently weak gold price. Dealing with this issue, which is beyond our control, will call for increased milling capacity and recoveries if the mine is to remain competitive at current gold prices. That means a number of investments will be needed both in milling and in processing capacity. Freda Rebecca will need to work hard to ensure that its all-in sustaining cost, is reduced through improved performance and cost-efficiencies.

Operations at our diamond interests in South Africa remain on track, with our retreatment project that recovers diamonds from the Marsfontein slimes residues delivering some 50% of the cost of maintaining the Klipspringer mine on a care-and-maintenance basis. We are well aware that the future of the property lies in dewatering the workings that were flooded in 2012 and resuming underground mining, initially of the mine's Leopard fissure.

As we move into the new financial year we are preparing to update our feasibility study on restarting the Klipspringer mine. At present, black economic empowerment (BEE) partners hold an 18% interest in Klipspringer and we are working with prospective BEE partners on a vendor-financed scheme to sell BEE shareholders a further 8% which will take BEE ownership to 26%. At this level the mine will be compliant with the terms of the Mining Charter which, in turn, will clear the way for the granting of a new order mining right. Indications are that the Department of Mineral Resources will grant the conversion subject to the rectification of the BEE status.

It goes without saying that Mwana has passed through a turbulent period, during the financial year under review and in the months following the year's close. I am, however, pleased to say that the people on whom our company depends – our managers, our technicians and our employees at the rock face – have come up trumps. Despite their facing difficulties and change they remained and continue to remain focussed on Mwana's core issues – developing and maintaining our production of minerals, laying the groundwork for new developments and ensuring that all these things come together in a coherent whole.

I thank everyone involved – your efforts are truly appreciated and make Mwana the great enterprise that it is.

KEY FACT

I am pleased to say that the people on whom our company depends – our managers, our technicians and our employees at the rock face – have come up trumps.



Yat Hoi Ning
Executive Chairman
29 July 2015

FINANCIAL REVIEW

INCOME STATEMENT

\$ million	Freda Rebecca ³	
	2015	2014
Revenue	72.1	77.5
Cost of sales	(51.8)	(49.0)
Gross profit/(loss)	20.3	28.5
Other income	0.3	0.3
Freight and insurance expenses	(0.3)	(0.4)
Royalties and selling expenses	(4.3)	(5.4)
General and administrative expenses	(8.8)	(6.3)
Care and maintenance expenses	–	–
Corporate expenses	(1.7)	(1.8)
Operating profit/(loss)	5.5	14.9
Dividends received	–	–
Retrenchment and restructuring expenses	–	–
Profit/(loss) on sale of assets	(0.1)	(0.6)
Fair value adjustment	–	–
Foreign exchange gain/(loss)	–	–
EBITDA ¹	5.4	14.3
Impairment loss	–	–
Impairment reversal	–	–
Depreciation	(5.7)	(6.6)
Finance income	–	–
Finance expense	(0.7)	(0.5)
Net profit/(loss) before income tax	(1.0)	7.2
Income tax credit/(expense)	(1.0)	(3.8)
Net profit/(loss)	(2.0)	3.4
Non-controlling interest	–	–
Net profit/(loss) attributable to the owners of the Parent	(2.0)	3.4

¹ EBITDA refers to earnings before interest, impairments, tax, depreciation and amortisation

² "Consolidation entries" refers to those consolidation adjustments required in respect of subsidiary figures when they are incorporated into the Group's results, and will not necessarily balance to nil

³ Freda Rebecca's figures include those of its subsidiary, the farm Bindura Estates (Pvt) Ltd

	BNC		Other Mwana Africa		Consolidation Entries ²		Total Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	78.9	65.0	1.3	—	—	—	152.3	142.5
	(40.4)	(27.4)	(1.3)	—	—	0.2	(93.5)	(76.2)
	38.5	37.6	(0.0)	—	—	0.2	58.8	66.3
	1.1	0.3	0.5	—	—	—	1.9	0.6
	(8.9)	(9.6)	—	—	—	—	(9.2)	(10.0)
	(4.3)	(4.4)	—	—	—	—	(8.6)	(9.8)
	(5.1)	(2.5)	(0.2)	(1.0)	(1.0)	(1.4)	(15.1)	(11.2)
	(1.0)	(1.3)	(0.5)	(0.6)	—	—	(1.5)	(1.9)
	(1.6)	(1.3)	(4.6)	(3.3)	1.0	—	(6.9)	(6.4)
	18.7	18.8	(4.8)	(4.9)	—	(1.2)	19.4	27.6
	0.1	—	—	0.8	—	(0.8)	0.1	—
	(0.7)	—	—	(2.0)	—	—	(0.7)	(2.0)
	—	—	—	(1.0)	—	—	(0.1)	(1.6)
	—	—	0.7	—	(0.7)	—	—	—
	(0.1)	0.1	4.6	0.9	(4.4)	—	0.1	1.0
	18.0	18.9	0.5	(6.2)	(5.1)	(2.0)	18.8	25.0
	—	—	(0.7)	(0.7)	—	—	(0.7)	(0.7)
	—	—	—	—	5.1	28.0	5.1	28.0
	(2.3)	(1.5)	(0.2)	(0.2)	—	0.6	(8.2)	(7.7)
	0.7	0.2	2.2	2.8	(2.1)	(2.7)	0.8	0.3
	(0.6)	(1.3)	(1.9)	(2.0)	2.3	2.8	(0.9)	(1.0)
	15.8	16.3	(0.1)	(6.3)	0.2	26.7	14.9	43.9
	(4.8)	7.3	(0.8)	(0.5)	(1.3)	3.7	(7.9)	6.7
	11.0	23.6	(0.9)	(6.8)	(1.1)	30.4	7.0	50.6
	—	—	—	—	(3.4)	(14.0)	(3.4)	(14.0)
	11.0	23.6	(0.9)	(6.8)	(4.5)	16.4	3.6	36.6

FINANCIAL REVIEW CONTINUED

CASH FLOW STATEMENT

\$ million	Freda Rebecca ³	
	2015	2014
Opening cash at 1 April	2.1	3.4
Financing	(5.7)	(6.1)
Equity issues	–	–
Loan finance (net)	(0.9)	(1.9)
Cash transferred (to)/from Group	(4.8)	(4.0)
Share issuance to non-controlling interest	–	–
Dividends paid to non-controlling interest	–	(0.2)
Investing	(5.6)	(5.7)
Capital expenditure	(5.6)	(5.7)
Capitalised exploration	–	–
Operations	10.0	10.5
Operating cash flow	6.4	14.6
Change in working capital	4.3	(0.1)
Taxation	(0.7)	(4.0)
Closing cash at 31 March	0.8	2.1

BALANCE SHEET

\$ million	Freda Rebecca ³	
	2015	2014
Non-current assets	46.4	48.3
Current assets (excl. cash)	17.6	17.1
Cash	0.7	2.1
Non-current liabilities	(29.4)	(34.4)
Current liabilities	(19.8)	(15.4)
Total equity	15.5	17.7
Non-controlling interest	–	–
Equity attributable to the owners of the Parent	15.5	17.7

BNC		Other Mwana Africa		Consolidation Entries ²		Total Group	
2015	2014	2015	2014	2015	2014	2015	2014
4.2	5.5	2.8	6.3	–	–	9.1	15.2
10.4	(1.5)	10.8	12.9	–	–	15.5	5.3
–	–	–	6.6	–	–	–	6.6
16.4	–	–	–	–	–	15.5	(1.9)
(6.0)	(2.3)	10.8	6.3	–	–	–	–
–	0.8	–	–	–	–	–	0.8
–	–	–	–	–	–	–	(0.2)
(9.3)	(6.9)	(7.2)	(5.3)	–	–	(22.1)	(17.9)
(9.3)	(6.9)	(0.8)	–	–	–	(15.7)	(12.6)
–	–	(6.4)	(5.3)	–	–	(6.4)	(5.3)
6.6	7.1	(5.1)	(11.1)	–	–	11.5	6.5
18.9	12.8	(4.2)	(12.9)	0.3	–	21.4	14.5
(12.3)	(5.7)	(0.3)	2.2	(0.3)	–	(8.6)	(3.6)
–	–	(0.6)	(0.4)	–	–	(1.3)	(4.4)
11.9	4.2	1.3	2.8	–	–	14.0	9.1

BNC		Other Mwana Africa		Consolidation Entries ²		Total Group	
2015	2014	2015	2014	2015	2014	2015	2014
59.3	57.1	292.2	279.9	(228.2)	(218.6)	169.7	166.7
21.8	46.8	320.5	324.7	(321.6)	(356.7)	38.3	31.9
11.9	4.2	1.4	2.8	–	–	14.0	9.1
(34.5)	(55.7)	(337.3)	(303.1)	354.4	354.0	(46.8)	(39.2)
(19.5)	(24.5)	(8.2)	(2.2)	8.5	2.6	(39.0)	(39.5)
39.0	27.9	268.6	302.1	(186.9)	(218.7)	136.2	129.0
–	–	–	–	(12.2)	(8.7)	(12.2)	(8.7)
39.0	27.9	268.6	302.1	(199.1)	(227.4)	124.0	120.3

FINANCIAL REVIEW

CONTINUED

PRESENTATION NOTE:

In prior years, all figures in the above tables were presented net of consolidation entries. In the current year, actual figures before consolidation entries are shown in order to improve comparability with the underlying financial statements of subsidiaries. Through the addition of a new column entitled "Consolidation entries", these figures may then be tied back to the Group's financial statements. Thus, comparative figures may differ to those reported in prior years.

INCOME STATEMENT COMMENTARY:

The Group reported revenue for the year of \$152.3m (2014: \$142.5m) and an EBITDA for the year of \$18.8m (2014: \$25.0m). The net profit for the year is \$7.0m (2014: \$50.6m).

FREDA REBECCA

During the year, Freda Rebecca sold 57,799 ounces of gold (2014: 58,704 ounces) at an average gold price of \$1,247 per ounce (2014: \$1,319 per ounce), as well as by-products, generating total revenue of \$72.1m (2014: \$77.5m). All-in sustainable costs during the period totalled \$66.6m (2014: \$62.6m) for the year, resulting in an EBITDA of \$5.4m (2014: \$14.3m). Net loss for the year was \$2.0m (2014: \$3.4m profit).

BINDURA NICKEL CORPORATION

Revenue of \$78.9m (2014: \$65.0m) was generated through the sale of 7,352 tonnes (2014: 7,129 tonnes) of nickel in concentrate at an average nickel price of \$16,700 per tonne (2014: \$14,298 per tonne), as well as by-products. All-in sustainable costs were \$60.2m (2014: \$46.2m). BNC reported EBITDA of \$18.0m (2014: \$18.9m) and net profit for the year was \$11.0m (2014: \$23.6m).

In financial year ended 31 March 2013, BNC's non-current assets totalling \$43m, and including the smelter of \$5.1m had been impaired in the Group Financial Statements. In financial year ended 31 March 2014, \$28m of this impairment was reversed as the Trojan mine was restarted. During the current financial year, \$5.1m of the impairment (as shown under the "Consolidation entries" column) relating to the smelter was reversed due to BNC's plans to restart the smelter (as evidenced by the successful closing of a \$20m bond prior to year end, of which \$16.4m was banked before year end. Of the outstanding balance of \$3.6m at year end, \$1.5m was received by BNC in early July 2015, and in a signed letter of commitment, the investor has indicated that the balance will be transferred to BNC by the end of September 2015 – please refer to the Review of operations and exploration on pages 16 to 21 for more details). Expenditure on the refurbishment of the smelter during the current financial year was \$2.4m with commitments to spend a further \$3.1m at year end. See note 35 which provides background and financial impact of this impairment and reversal.

OTHER MWANA AFRICA GROUP

The Group, excluding BNC and Freda Rebecca, incurred operating costs of \$4.8m (2014: \$4.9m), and cost of sales of \$1.3m (2014: nil), resulting in a net loss of \$0.9m (2014: \$6.8m).

CASH FLOW COMMENTARY:

FREDA REBECCA

Positive cash flow of \$10.0m (2014: \$10.5m) was generated by operations during the year. The company invested \$5.6m (2014: \$5.7m) in capital expenditure, and utilised \$5.7m



(2014: \$6.1m) in financing activities, including full settlement of the IDC loan (excluding interest) of \$4.3m (2014: \$2.2m), and repayment of Mwana group loans of \$4.8m (2014: \$4.0m) (excluding interest).

BINDURA NICKEL CORPORATION

Positive cash flow of \$6.6m (2014: \$7.1m) was generated from operations and \$10.4m was raised in cash flows from financing activities (2014: \$1.5m was repaid). \$16.4m (2014: nil) was raised in respect of the BNC smelter bond, offset by repayment of Mwana group loans of \$6.0m (2014: \$2.3m). BNC utilised \$9.3m (2014: \$6.9m) in investing activities of which \$6.9m related to ongoing sustainable capital expenditure and \$2.4m in relation to the smelter re-start.

OTHER MWANA AFRICA GROUP

Mwana Africa (excluding BNC and Freda) saw operating cash outflow of \$5.1m (2014: \$11.1m). During the year, Mwana Africa invested \$7.2m (2014: \$5.3m) of which \$6.4m (2014: \$5.3m) was spent on its portfolio of exploration prospects, being \$1.9m (2014: \$1.5m) in SEMHKAT and \$4.5m (2014: \$3.8m) in Zani Kodo. Mwana Africa received \$10.8m (2014: \$12.9m) in cash generated from financing activities, of which \$10.8m (2014: \$6.3m) related to receipts from repayments of Group loans by subsidiaries.

At year end, the Group had cash balances of \$14.0m (2014: \$9.1m), comprising \$11.9m (2014: \$4.2m) held by BNC, \$0.7m (2014: \$2.1m) held by Freda Rebecca, and \$1.3m (2014: \$2.8m) by other Mwana Africa Group entities.

KEY FACT

The Group reported revenue for the year of \$152.3m



BALANCE SHEET COMMENTARY:

FREDA REBECCA

Non-current assets of \$46.4m (2014: \$48.3m) decreased from the prior year, mainly due to a provision for bad debts raised against a non-current receivable of \$1.4m related to the loan to the community trust, and a minor movement in property, plant and equipment. Property, plant and equipment included additions of \$5.6m (2014: \$5.7m) and depreciation of \$5.7m (2014: \$6.6m). Current assets excluding cash increased from \$17.1m to \$17.6m, which comprised mainly an increase in tax receivable of \$0.3m (2014: nil) and an increase in inventory from \$8.2m to \$8.5m. Refer to the above analysis regarding movement in the cash balance.

Non-current liabilities decreased from \$34.4m to \$29.4m after taking into account the repayment of Mwana group loans of \$4.8m (2014: \$4.0m), and an increase in deferred tax liabilities from \$9.6m to \$10.1m.

BINDURA NICKEL CORPORATION

Non-current assets increased to \$59.3m from \$57.1m as a result of investment in property, plant and equipment (offset by minor proceeds on disposal of assets) of \$9.3m, offset by depreciation of \$2.3m (2014: \$1.5m) and a decrease in the deferred tax asset to \$2.5m from \$7.3m.

Current assets excluding cash decreased to \$21.8m from \$46.8m, mainly attributable to a decrease in intercompany receivables from \$33.7m to \$1.9m, an increase in inventories of \$4.4m (2014: \$1.8m) and trade and other receivables from \$8.3m to \$10.8m. Refer to the above analysis regarding movement in the cash balance.

OTHER MWANA AFRICA GROUP

The value of non-current assets including investments increased to \$292.2m (2014: \$279.9m), related to additional exploration expenditure of \$6.4m (2014: \$5.3m) capitalised during the year in accordance with the Group's policy, and a fair value gain adjustment on the BNC investment of \$5.0m (2014: \$3.4m loss) (eliminated on consolidation). Refer to the above analysis regarding movement in the cash balance. The book value of shareholders' equity attributable to the owners of the Parent for the Group at the year end was \$124.0m (2014: \$120.2m), whereas for the Company it was \$171.6m (2014: \$175.5m). The reason for the Company equity being more than Group equity is because of equity deficits included in the consolidated figure.

GOING CONCERN

The Directors, after making enquiries and considering the uncertainties described further in note 3: Basis of preparation to the financial statements 'going concern', believe that the Company and the Group will be able to access the financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements and these financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

REVIEW OF OPERATIONS AND EXPLORATION

GOLD

FREDA REBECCA GOLD MINE – ZIMBABWE

The Freda Rebecca Gold Mine, which is located some 80km north east of the capital, Harare, came into production in 1988 and continued to operate profitably until the advent of Zimbabwe's hyper-inflation. Management responded by placing the mine on a care-and-maintenance footing. This allowed the mine to be returned to profitable production when the Zimbabwe dollar was abandoned and replaced by the US dollar – the so-called dollarisation of Zimbabwe's economy. In the year ended 31 March 2015 gold production reached 58,714oz against the preceding year's 58,704oz. The milling rate increased by 13.5% year-on-year. However, that improvement was offset by the lower average head grade and average recovery rate.

During the year under review the average grade of ore delivered to the mill fell because of the need to mine through the comparatively low-grade ore zone of the major stopes. This grade challenge was countered to an extent by blending ore from other, higher-grade but minor stopes.

At Freda Rebecca, the need to stabilise the plant by replacing and upgrading some of the ageing equipment was a challenge. Gold recoveries were further affected in the December quarter by the delivery of sub-standard carbon for the carbon-in-pulp section of the recovery plant. Once realised, this problem was promptly rectified. However, before rectification took place there were gold losses because the gold occluded on fine carbon missed further processing and escaped to the tailings dump.

As it was, by the end of the year under review operations of the recovery plant were stabilised though further work will be done on the mills and leach and adsorption tanks during FY2016. Fine carbon is now scalped from the plant by using a sizing screen, modifications have been made to the escaped carbon screen and poor quality carbon has been replaced. A secondary crushing circuit was commissioned during the fourth quarter and commissioning was still in progress at the year end with full benefits expected to be received during FY2016.

The mining emphasis, as noted above, has been on stabilising grade by blending lower-grade ore from the main stopes with higher-grade material from areas where ore was converted from resource to reserve category.

The drive to reduce operating costs continued throughout the year. Service provider contracts were renegotiated and reductions in overall prices of fuel and cyanide contributed to a 2% decrease in total operating costs. The full benefits of the strategy will be realised in FY2016.

The project to evaluate the viability of retreating the mine's 20Mt of tailings residues was put on hold during the year under review as the benefit was no longer viable under the prevailing gold prices.

Gold production in FY2016 is expected to improve on the previous year despite the need for scheduled replacements of worn mill liners, which has now been completed. This will be achieved through sustained recoveries and improved mill throughput from the secondary crushers, even though grades are expected to remain at current levels.

KEY FACT

Gold production in FY2016 is expected to improve on the previous year.

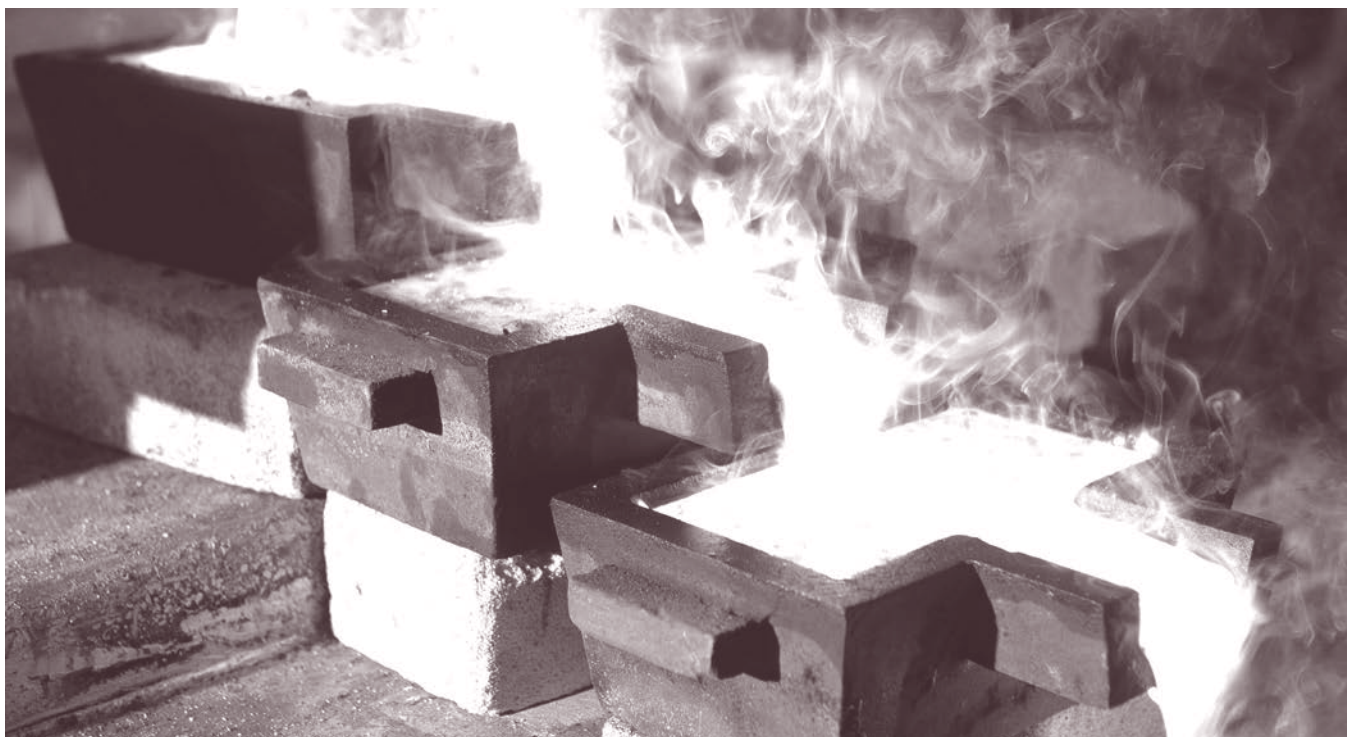
Freda Rebecca JORC compliant resources

Classification	Cut-off (g/t)	Tonnes ('000t)	Grade (g/t)	Gold ('000oz)
Indicated	1.5	14,658	2.39	1,126
Inferred	1.5	7,506	2.52	609
Total	1.5	22,164	2.44	1,735

The effective date for the Freda Rebecca resource estimate is 31 March 2015

Freda Rebecca production

		2015	2014
Tonnes mined	(t)	1,187,070	1,098,244
Tonnes milled	(t)	1,203,468	1,060,561
Head grade	(g/t)	2.01	2.10
Recovery	(%)	78.9	82.0
Gold produced	(oz)	58,714	58,704
Gold sales	(oz)	57,799	58,704
Average gold price	(\$/oz)	1,247	1,319
Cash cost (C1)	(\$/oz)	1,067	959
All-in sustaining cost (C3)	(\$/oz)	1,259	1,186



GOLD EXPLORATION – ZANI KODO

Gold exploration remains confined to the 1,605 km² Zani Kodo joint-venture project in the Ituri district of the DRC's Orientale Province. Our joint venture partner, the state-owned SOKIMO, has a 20% free-carry interest.

Drilling during the year was focused on the Kodo Footwall area, with infill drilling carried out to convert the near surface resource in this area to indicated status. A total of 21 holes were drilled for a total of 1,825m. A best intersection of 9.8m at 2.52g/t at 40m vertical depth was drilled. The drilling successfully converted a further 26,600oz of near surface mineralisation to indicated status.

Eleven geotechnical holes for 943m were also drilled in the potential open pit areas at Kodo Footwall and Kodo Main.

Exploration drilling was halted in the first quarter of the financial year under review in response to cost considerations, gold price deterioration and expectations that a profitable mining operation would be difficult to establish at current and projected gold prices. The decision will be reviewed when gold prices improve and are expected to maintain their improvement.

During the final three quarters of the year under review, exploration was confined to regional and district field operations and detailed mapping of the promising mineralised zones of the Godawiza block and Djalasega areas. At the end of the year under review the total gold resource was minimally changed from that of 2.975Moz declared in September 2013. This is a JORC-compliant measure based on a gold cut-off grade of 0.5g/t. Test work on samples from the Kodo Main orebody showed the ore to be non-refractory, allowing 90% recovery of contained gold.

KEY FACT

The drilling successfully converted a further 26,600oz of near surface mineralisation to indicated status.

Zani Kodo JORC compliant resources

Sub area	Category	Tonnes ('000t)	Grade (g/t)	Gold (oz)
Kodo Main	Indicated	5,183,217	3.51	584,731
	Inferred	9,925,846	3.58	1,141,201
Lelumodi	Indicated	1,118,644	2.06	74,260
	Inferred	8,154,092	1.81	475,129
Lelumodi North	Inferred	1,150,062	2.34	86,532
Badolite	Inferred	2,806,940	2.34	211,010
Zani Central	Inferred	9,683,455	1.28	398,894
Total		38,022,256	2.43	2,971,757

The effective date for the Zani Kodo resource statement is September 2013

REVIEW OF OPERATIONS AND EXPLORATION CONTINUED

NICKEL

BINDURA NICKEL CORPORATION (BNC) – ZIMBABWE

The past financial year has seen significant progress in developing BNC's operations at the Trojan mine which is close to the Freda Rebecca Gold Mine and located north-east of Harare.

Trojan, as previously reported, was placed on a care-and-maintenance basis in 2008 in response to significantly lower global metal prices and was only returned to operational status in FY2013.

This year the mine has been engaged in a programme to make significant refurbishments to its equipment. This has necessitated taking some equipment, particularly the mobile machinery, out of service. Inevitably, this has had an effect on ore extraction rates. Refurbishment of the mobile equipment was completed in the year's fourth quarter. This improved availability of equipment has permitted greater mining in the massives in line with the mine plan, with the resultant improvement in mill head grades during the equivalent quarter.

Underground, the re-deepening of the Trojan shaft has progressed at a slightly slower rate than originally planned, principally due to delays in equipping the shaft itself and ancillary excavations. Access to the shaft from 46 level was completed during the year's fourth quarter and will allow mining to take place down to the mine's 45 level. At the end of the year under

review, equipping the shaft, the underground crusher station and the loading station remains to be completed. Completion is scheduled for the first half of FY2016.

Aside from the extension of mine workings at depth, BNC's principal project is the re-start of the operation's smelter. In June 2014, Mwana announced the completion of an independent study of BNC's smelter restart plan by Hatch Goba. Evaluation of the project indicates that, among other benefits, a significantly reduced transportation cost and an increased profitability will allow the capital cost of the project to be recouped within five years of the resumption of smelter operations.

A fully subscribed \$20m bond was completed in the financial year's fourth quarter with the proceeds of the bond going towards the restart of the smelter. \$16.4m of the bond funding was banked before year end, and of the outstanding balance of \$3.6m at year end, \$1.5m was received by BNC in early July 2015, and in a signed letter of commitment, the investor has indicated that the balance will be transferred by the end of September 2015. The bond bears a coupon of 10% and is redeemable in eight instalments starting 18 months after the allotment of the bond which was concluded on 2 March 2015.

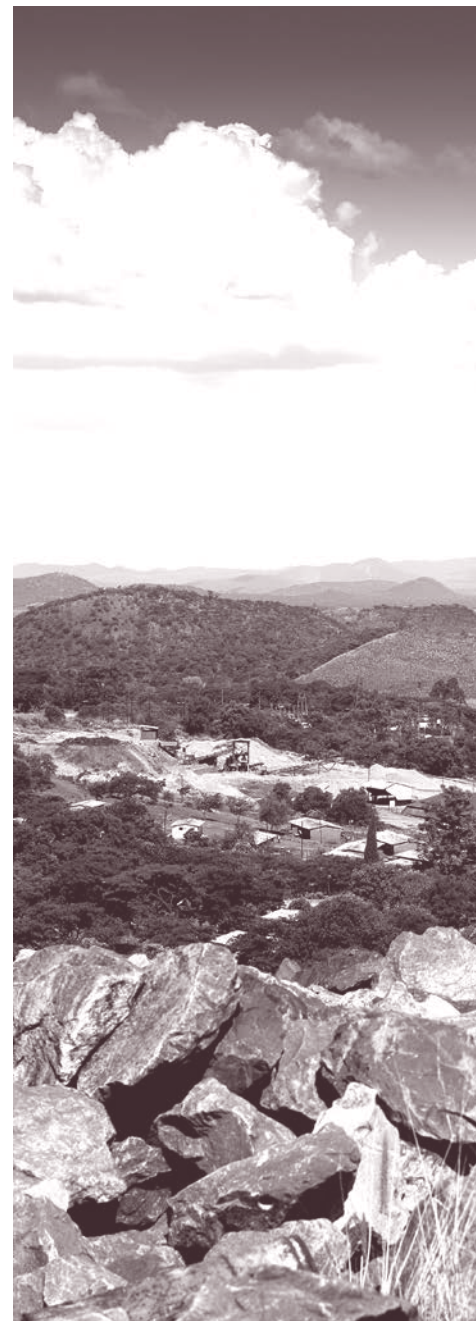
The smelter will have a nameplate capacity to process concentrates at an annual rate of 160,000 tonnes (t) and will have the capacity to handle third-party concentrates.

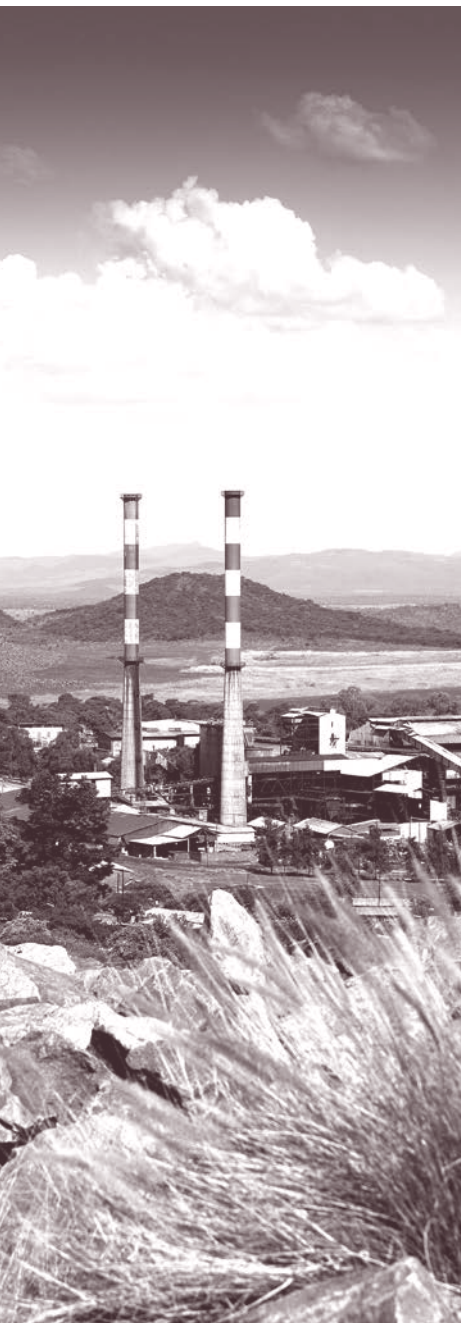
KEY FACT

Improved availability of equipment has permitted greater mining in the massives in line with the mine plan.

BNC JORC compliant reserves and resources

Classification of reserves	Tonnes ('000t)	Grade (%)	Nickel (t)
Proved			
Trojan	2,061	0.77	15,790
Shangani	—	—	—
Hunter's Road	—	—	—
Total proved reserves	2,061	0.77	15,790
Probable			
Trojan	1,165	1.11	12,983
Shangani	—	—	—
Hunter's Road	—	—	—
Total probable reserves	1,165	1.11	12,983
Proved and probable			
Trojan	3,226	0.89	28,773
Shangani	—	—	—
Hunter's Road	—	—	—
Total proved and probable resources	3,226	0.89	28,773





Classification of resources	Tonnes ('000t)	Grade (%)	Nickel (t)
Measured			
Trojan	2,135	0.90	19,238
Shangani	1,840	0.58	10,750
Hunter's Road	—	—	—
Total measured resources	3,975	0.75	29,988
Indicated			
Trojan	1,193	1.36	16,274
Shangani	480	0.59	2,840
Hunter's Road	36,437	0.55	200,404
Total indicated resources	38,110	0.58	219,518
Measured and indicated			
Trojan	3,328	1.07	35,513
Shangani	2,320	0.58	13,590
Hunter's Road	36,437	0.55	200,404
Total measured and indicated resources	42,085	0.59	249,507
Inferred resources			
Trojan	3,301	1.87	61,774
Shangani	9,710	0.56	54,280
Hunter's Road	—	—	—
Total inferred resources	13,011	0.89	116,054

SRK completed a competent person's report on the Trojan resource in March 2013 and this resource is based on that report, less the depletion from mining (April 2013 to 31 March 2015) based on mining shapes from stoping and development.

The effective date for the Trojan resource statement is 31 March 2015, and the effective date for the Shangani resource statement is August 2008.

The effective date for the Hunter's Road resource estimate is May 2006. The JORC-compliant Hunter's Road resource of 36,437kt is found in the West orebody of Hunter's Road and includes 2,377kt of resource which forms part of a 30m cap of oxide ore mineralisation. In addition, in 1993, an Anglo American MinRED estimate showed 11,000kt grading 0.43% Ni approximately 600m east of the West orebody of Hunter's Road which is not included in the resource shown above.

BNC production

		2015	2014
Tonnes mined	(t)	599,572	595,656
Tonnes milled	(t)	598,766	589,637
Head grade	(g/t)	1.458	1.382
Recovery	(%)	83.7	86.2
Nickel in concentrate produced	(t)	7,306	7,026
Nickel sales	(t)	7,352	7,129
Average nickel price	(\$/t)	16,700	14,298
Cash cost (C1)	(\$/t)	12,644	11,567
All-in sustaining cost (C3)	(\$/t)	14,428	12,462

REVIEW OF OPERATIONS AND EXPLORATION CONTINUED

DIAMONDS

KLIPSPRINGER – SOUTH AFRICA

Project Review

The care and maintenance operation at our diamond interest in South Africa is focused mainly on ongoing dewatering from shaft bottom, maintaining surface and underground infrastructure and fire prevention during the fire season (winter months). Our ready state to resume operations within four months received a setback in December 2012 due to protracted rainfall which flooded the shaft bottom and caused significant damage to the underground stopes. Preliminary estimates indicate that our ready state to resume operations has moved from four to 12 months, due to the extent of the damage done.

Diamond production from the fine tailings project continued during the year. The project is operated under contract by Greenhurst Mining & Exploration and extracts fine diamonds (-1.2mm +0.5mm) from the old Marsfontein slimes dams. The project operates under a revenue share agreement with our share of the revenue contributing to the ongoing care and maintenance costs of Klipspringer.

A diamond theft incident in the last quarter of FY2015, which resulted in the loss of 655 carats whilst the diamonds were in transit, led us to review and overhaul the diamond recovery and security procedures. As a result, a new facility has been built at the mine for a cost of \$16,000. This has led to a significant improvement in diamond recovery coupled with improved security.

During the year under review, the operation treated 178,006t of residues and produced a total of 106,593¹ carats.

Diamond sales for the financial year amounted to 95,062² carats and generated revenue of \$1.87m (ZAR 21.4m) of which \$1.4m (ZAR 15.1m) was attributable to Mwana before deducting cost of sales.

A bulk sample of Slimes Dam No.3 (lower slimes dam) was completed after year end and the results indicate that an average resource grade of 0.70 carats per tonne could be expected. This is expected to extend the life of the slimes retreatment project by a further 9 to 12 months, until March 2016.

Klipspringer Diamond Mine – slimes retreatment project production

		2015	2014
Tonnes treated	(t)	178,006	23,019
ROM diamonds produced ¹	(carats)	106,593	23,390
Head grade	(cpht)	59.88	88.58
Saleable carats	(carats)	105,045	20,259
Recovery	(%)	98.5	99.4
Diamond sales ²	(carats)	95,062	20,259
Diamond price	(\$/carat)	19.68	20.92

¹ ROM carats produced before any losses (sieving, cleaning scale, false and theft)

² This includes 4,444 carats produced in FY2014 but sold in the current financial year

Klipspringer Diamond Mine – Leopard fissure resources

	Gross			Net attributable		
	Tonnes (millions)	Gross grade (cpht) ¹	Contained diamonds (Mcts)	Tonnes (millions)	Gross grade (cpht) ¹	Contained diamonds (Mcts)
Measured	0.211	51.57	0.109	0.149	51.57	0.077
Indicated	0.433	51.57	0.223	0.305	51.57	0.157
Inferred	1.565	83.00	1.299	1.103	83.00	0.915
Total	2.209	73.83	1.631	1.557	73.83	1.150

¹ Carats per hundred tonnes

Notes:

211,000t of proven reserves at a grade of 51.57cpht have been transferred to measured resources while the mine is on care and maintenance

433,000t of probable reserves at a grade of 51.57cpht have been transferred to indicated resources while the mine is on care and maintenance

Net attributable figures based on ownership dilution percentages as at 31 March 2015, and the updated reserve statement at the same date

The Klipspringer resources are neither SAMREC nor JORC compliant



DIAMOND EXPLORATION

No exploratory work was carried out on our concessions in Angola in FY2015. Future exploration work will depend on agreements with possible partners who remain to be found, and the funding required.

COPPER

COPPER EXPLORATION

Mwana has a 100% ownership interest in 33 exploration concessions covering 4,845 km² over different sites in the DRC's Katanga province, a world-class zone of copper mineralisation. These concessions are perhaps best known by their acronym SEMHKAT (Société d'Exploration Minière du Haut Katanga SARL) and exploration is principally targeted on sedimentary stratiform copper/cobalt deposition.

Exploration is being carried out over 26 concessions in conjunction with our Chinese shareholder and joint-venture partner Hailiang and the permits for the joint venture sites have been transferred to a new entity established in terms

of the joint venture agreement, namely 100%-owned MUYA SARL. The joint venture agreement gives Hailiang farm-in rights to the joint venture areas in exchange for spending \$25m on exploration over four years. Completion of the exploration programme will result in Hailiang owning 62% of the joint venture and Mwana a 38% non-dilutable interest.

Drilling of five priority targets – Kibolwe, Lutobwe, Lombe, Kapande and Mifumbi – was completed in November 2014 when the rainy season put a seasonal halt to all exploration, drilling and fieldwork. Drilling was carried out by three sub-contractors of Hailiang. Cores from these sites were sent to the laboratory for analysis and the results were being awaited at the end of the year under review. Once the results are received, planning of the current (FY2016) year will be decided, while the end of the rainy season has allowed drilling to resume in the first few weeks of the new financial year.

The current year's exploration budget is being finalised as soon as the work carried out in the past financial year has been confirmed.

KEY FACT

Exploration is being carried out over 26 concessions.

OVERVIEW OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Mwana's social and environmental responsibilities are driven by its commitment to ensure there are synergies between sustainable mining, sustainable communities and sustainable socio-economic investments.

Mwana promotes these synergies by enabling safe working environments for employees, by contributing positively to the communities in which it operates and by minimising and mitigating the environmental impacts of its activities.

The three main pillars of Mwana's corporate social responsibility continue to be education, health and the support of small and medium enterprises (SMEs) to help empower local business enterprises. This resonates with government policies in those countries in which we operate and which require each investor to play a role in the development of disadvantaged communities.

The Company has adopted a multi-faceted approach to its contributions to surrounding communities and to its social partners incorporating education, wellness, job creation, technical support of local businesses, empowerment of local contractors and the purchase of goods and services from local suppliers.

Freda Rebecca Gold Mine was recertified in both OHSAS 18001: 2007 and EMS ISO 14001:2004/Cor 1: 2009 in March 2015 after successful closure of the non-conformities raised in the December 2014 recertification audit. Freda Rebecca mine maintained its OHSAS 18001 health and safety certification. At BNC, implementation continued of the safety, health, environment and quality (SHEQ) management systems necessary to achieve the planned ISO and OHSAS certification by the end of December 2015.

While the Group has been financially stressed by the depressed metal markets and prices, particularly the nickel market, it has done its best to assist and support the communities surrounding its operations during the year under review.

STAKEHOLDER ENGAGEMENT

Mwana's principal stakeholders include its employees, investors, business and community partners, regulators and governments (local, regional and national). The Company actively engages with these stakeholders through a variety of formal and informal engagements, briefings, surveys and feedback sessions on issues raised.



WORKPLACE SAFETY

Mwana recognises that exploration and mining are inherently risky. We deeply regret the loss of two employees, Jim Tembo and Binwell Mazivavose, in separate accidents at the Trojan nickel mine this year (in the prior year, the Group also lost two employees through workplace accidents, one employee at BNC and one employee at Freda Rebecca). The Company extends its condolences to the families of these men, as well as to their friends and colleagues. We have a zero harm policy and we shall continue to focus on safety in the workplace as this is an unending commitment. At our Freda Rebecca Gold Mine, and despite the implementation of proactive safety management programmes, our lost-time injury frequency rate (LTIFR) deteriorated to 0.61 per 200,000 hours worked in FY2015, compared with 0.53 in FY2014. Despite an increase in LTIFR in the current year the lost time injury severity rate (LTISR) improved in the current year from 2.81 in 2014 to 0.15. As the risk management system has improved, action plans to reduce the LTIFR and LTISR have been put in place. These include continually improving safe work procedures towards hazard elimination, eliminating or minimising inherent risk on new projects and installations, and improving supervision.

BNC achieved an LTIFR per 1,000,000 hours worked of 4.3 in FY2015 (FY2014: 2.52).

The causes of the deterioration in safety performance, which was impacted by the increase in the number of employees and contractors working on site as production scaled up, were investigated and specific detailed action plans have been compiled and implemented. These plans involved empowering employees to identify unsafe working conditions (and to refuse to work in them until they had been made safe), management training and employee risk-assessment hazard-recognition programmes. These strategies will assist the workforce with the identification and anticipation of risks and hazards, and their possible consequences, so that avoiding action can be taken to avert injury or harm.

Behaviour-based safety (BBS) training continued and all our employees had received training in terms of this initiative by year end. BBS has been included in the mine's SHEQ.

KEY FACT

We have a zero harm policy and we shall continue to focus on safety in the workplace as this is an unending commitment.



No exploration-related safety incidents or accidents were reported during FY2015.

Underground operations at Klipspringer remained on care-and-maintenance and no lost-time injuries were recorded during FY2015.

EMPLOYEE AND COMMUNITY HEALTH

Across the Group, all mine and contract employees undergo annual medical examinations to ensure they are medically fit to work in a mining environment. At BNC and at Freda Rebecca, Mwana continued to staff and fund the running of clinics for employees and their families.

UNICEF donates primary health-care drugs to the Freda Rebecca Gold Mine, and the unused supplies are made available to the local provincial hospital. Mine teams assist where required with ambulance services for critical health emergencies.

The Freda Rebecca Gold Mine works in partnership with the local Bindura Municipality to provide technical support for water reticulation. The mine also complements municipal efforts in the provision of clean water to outlying communities to ensure access to safe water supplies. To date, 10 boreholes with manual pumps have been donated to local communities. The mine continues to engage the Municipality in the provision of safe and clean water. Currently there are proposals to reroute the Bindura Town Council's main water supply, which passes close to the tailings storage facility, to a safer route. At the same time the Municipality will upgrade the supply capacity. BNC runs its own water treatment plant and has oxidation ponds for handling sewage. The provision of clean water has contributed to a decrease in the incidence of water-borne diseases.

Freda Rebecca and Trojan mine clinics are certified by the Ministry of Health as Opportunistic Infections Clinics. Shangani mine has also applied for this status and is being monitored. Trojan and Freda Rebecca are also certified as anti-retroviral therapy (ART) clinics and dispense anti-retroviral (ARV) medication supplied by the government to affected employees and their dependants, as well as to members of the local community.

BNC and Freda Rebecca both run an HIV/AIDS assistance project co-ordinated by the Swedish Workplace HIV and AIDS Programme (SWHAP). Freda Rebecca is one of the supply chain companies in the management of HIV/AIDS at workplaces managed by SWHAP. The first phase of co-operation involves the review and implementation of HIV/AIDS and wellness policies and practices. At Freda Rebecca the focus has been non-communicable diseases in conjunction with HIV/AIDS management. Non-communicable diseases account for at least 80% of workplace illnesses that need to be managed.

An HIV/AIDS wellness programme was launched at BNC during the year. This intervention is expected to contribute to a significant reduction in AIDS-related psycho-social problems faced by employees and their families as well as to a reduction of problems encountered during the treatment period for the disease.

BNC provided support and assistance to the Shashi hospital and to the Manhenga Rural District Council by constructing a new clinic and a youth vocational centre. The mine also aided relief efforts by providing fuel for the transport to safer areas of those marooned during the Muzarabani flood disaster in the region.

As operations at its underground mine have been suspended and its employees retrenched, Klipspringer does not have any employee and community health programmes running at present.

At the Zani Kodo gold project in the DRC, the principal community health project during the year was the construction of a 20-bed ward at the nearby Luma Mission. The monthly contributions of medical supplies to the clinic continued during the year as did the distribution of mosquito nets. In addition, Zani Kodo provided accommodation to visiting doctors during the course of the year. The beneficial effects of the freshwater borehole in limiting water-borne diseases in the Zani Kodo village continued to be felt.

KEY FACT

At the Zani Kodo gold project in the DRC, the principal community health project during the year was the construction of a 20-bed ward at the nearby Luma Mission.

OVERVIEW OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY CONTINUED

EMPLOYMENT AND LABOUR RELATIONS

At the end of the financial year, Mwana employed 1,511 people (2014: 1,605).

DIVERSITY

Preference is given to employing members of local communities, especially for unskilled and semi-skilled positions. At Freda Rebecca, the majority of the workforce is from the local town of Bindura while all staff members at BNC are drawn from the surrounding communities. With the exception of some of the senior expatriate management, all employees at our exploration operations are drawn from the surrounding communities.

By the end of FY2015, the workforces at SEMHKAT and Klipspringer mine had been retrenched. A skeleton staff was retained to oversee care-and-maintenance at these operations.

Mwana employee diversity at 31 March 2015

1,451

Male (at 31 March 2015)

60

Female (at 31 March 2015)

Mwana employee diversity at 31 March 2015

	Male	%	Female	%
Directors	6	0.4	–	–
Senior managers	163	11.2	12	20
Employees	1,282	88.4	48	80
Total	1,451		60	

LABOUR RELATIONS

In order to promote healthy labour relations, regular joint consultative forums with employee leaders and unions and/or workers' committees are conducted at all operations. Areas of mutual interest are wages, conditions of employment, occupational health and safety, and serious diseases such as HIV/AIDS. No work stoppages owing to industrial action were reported.

The Hailiang joint venture in the DRC is actively assisted and encouraged to respect the country's laws in connection with employees, contractors and local casual workers. In line with the Company's curb on exploration expenditure (to reduce corporate costs) the majority of SEMHKAT employees were retrenched at the end of April 2014. Several short-term contracts were filled to ensure staff were on-hand to maintain any equipment and care for the venture's property. The camps (Lunsano and Kibolwe) are being guarded by local villagers.

BNC has an active workers' committee at the Trojan nickel mine and the workers are free to join the trade union.

mine, and for those from neighbouring high-density suburbs. Through its farm, Bindura Estates, the mine supplies maize and potatoes for children's meals. The mine provides further support by offering timber to small-scale miners and farmers.

BNC, too, continued its support of the on-site primary school and an early childhood development centre. It also made available support staff to fill administrative and maintenance roles to these schools and provided transport to students from Trojan village to the local secondary schools.

On behalf of local primary schools, BNC also facilitated the hosting of the National Athletics Primary School Heads competition. The mine also assisted with medical facilities, sanitation and administrative support during the competition.

As the Klipspringer mine is on care and maintenance, it does not currently provide any assistance to the community. The detailed local economic development programmes included in our social and labour plan will be implemented once the mine returns to steady state production.

KEY FACT

Preference is given to employing members of local communities.

COMMUNITY DEVELOPMENT

EDUCATION

The focus of the Freda Rebecca mine's corporate social responsibility programme remained on education because the Company's view is that knowledge is key to improving livelihoods. The mine has identified three students and is sponsoring their studies in science, agriculture and engineering. It also offers scholarships on a case-by-case basis to academically gifted students from the local community; two such students are currently being sponsored.

Freda Rebecca continues to support the Batanai Early Childhood Development Centre. It caters for pre-school children in and around the Batanai village, which is close to the

ENTERPRISE DEVELOPMENT

Freda Rebecca spent 55% on local procurement in FY2015 (FY2014: 60%). The lower figure is due to the mine's cost-cutting measures and the relative disparity between local and external suppliers, with local raw materials tending to be more expensive.

At BNC, the mine gives preference to local suppliers, and supports a considerable number of small business enterprises that provide services to the mine and mine villages. The mine also encourages and supports local entrepreneurial ventures. In FY2015, BNC sourced 69% of its total procurement locally.

The remoteness of Mwana's operations in Zani Kodo necessitates the import of supplies from Uganda, although fuel

and some foodstuffs are sourced locally when available. The operations in Katanga source 15% of goods and services from local villages, with the remaining 85% split between the towns of Likasi and Lubumbashi. Villagers provide guard services for the camps, house and office.

Established as a commercial farm in 2012, Mwana's Bindura Estates is located on 200 hectares (ha) of arable land included in the Freda Rebecca lease area. Some 100ha is already being put to use – 60ha is under cultivation while another 40ha is used for ecological and rainfall monitoring. The monitoring programme has been designed to assist in determining appropriate yields per hectare and the optimal model for crop rotation. The intention is for the farm make a positive contribution to the local economy and to food security in the Bindura region.

To date, total investment in this venture is US\$1.4m, spent mostly on farm equipment, irrigation, land preparation and renovations to farm buildings. The farm had its second farming season in FY2015. Potatoes, soya beans, maize and market-garden produce such as cabbages, tomatoes and peas have proved to be successful. Everything produced during 2015 has been sold locally, however an export market has been established after year end and horticultural crops will be exported on a weekly basis. The farm is Global Gap accredited and it is now possible to export directly into Europe (but future plans include establishing regional and, possibly, export markets as well as the establishment of livestock farming). Since its establishment, Bindura Estates has provided employment for 50 women. Current employment stands at 93 and further employees are being hired to harvest horticultural produce. A further 150 women will be employed as required. The establishment of a sustainable farming business is aligned with Zimbabwe's macro-economic policy of promoting and supporting farming initiatives that can continue and are able to sustain communities economically once mining operations have ceased.

ARTISANAL AND SMALL-SCALE MINING

Mwana has undertaken studies to better understand the issues of and challenges faced by the small-scale, artisanal miners that are active in the vicinity of some of its operations. This is to aid the development of a strategy to improve the working conditions of these miners and to improve relationships with them. At Zani Kodo in the DRC, PACT, an American NGO, is assisting Mwana with this process.

Mwana has also made progress granting claims on a tributary basis to more than 200 applicants on its ground holdings near the town of Kwe Kwe in Zimbabwe, an area fairly close to Mwana's operating mines in Bindura. There are potential opportunities to assist small-scale miners with the viable exploitation of mineral resources. If realised, these would provide employment and improve the local economy. This exercise is being conducted in conjunction with traditional leaders and the relevant regulatory authorities.

ENVIRONMENTAL IMPACTS AND MITIGATION

Mwana strives to limit the impact of its operations on the environment in various ways. These include land rehabilitation, responsible waste disposal, pollution prevention and optimising the use of resources such as water, fuel and electricity. Anticipatory measures are taken to conserve local biodiversity, and to re-establish habitats disrupted by mining activities such as vehicle movement, waste-rock dumps and tailings dams.

Internal and external environmental audits were completed at all but one of our operations. No significant non-compliances were found by Zimbabwe's Environmental Management Authority. The Freda Rebecca mine maintained its ISO 14001 certification for environmental practices. Continued air-quality monitoring indicates that dust generated by mining activities is not at a level that negatively affects the health of employees or the community.

KEY FACT

To date, total investment in Mwana's Bindura Estates is US\$1.4m.



OVERVIEW OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY CONTINUED

The mine continues to participate in the Association of Mine Managers of Zimbabwe SHE management competitions. Freda Rebecca has been the regional winner since calendar 2011. The mine has also been audited for Recertification of EMS ISO 14001: 2004/Cor 1: 2009 and was recertified in March 2015 after successful closure of the minor non-conformities. The Environmental Management Authority conducts quarterly audits and the mine has been found to be compliant. Key environmental monitoring activities at Freda Rebecca include the soil monitoring exercises, effluent, dust and air emissions. The mine remained compliant to the terms and conditions of all discharge permits and licences. The fall-out dust monitoring system indicated that dust from the operations is restricted to the site of operations at an average deposition rate of 0.144g/m²/day and 0.077g/m²/day, insoluble and soluble matter respectively.

Freda Rebecca also had its environmental management plan implementation audited and was found to be compliant during the current year. The Mine Closure Plan, which is reviewed once every three years, was also reviewed in FY2014 to accommodate all operational changes and to provide a realistic rehabilitation financial provision. As part of an effort to manage the major pollutant at Freda Rebecca – cyanide in tailings – the mine has also begun working towards the International Cyanide Management code of practice certification. A gap analysis in July 2014 and based on this code is currently being addressed to rectify the identified system gaps.

BNC and the Zimbabwean Environmental Management Authority continue to monitor discharges from permitted sources of effluent. Following the restart of operations at BNC in FY2014, work continued in FY2015 on implementing systems to ensure that the Trojan mine obtains its ISO 9001 certification by December 2015.

At Klipspringer, a minor spill occurred when an internal wall was breached. The resulting spillage was contained within the area of the greater slimes dam and the wall repaired.

SEMHKAT's exploration activities were slowed during the year. Under the terms of the joint venture agreement, the joint venture partner, Hailiang, is responsible for rehabilitation. During the exploration phase, SEMHKAT will conduct regular environmental inspections to monitor the environmental impact of the joint venture's operations.

Mwana acknowledges its obligation to rehabilitate mine sites. The Group has in place financial provisions for rehabilitation and closure liabilities associated with the Company's operations in Zimbabwe and South Africa, as prescribed by local laws. These provisions are audited and reviewed annually internally and every three years by independent consultants, as prescribed by regulations.

ANTI-CORRUPTION MEASURES

The UK Bribery Act of 2010 updated and enhanced existing UK laws relating to bribery and ensured conformity with the requirements of the 1997 OECD Anti-Bribery Convention. As a result, these are now among the strictest laws governing international bribery, prohibiting the active bribing of entities or persons in the context of international business transactions and imposing heightened liability on companies, directors and individuals. Mwana Africa PLC, as a company incorporated and doing business in the UK, supports the law and has implemented procedures to ensure compliance with the Act's requirements for strong, effective anti-bribery policies



and systems. Mwana's proactive measures taken to promote a strong business ethic of honesty and integrity, including implementing strict policies and procedures that include obtaining monthly signed declarations of all cash payments in excess of \$3,000 made from divisional accountants, assist in mitigating potential corruption. All of Mwana's executives have signed personal commitments to respect the provisions and the intent of the UK Bribery Act of 2010 and best practices.

SUPPLY CHAIN MANAGEMENT

Mwana has also been an active participant in and contributor to the ICGLR-OECD UN GoE Joint Forum on Responsible Mineral Supply Chains from Conflict-Affected and High-Risk Areas. The process started in December 2009 with a meeting with the mining sector. The Forum's Gold Supplement provides specific recommendations for gold producers, refiners and exporters to establish controls and transparency in their supply systems to ensure an identifiable chain of custody. The recommendations vary depending on the company's activity within the chain (refining mined gold, original recycled/scrap gold, consolidated recycled/scrap gold, melted recycled/scrap gold and/or mixed gold) because the risks of leakage are related to the specific activities involved. Mwana has regularly reviewed its procedures to ensure its ongoing compliance with these recommendations and best practices.

THIS STRATEGIC REPORT

was approved by the Board on 29 July 2015 and is signed on the members' behalf by:

Yat Hoi Ning
Executive Chairman

Yim Kwan
Finance Director

KEY FACT

Mwana strives to limit the impact of its operations on the environment in various ways.

BOARD OF DIRECTORS

AT 31 MARCH 2015

BIOGRAPHIES UPDATED WHERE APPLICABLE ON 10 JUNE 2015

KALAA MPINGA* (54)

Chief Executive Officer

Kalaa Mpinga, who is a citizen of the DRC, has held a number of senior positions in different locations around the world. His career has included working for Bechtel Corporation in San Francisco and Anglo American Corporation of South Africa from 1991. In 1995 he joined the New Mining Division, the division responsible for exploration and the acquisition of resources in Africa. He was appointed a Director of Anglo American Corporation in 1997, leaving in December 2001 to pursue business opportunities in mining. He founded Mwana Africa Holdings (Proprietary) Limited, the forerunner of Mwana Africa, in 2003. He is also a Non-executive Director of Group Five Limited, a South African leasing, engineering and construction company.

* Kalaa Mpinga departed from Mwana on 10 June 2015.

YIM KWAN (60)

Finance Director

Yim Kwan joined Mwana Africa PLC as Finance Director in October 2013. Prior to that, Yim held a number of directorships and corporate governance roles, including Director and Audit Committee Chair of Kam & Ronson Media Group as well as CFO and director of MBMI Resources Inc., both TSX-V listed companies.

An accomplished and certified accounting, audit and tax specialist, Yim has over 15 years of experience gained in executive management positions in accounting firms, private companies and public corporations in Canada, Hong Kong, Africa and the United Kingdom, bringing a multi-cultural dimension to the Company. He has a breadth of professional qualifications including CA, CPA and a Bachelor in Business Administration earned in universities in Canada and the United States. Yim has played key roles in a number of major Mergers & Acquisition transactions, providing valuable corporate advisory services on international tax planning and compliance. With his extensive exposure in multi-national business environments, and in-depth knowledge in foreign exchange risk management and hedging strategy implementation, Yim will play a central role in developing the Company's plans for future growth.

STUART MORRIS* (69)

Interim Non-executive Chairman

Stuart Morris was appointed to the Board in December 2005. He became a partner of KPMG South Africa in 1976, later becoming senior partner and a member of the KPMG International executive and Board. He was Chairman of the South African Institute of Chartered Accountants Ethics Committee; President of the Johannesburg Chamber of Commerce and Industry; a public investment commissioner; and a council member of Witwatersrand University. From 1999 until 2004, when he retired, Stuart was Group Financial Director of Nedbank Group Limited. He is currently an independent Non-executive Chairman and Director, including Chairman of the Audit, Risk and Nomination Committees, of several other listed and unlisted entities.

* Stuart Morris resigned from the Board and as Interim Non-executive Chairman on 5 June 2015.

YAT HOI NING* (59)

Non-executive Director

Yat Hoi Ning joined the Board in June 2012. He is the Chairman of Hoi Mor Industrial (Group) Limited, China International Mining Group Corporation, Hong Kong Mining Exchange Company Limited and MBMI Resources Inc. Yat Hoi Ning also sat as the Vice Chairman of China Non-ferrous Metals Council. He has more than 20 years' experience in the trading, investing and managing of non-ferrous and precious metals businesses.

He is the founder of a number of mining companies including Congo International Mining Corporation SARL, African PGM Processing SARL and Fareast Nickel Mining Corporation.

* Yat Hoi Ning was appointed Chairman on 8 June 2015, and confirmed by the Board as Executive Chairman on 9 June 2015, and is a new member of the Remuneration and Nomination Committee.

YUAN CHING HU (41)

Non-executive Director

Yuan Ching Hu joined the Board in July 2012. He was born in 1974 in Taipei, Taiwan. He studied Architecture and Environment Design, graduating from Taiwan Shu Te University in 2000. He also has a Fiduciary Broker Licence, a Marketing Immovable Property Licence and is a qualified professional financial supervisor.

Between 2001 and 2006 he was General Manager of Taiwan A-Life Company, where he was made an Executive Director in 2005 and in 2006 he established Taiyou Investment Company Limited in Hong Kong.

JOHAN BOTHA* (66)

Non-executive Director

Johan Botha joined the Board in January 2012. Johan is a South African citizen with over 40 years' experience in the African mining sector, 26 years of which were spent working across AngloGold's portfolio, as well as working as manager in the Technical Development Division. Since leaving Anglo, Johan has assisted and managed in the development and bringing into production of a number of mines, working for BHP and Randgold. In more recent years, Johan was the Vice President for Gold Fields Ghana Limited and then joined Banro to initiate the build of the Twangiza mine in the DRC. At 31 March 2015, he was Chairman of the Remuneration Committee and of the Technical Committee.

* Johan Botha resigned from the Mwana Board on 5 June 2015.

NGONI KUDENGA* (62)

Non-executive Director

Ngoni Kudenga is a Chartered Accountant. He holds a Bachelor of Accountancy degree from the University of Zimbabwe and is a Fellow Member of the Chartered Institute of Management Accountants and Institute of Certified Tax Accountants of Zimbabwe. He is also a member of the Association of Certified Fraud Examiners. Ngoni is founder and Managing Partner of BDO Zimbabwe Chartered Accountants. He has been in practice for over 32 years and is a past President of the Institute of Chartered Accountants of Zimbabwe. He serves on a number of boards of listed and private companies. He regularly acts on behalf of the Reserve Bank of Zimbabwe as a curator in the financial sector and as an auditor for various ministries.

* Ngoni Kudenga was voted off the Mwana Board on 9 June 2015 at an extraordinary general meeting.



KALAA MPINGA



YIM KWAN



STUART MORRIS



YAT HOI NING



YUAN CHING HU



JOHAN BOTHA



NGONI KUDENGA

BOARD OF DIRECTORS

AT 31 MARCH 2015

HERBERT MASHANYARE* (61)

Non-executive Director

Herbert Mashanyare is a chemical engineer and member of the Institute of Materials, Minerals and Mining, with over 30 years' experience in the mining industry. He currently acts as a consultant to Mimosa Mining Company, where he was previously Executive Director. He has extensive project development and operational experience in concentrators, smelting and foundries having previously worked at Zimasco, Rio Tinto Zimbabwe and the Institute of Mining Research.

* Herbert Mashanyare was voted off the Mwana Board on 9 June 2015 at an extraordinary general meeting.

DIRECTORS APPOINTED AS A RESULT OF THE EXTRAORDINARY GENERAL MEETING HELD ON 9 JUNE 2015:

MARK WELLESLEY-WOOD (63)

Non-executive Director

Mark is a mining engineer and Fellow of the Institute of Materials, Minerals and Mining, with over 40 years' experience in the mining industry and investment banking. Until recently Mark was a Director of Investec Investment Banking and Securities in London, prior to which he was Head of Corporate Finance at Ambrian Partners. He has also previously worked at the former Dresdner Kleinwort Benson as the Global Sector Head for Mining. He has been closely involved in mining activities in Africa, having started his career on the Zambian copper-belt and has since held the positions of Executive Chairman and CEO of DRDGOLD Limited. Mark is currently Non-executive Chairman of Alecto Minerals plc and Tri-Star Resources plc. Previous directorships include: CEO of Metallon Gold Limited (Redwing Mining) in Zimbabwe; a NED on Oxus Gold at the time of its IPO; Non-executive Chairman of Mwana Africa and Executive Chairman of UK tin miner Geevor Limited.

Mr Wellesley-Wood has been appointed as the new Chair of the Remuneration and Nomination Committee and as a member of the Audit Committee.

SCOTT DOUGLAS MORRISON (59)

Senior Independent Non-executive Director

Scott has a BSc (Geology) and a PhD (Metallurgical Engineering) and over 35 years' experience in the mining, extractive metallurgy, and manufacturing sectors. Much of his career has involved leadership positions with staff complements of between 50 to 5,000 people. He is currently a board member and retained advisor to the management of Metalor Technologies International SA, a world leader in the refining of precious metals and the manufacture of a variety of value-added products. He served as Chairman of the board between 2013 and 2015 and as CEO from 2004 to 2013. He spent 20 years with SGS SA, the world leader in inspection testing and verification, and has had country and mineral/metals sectoral leadership assignments in the USA, Canada, Peru, Bolivia and Ghana. He has in-depth experience in leading multi-cultural international organisations.

Scott Morrison was appointed Senior Independent Non-executive Director on 10 June 2015, and a member of the Remuneration and Nomination, Audit, Corporate Social Responsibility and Health and Safety Committees.

ANNE-MARIE CHIDZERO (55)

Non-executive Director

Anne-Marie has over 20 years' experience in finance and private sector development throughout Africa, including with the World Bank. She has worked on advancing financial access for the world's poor, and has led numerous strategy assignments for a range of clients. In 1997 she joined ICC, a southern African management consulting firm, with the World Bank among her clients. She was Africa Regional Advisor for a United Nations Capital Development Fund unit for five years. She joined the FinMark Trust in 2001 and also worked for the UK Department for International Development on pro-poor financial sector development. She joined the AfriCap Microfinance Investment Company board in 2004, taking the Chair in 2006, and oversaw its recapitalisation from a \$13m fund to a \$42m company. She was appointed CEO in 2011. Ms Chidzero has been a member of the Investment and Advisory Committees of the Africa Enterprise Challenge Fund since 2010 and she chairs New Faces New Voices, a pan-African network of women in finance. She is currently managing a financial access project in Mozambique, and is involved in a number of initiatives related to agricultural finance, women and Africa.

Ms Chidzero has been appointed as chair of the Corporate Social Responsibility and Health and Safety Committee.

OLIVIER BARBEAU (41)

Non-executive Director

Olivier is registered as a Chartered Accountant in South Africa and Mauritius, and has extensive advisory and corporate finance experience. He is the Managing Director of Moore Stephens in Johannesburg, and a member of the National Executive Committee. His experience in the mining sector has seen him initiate, develop and implement merger and acquisition transactions for both listed and unlisted companies. Due to his Mauritian interests, he has been well-equipped to advise several multinational businesses on their offshore structures and strategies. Previous executive positions include Chief Operating Officer of BDO South Africa, as well as Managing Partner of Moore Stephens South African office. Olivier is a member of the Institute of Directors, as well as a fellow of the Mauritius Institute of Directors.

Mr Barbeau has been appointed as the new chair of the Audit Committee and a member of the Corporate Social Responsibility and Health and Safety Committee.

AMILHA YOUNG (52)

General Counsel & Company Secretary

Ms Young was appointed on 1 June 2015.



HERBERT MASHANYARE



MARK WELLESLEY-WOOD



SCOTT DOUGLAS MORRISON



ANNE-MARIE CHIDZERO



OLIVIER BARBEAU



AMILHA YOUNG

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Group's main activities are exploration, development and production of gold, nickel, copper and diamonds. Further information concerning the activities of the Group and its future prospects are contained in the Chairman's Letter and Report on pages 6 to 9 and the Review of operations and exploration on pages 16 to 21.

BUSINESS REVIEW

The Group profit before tax was \$14.9m (2014: \$43.9m). The profit for the year attributable to shareholders of the parent Company was \$3.6m (2014: \$36.6m). The Directors do not recommend the payment of a dividend on ordinary shares as was the case in the previous financial year too. As required by the Companies Act 2006, the Company must provide a fair review of the development and performance of the Group during the year ended 31 March 2015, its financial position at the end of the year and likely future developments in the Group's business. The information which satisfies these requirements is to be found in the Chairman's Letter and Report on pages 6 to 9, the Review of operations and exploration on pages 16 to 21, and the Financial Review on pages 10 to 14.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Group is exposed relate to changes in the market prices of gold and nickel, resource and reserves risk, processing risk, environmental risk, mining and operating risk, energy risk, financing risk and political risk.

METAL PRICE RISK

Fluctuations in metal prices can clearly affect the profitability of mining operations. The Group seeks to protect itself from adverse fluctuations by investing in projects which can operate economically in lower metal price environments and by controlling operating costs. The Group used no financial instruments or hedging products to fix metal prices in FY2015, though the Directors have the power to do so should they feel it appropriate.

The impact of the metal prices on the performance of the period is assessed in note 34.

RESOURCE AND RESERVE RISK

There is a risk that estimates of Mineral Resources and Reserves overstate their economic potential. This uncertainty could give rise to a situation where a mine is, or becomes, commercially unviable.

The Group manages risk by ensuring that all Mineral Resource and Reserve estimates are calculated by reference to internationally-accepted standards (in this case The Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves; 'JORC').

In addition all Mineral Resource estimates published by the Group are signed off by an independent qualified person, Dr Charl du Plessis. Dr du Plessis resigned during May 2015. Dr Colin Porter has been appointed as his replacement as the independent qualified person for its gold projects, and Ms. Gayle Hanssen has been appointed as Mwana's independent qualified person for its copper projects.

The information presented here that relates to Mineral Resources of the Kodo, Badolite, Zani Central and Lelumodi deposits is based on information compiled by Dr Colin Porter, who is a full time employee of Mwana Africa, has a PhD in geology, is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'.

The information presented here that relates to Mineral Resources of the Kibolwe deposit is based on information compiled by Gayle Hanssen, who is a Director and Geological Consultant with Digital Mining Services (pvt) Ltd., has a BSc (Hons) in geology, is a Registered Professional Natural Scientist (Pr. Sci. Nat.) with the South African Council for Professional Natural Scientific Professions (SACNASP), and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Information about the Resources and Reserves is included in the Review of operations and exploration on pages 16 to 21.

PROCESSING RISK

There is a risk that the processing of ore to recover metal fails to deliver recoveries expected and this may have the effect of reducing projected profitability. All of the Group's existing mining operations have a long history of economic production and the processing techniques used are well understood. When the Group invests in new projects the metallurgical processes are thoroughly tested and reviewed by independent consultants before any investment is made.

ENVIRONMENTAL RISK

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities and/or temporary closure of mining operations.

The Group takes every care to comply with environmental legislation in the countries in which it operates and designs its training and procedures to minimise the environmental impact of operations.

The impact of the existing environmental obligations on the financial statements is disclosed in note 29. The details of the mitigating actions undertaken by the Group during the period are disclosed in Environmental impacts and mitigation in the Overview of social and environmental responsibility section on pages 22 to 26.

MINING AND OPERATING RISK

Mining is an inherently risky activity and can involve ground instability, failure of machinery and human error. The Group makes every effort to ensure that these risks are minimised by ensuring that mining operations are professional, that a high

KEY FACT

Fluctuations in metal prices can clearly affect the profitability of mining operations.

DIRECTORS' REPORT

CONTINUED

level of workforce training and education is maintained and by prompt reporting of incidents to management.

Information about the health and safety framework at Freda Rebecca and BNC is included in the Overview of social and environmental responsibility on pages 22 to 26.

ENERGY RISK

In light of the problems experienced by the two main energy suppliers to the Mwana operations in Zimbabwe and South Africa respectively, namely the Zimbabwe Energy Supply Authority (ZESA) and the South African Electricity Supply Commission (ESKOM), there is an inherent risk related to the consistency of supply of energy to the mines, and the volatility of the price charged. The Group makes every effort to ensure that this risk is mitigated by investigating the option of its operations generating their own energy in-house, rather than purchasing energy in Zimbabwe and South Africa.

FINANCING RISK

Mining is a capital-intensive business and there is a risk that if finance is not available for the development or further exploration of a project then the value of the project may not be realised. Mwana's financing risk is linked to the availability of funding in the capital and debt markets which are impacted by perceptions of commodity and country risks. Mwana seeks to mitigate its financing risk by diversifying its sources of finance for the development of its projects.

POLITICAL RISK

There are political risks impacting the Group's operations in Africa, including indigenisation regulations in Zimbabwe. Details of this risk and the actions undertaken to mitigate it are detailed below.

ZIMBABWEAN INDIGENISATION

In 2007, the Zimbabwean Government published the Indigenisation and Economic Empowerment Act which made provision for the indigenisation of up to 51% of all foreign owned businesses operating in Zimbabwe. Regulations in support of the Indigenisation Act were published in February 2010 in preparation for the implementation of the Act.

On 25 March 2011 the Minister of Youth Development, Indigenisation and Empowerment published a notice in the government gazette promulgating the Indigenisation and Economic Empowerment (General) Regulations in statutory instrument 21 of 2010. The document sets out the requirements for the implementation of the Indigenisation Act and its supporting regulations as they pertain to the mining sector. These regulations include the requirement to sell a sufficient shareholding so that 51% or a controlling interest is owned by indigenous Zimbabweans, and/or provides for foreign investors to earn indigenisation credits to meet the ownership requirements.

During the year ended 31 March 2013, Mwana disposed of 15% of Freda Rebecca to an indigenous Zimbabwean.

A community trust was established in the year ended 31 March 2013 and discussions continue with this trust about a disposal of some shareholding in Freda Rebecca to this trust.

Furthermore, discussions are continuing with the Zimbabwean Government to determine any further impact on Mwana's shareholding in its Zimbabwean assets.

The Board has considered the impact of the uncertainties stemming from indigenisation risk on the financial statements as disclosed in note 3 regarding the basis of preparation of the financial statements and in the note 22 regarding investments.

KEY PERFORMANCE INDICATORS

Management monitors the Group's liquidity requirement on a weekly basis. Financial and operational performance is measured regularly and operational updates are published quarterly.

Key performance indicators are specific to each area of the business:

FREDA REBECCA

Key performance indicators include tonnes mined and processed, grade of material delivered to plant, gold recovery, operating costs per ounce produced, ounces of gold produced, financial performance and management of assets, health, safety and environmental incidents including lost-time events due to injury. Refer to the Review of operations and exploration on pages 16 to 21.

BINDURA NICKEL

Key performance indicators in respect of the Trojan Mine include tonnes mined and processed, grade of nickel delivered to the plant, nickel recovery, operating costs per lb, tonnes of nickel in concentrate within specifications, both in percentage MgO and moisture content. Other measures considered are financial performance and management of assets, health, safety and environmental incidents including lost time events due to injury. The remainder of the BNC operations remain on care and maintenance, and the key performance areas include maintenance and the operating integrity of all the assets and the financial performance against the care and maintenance budget. Refer to the Review of operations and exploration on pages 16 to 21.

EXPLORATION PROJECTS

Key performance indicators include the addition of resource ounces in the case of Zani Kodo and the identification of drill targets at SEMHKAT. Refer to the Review of operations and exploration on pages 16 to 21.

CHANGES IN SHARE CAPITAL

Details of changes in the share capital during the year are set out in note 27 to the financial statements.

CREDITOR PAYMENT POLICY

Each operating company in the Group is responsible for agreeing the terms of transactions, including payment terms, with suppliers and, provided that suppliers perform in accordance with the agreed terms, it is the Group's policy that payment is made accordingly. Trade creditors of the Group at 31 March 2015 represented 61 days (2014: 61 days) of annual purchases, including capital expenditure.

KEY FACT

Mining is a capital-intensive business and there is a risk that if finance is not available for the development or further exploration of a project then the value of the project may not be realised.

HOLDINGS

The share register records that the following shareholders held 3% or more of the issued share capital of the Company at 19 June 2015:

Shareholder	Number of shares	% interest
China International Mining Group Corporation	218,000,000	15.6
Lynchwood Nominees Limited	143,158,888	10.2
Zhejiang Hailiang Company Limited*	130,021,039	9.3
HSBC Client Holdings Nominee (UK) Limited**	104,281,895	7.5

* Held through the following holders: Hong Kong Hongan International Investment Company Limited, Feng Luming, Zhu Aihua, Rich Pro Investments Limited, HSBC Client Holdings Nominee (UK) Limited (see below)

** Excludes 22,383,497 shares held on behalf of Zhejiang Hailiang Company Limited

SUBSEQUENT EVENTS

The post balance sheet events are described in note 36 to the financial statements.

DIRECTORS

The Directors of the Company as at 31 March 2015 were as follows:

Executive Directors	
Kalaa Mpinga	Chief Executive Officer
Yim Kwan	Finance Director
Non-executive Directors	
Stuart Morris	Interim Chairman
Yat Hoi Ning	
Yuan Ching Hu	
Johan Botha	
Ngoni Kudenga	Appointed 9 December 2014
Herbert Mashanyare	Appointed 9 December 2014

Kalaa Mpinga departed from Mwana on 10 June 2015.

Stuart Morris and Johan Botha resigned as Non-executive Directors of the company on 5 June 2015. Subsequently, Yat Hoi Ning was appointed as Chairman on 8 June 2015. Mr Ning was later confirmed as Executive Chairman by the Board of Directors at a meeting held on 9 June 2015.

Ngoni Kudenga and Herbert Mashanyare were appointed as Non-executive Directors after the last annual general meeting and were removed as Directors of the Company on 9 June 2015.

Yat Hoi Ning and Yuan Ching Hu are retiring by rotation and being eligible, offer themselves for re-election as Non-executive Directors at the upcoming annual general meeting of the Company.

Mark Wellesley-Wood, Scott Morrison, Anne-Marie Chidzero and Olivier Barbeau were appointed as Non-executive Directors of the Company on 9 June 2015 at the extraordinary general meeting. Scott Morrison was later confirmed as Senior Independent Non-executive Director.

The interests of the Non-executive and Executive Directors and their remuneration are described in the Directors' Remuneration Report on pages 32 to 36.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has prepared its consolidated accounts for the year ended 31 March 2015 in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance which remains in place at the date of this report.

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

Total contributions of \$128,483 (2014: \$113,512) were made during the year, \$nil (2014: \$58,914) as political contributions and \$128,483 (2014: \$54,599) as charitable donations.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with Section 418 of the Companies Act 2006, a resolution to appoint KPMG LLP as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board:

AMILHA YOUNG

Company Secretary
29 July 2015

KEY FACT

Yat Hoi Ning was appointed as Chairman on 8 June 2015.

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

The Remuneration Committee reviews the performance of the executive directors and sets and reviews the scale, structure and basis of their remuneration and the terms of their service agreements, paying due regard to the interests of shareholders as a whole and the performance of the Company.

In determining the remuneration of executive directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees. No director is permitted to participate in discussions or decisions concerning his own remuneration.

During the current year the Committee comprised non-executive Directors Johan Botha (Chairman) and Stuart Morris. The new chair of the Remuneration Committee following the updates to the Board is Non-executive Director Mark Wellesley-Wood, with Scott Morrison as a non-executive member. Executive Chairman, Yat Hoi Ning, also serves on the Remuneration Committee.

REMUNERATION POLICY

The policy on directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Group's objectives.

The remuneration policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience and value to the Company.

The Remuneration Committee determines the contract terms, basic salary and other remuneration for each of the executive directors, including performance related share options, bonuses, pension rights and any compensation payments.

EXECUTIVE REMUNERATION PACKAGE

The details of individual components of the remuneration package and service and employment contracts are discussed below.

BASIC SALARY AND BENEFITS

The policy is to review salary and benefits annually against competitive market data and analysis, and adjust accordingly.

BONUS SCHEME

There is no formal bonus scheme in place. Bonus awards in respect of the year ended 31 March 2015 are set out in this report.

SHARE OPTIONS

The Company had outstanding options under an unapproved Share Option Scheme adopted in 1997 (1997 Scheme) and has options outstanding under a new scheme which was approved by shareholders at the Company's annual general meeting on 31 July 2007 (2007 Scheme). Details of option awards made under these schemes are detailed in note 33.

1997 SCHEME

Under the 1997 Scheme unapproved share options were granted to directors and employees by the Board. The Company's policy on the granting of share options is to make such awards that are necessary to recruit and retain executives.

The Company has operated this scheme since 1997 where options were granted to any employee, officer or director of the Company or any subsidiary of the Company. The limit for options granted under this scheme was not to exceed 15% of the number of issued ordinary shares from time to time.

The Board granted options at its discretion. The subscription price was fixed by the Board at the price per share on the dealing day preceding the date of grant.

These options vest immediately and may be exercised at any time within a seven-year period from the date of the grant, unless the Board determines otherwise. The options lapse if not exercised by the seventh anniversary of the grant. It was the Board's policy to spread the vesting period for options granted to employees over two to three years.

Unless the Board agrees otherwise, the right to exercise an option terminates on the holder ceasing to be a participant, subject to certain exceptions, which broadly apply in the event of death of the option holder or where the option holder ceases to be a participant due to retirement, ill health, accident or redundancy. In such a case, the option may be exercised within six months of such event provided such exercise will take place within seven years of the original date of grant.

At the date of this report, all of the options issued under the 1997 Scheme had expired.

2007 SCHEME

The 2007 Scheme allows for awards of both tax approved options (approved options) to be made to employees resident in the United Kingdom and unapproved options (unapproved options), to be made to both resident and non-resident employees. The Company's policy on the granting of share options is to make such awards that are necessary to recruit and retain executives. Details of option awards made under this scheme are detailed in note 33.

The Company has operated this scheme since December 2007 where options may be granted to full-time employees and directors of the Company or any subsidiary of the Company. The overall limit for options granted under this scheme and any other employees' share scheme adopted by the Company is, in any rolling 10-year period, 10% of the issued ordinary share capital (including treasury shares) of the Company for the time being plus 8,100,000 ordinary shares. There is an individual limit of a maximum of ordinary shares to the value of £30,000 in respect of approved options.

Options may be granted when the Remuneration Committee determines, within 42 days of the announcement by the Company of its full or interim results. Options may be granted outside the 42-day period if the Remuneration Committee considers there to be exceptional circumstances. Options must

KEY FACT

The policy on directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Group's objectives.

be granted subject to performance conditions being satisfied. The performance conditions must be objective and, save where the Remuneration Committee determines there to be exceptional circumstances, the performance conditions must relate to the overall financial performance of the Company or the market value of ordinary shares over a period of at least three years. The performance conditions can be waived or amended by the Remuneration Committee if it determines that a change of circumstances means that the performance conditions cannot reasonably be met. No consideration is payable on the grant of an option and no option may be granted after 31 July 2017.

The Remuneration Committee determines the exercise price before the options are granted which cannot be less than the market value of the shares on the date of grant.

The options can be exercised only on or after the third anniversary of the date of grant provided the performance conditions have been satisfied or waived by the Remuneration Committee. The options lapse if not exercised by the 10th anniversary of the grant.

These options lapse when the option holder ceases to be an eligible employee. In the case of death, a participant's personal representatives may exercise his/her options within 12 months after the date of death. Where an option holder ceases to be an employee by reason of injury, disability, redundancy, the Company that employs the option holder ceasing to be a subsidiary of the Company, retirement, pregnancy or in any other circumstances determined by the Remuneration Committee, the options may be exercised within six months of the termination of employment or such longer period as may be determined by the Remuneration Committee.

SHARE INCENTIVES

The Share Incentive Scheme was approved by shareholders at the Company's annual general meeting on 31 July 2007. The Share Incentive Scheme is designed to complement the Share Option Scheme to facilitate awards to selected executives and managers. The Share Incentive Scheme permits the award of any one or a combination of the following incentives:

- the sale of ordinary shares on deferred payment terms;
- share awards as part of a bonus scheme by way of nil cost options in consideration of cash bonuses forgone on terms that would be determined by the Remuneration Committee of the Company; and
- the issue of share appreciation rights either by the Company or EBT (as defined below).

The Company has also adopted an Employees' Benefit Trust (EBT) which will operate in conjunction with the Share Option Scheme and Share Incentive Scheme. The EBT has not yet been utilised for this purpose and there have been no awards under the Share Incentive Scheme since it was approved by shareholders.

PENSIONS

The Company does not operate a pension scheme for executive directors but does, according to the director's preference, contribute to the personal pension plan of each executive director, or pays cash in lieu of such contributions up to a specified maximum of 12.5% of salary. No pension contributions are made in respect of non-executive directors.

FEES

The fees for non-executive directors are determined by the Board, having taken independent expert advice on appropriate levels, and are reviewed on an annual basis.

SERVICE CONTRACTS

The service and employment contracts of the executive directors are not of a fixed duration and therefore have no unexpired terms, but continuation in office as a director is subject to re-election by shareholders as required under the Company's Articles of Association. The Company's policy is for executive directors to have service and employment contracts with provision for termination of no longer than 12 months' notice.

The non-executive directors do not have service contracts. Letters of appointment provide for termination of the appointment with up to three months' notice by either party.

Details of the contracts or appointment dates of the Directors who were in office during the current year are as follows:

Executive Directors	Employer	Date of appointment
Kalaa Mpinga	Mwana Africa Holdings Limited	16 December 2009
Yim Kwan	Mwana Africa Holdings Limited	30 September 2013
Non-executive Directors		
Stuart Morris	Mwana Africa PLC	6 December 2005
Johan Botha	Mwana Africa PLC	4 January 2012
Yat Hoi Ning	Mwana Africa PLC	7 June 2012
Yuan Ching Hu	Mwana Africa PLC	4 July 2012
Ngoni Kudenga	Mwana Africa PLC	9 December 2014
Herbert Mashanyare	Mwana Africa PLC	9 December 2014

DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors who were in office during the current and/or prior year are as follows:

Figures in US dollars	Basic salary/fee	Bonus ¹	Benefits in kind ⁸	Share-based payments	2015 Total	2014 Total
Director						
Kalaa Mpinga ²	427,605	—	195,338	110,042	732,985	712,597
Yim Kwan ⁴	277,823	—	33,438	8,266	319,527	123,267
Stuart Morris ^{3,6}	136,898	—	—	—	136,898	49,627
Johan Botha ^{3,6}	81,495	—	—	—	81,495	27,354
Yat Hoi Ning ^{2,6}	32,211	—	—	—	32,211	24,813
Yuan Ching Hu ^{2,6}	32,211	—	—	—	32,211	24,813
Herbert Mashanyare ⁵	16,106	—	—	—	16,106	—
Ngoni Kudenga ⁵	16,106	—	—	—	16,106	—
Oliver Baring ⁷	—	—	—	—	—	72,045
Donald McAlister ⁷	—	—	—	49,059	49,059	829,217
John Anderson ⁷	—	—	—	—	—	22,332
Etienne Denis ⁷	—	—	—	—	—	14,888
Mark Wellesley-Wood ⁷	—	—	—	—	—	81,467
Total	1,020,455	—	228,776	167,367	1,416,598	1,982,420

¹ No bonuses were awarded to any directors in respect of the year ended 31 March 2015

² Mr Mpinga departed from the Company on 10 June 2015

³ Mr Morris and Mr Botha resigned from the Board on 5 June 2015

⁴ Salary for Mr Kwan was increased with effect from 1 July 2014

⁵ Mr Mashanyare and Mr Kudenga were appointed directors on 9 December 2014 and retired from the Board on 10 June 2015

⁶ The fees payable to Mr Morris, Mr Botha, Mr Ning and Mr Hu were changed with effect from 1 April 2014

⁷ These individuals did not serve as directors during the current financial year

⁸ Benefits in kind relate to medical insurance and pension contributions for Mr Kwan and medical insurance, pension contributions and security services for Mr Mpinga

Contributions in lieu of Directors' pensions were as follows:

	2015 \$'000	2014 \$'000
Director		
Kalaa Mpinga	53	60
Yim Kwan	26	—
Donald McAlister ¹	—	25
Total	79	85

¹ This individual did not serve as a director during the current financial year

DIRECTORS' SHARE INTERESTS

Details of the share interests or beneficial interests of the Directors who were in office during the current year or prior year are as follows:

	Ordinary shares of 1p each at 31 March 2015		Ordinary shares of 1p each at 31 March 2014	
	Number	%	Number	%
Palanka Trust ¹	16,227,260	1.16	16,227,260	1.16
KatemaMukubayi Trust ²	19,981,415	1.43	19,981,415	1.43
Kalaa Mpinga ³	4,000,000	0.29	3,000,000	0.21
Stuart Morris	3,000,000	0.21	2,409,090	0.17
Johan Botha	954,545	0.07	954,545	0.07
Yat Hoi Ning ⁴	406,133,544	29.10	406,133,544	29.10
Yuan Ching Hu	454,545	0.03	454,545	0.03
Oliver Baring ^{5,7}	2,652,976	0.18	2,652,976	0.18
Donald McAlister ⁷	1,000,000	0.07	1,000,000	0.07
John Anderson ⁷	1,190,909	0.09	1,190,909	0.09
Etienne Denis ^{6,7}	1,454,545	0.10	1,454,545	0.10
Total	457,049,739	32.73	455,458,829	32.61

¹ Mr Mpinga controls the voting rights in Palanka Trust

² Related to Mr Mpinga

³ In addition to the shares in Mwana Africa PLC, Mr Mpinga also holds 666,667 shares in BNC. This equates to 0.06% in BNC

⁴ Includes 299,424,282 shares held by China International Mining Group Corporation, a company in which Mr Ning has an interest

⁵ Held through Mr Baring's personal pension fund

⁶ Includes 454,545 shares held by Sapiensa SARL, a company in which Mr Denis has an interest

⁷ These individuals did not serve as directors during the current financial year

DIRECTORS' REMUNERATION REPORT

DIRECTORS' SHARE OPTIONS

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of the interests in shares held under option of the Directors in office during the current and/or prior years are shown below:

Director	Options held at 31 March 2014	Options granted during the year	Options lapsed/ cancelled during the year	Options exercised during the year	Options held at 31 March 2015	Exercise price ¹	Latest expiry date
Unapproved options – 1997 Scheme							
Kalaa Mpinga	1,000,000	–	(1,000,000)	–	–	79p	12/07/2014
Total	1,000,000	–	(1,000,000)	–	–		
Unapproved options – 2007 Scheme							
Kalaa Mpinga	20,000,000	–	–	–	20,000,000	10p	10/12/2022
Yim Kwan ²	3,000,000	–	–	–	3,000,000	1.6p	03/10/2023
Oliver Baring ³	2,800,000	–	(2,800,000)	–	–	9p	30/09/2014
Donald McAlister ³	7,679,684	–	–	–	7,679,684	7p	10/12/2022
Total	33,479,684	–	(2,800,000)	–	30,679,684		
Approved options – 2007 Scheme							
Donald McAlister ³	574,861	–	–	–	574,861	9p	10/12/2022
Total	574,861	–	–	–	574,861		
Grand total	35,054,545	–	(3,800,000)	–	31,254,545		

¹ Exercise price is the weighted average of all share options held based on the price at the grant date

² Presented from the date of appointment as a Director

³ These individuals did not serve as directors during the current financial year – The options are still held by these previous directors

No share options were exercised during the current or prior year.

The intrinsic values of all options which have vested during the year were nil (2014: nil).

No options have been awarded to Directors between the year end and the signing of these accounts.

The market price of the Company's shares on 31 March 2015 was 1.8 pence (2014: 1.5 pence) per ordinary share and the highest and lowest share prices during the year were 4.09 pence (2014: 4.65 pence) and 1.15 pence (2014: 1.1 pence) respectively.

The agreements covering directors' options are available for inspection at the Company's registered office: 1 Catherine Place, London, SW1E 6DX. The Company's register of Directors' interests (which is also open to inspection) contains full details of the Directors' shareholdings and options to subscribe.

Signed on behalf of the Board by:

YIM KWAN
Finance Director

29 July 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

TO THE SHAREHOLDERS OF MWANA AFRICA PLC

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as endorsed by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as endorsed by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Copies of the annual accounts for the year ended 31 March 2015 will be sent to shareholders shortly and will be available from the Company's office at 1 Catherine Place, London, SW 1E 6DX, United Kingdom, and at the Company's website www.mwanaafrica.com.

On behalf of the Board:

YIM KWAN
Finance Director

29 July 2015

STATEMENT OF CORPORATE GOVERNANCE

The directors support the principles of good corporate governance. While not mandatory for an AIM company, the directors have implemented, where practical for a company of this size and nature, certain provisions of the principles of good governance and code of best practices set out in the UK Corporate Governance Code. The disclosures presented herein are limited and are not intended to constitute a corporate governance statement as prescribed by the Disclosures and Transparency Rules or the Companies Act.

The Board has also considered the guidance published by the Financial Reporting Council concerning the internal control requirements of the UK Corporate Governance Code, in line with the Turnbull Report. The Board regularly reviews key business risks, via a number of properly constituted committees, in addition to the financial risks facing the Group in the operations of the business.

THE BOARD

The Board meets at least quarterly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, planning, budgets, acquisitions, risk, and environmental management.

During their tenure, Non-executive Directors Mr Stuart Morris, Mr Johan Botha, Mr Ngoni Kudenga and Mr Herbert Mashanyare were considered by the Board to be independent of management and free from any business or other relationship which could materially affect the exercise of their independent judgement. Since their appointment Dr Scott Morrison, Ms Anne-Marie Chidzero, and Messrs Mark-Wellesley Wood and Olivier Barbeau have been considered by the Board to be independent of management and free from any business or other relationship which could materially affect the exercise of their independent judgement. Messrs Yat Hoi Ning and YC Hu have an interest in the Group's largest shareholder China International Mining Group Corporation.

Directors have the facility to take external independent advice in furtherance of their duties at the Group's expense and have access to the services of the Company Secretary.

The Board delegates certain of its responsibilities to the Audit, Remuneration, Nomination, Corporate Social Responsibility and Health and Safety, and Technical Committees under clearly defined terms of reference. Note that the Technical Committee has been replaced by the Corporate Social Responsibility and Health and Safety Committee after year end, as the Board has the intention of establishing a technical services company to attend to this aspect of the Board responsibilities.

AUDIT COMMITTEE

The Audit Committee meets at least twice during the year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, and for meeting the auditors and reviewing the auditors' reports relating to the accounts. The Committee also recommends the appointment of, and reviews the fees of, the external auditors. It meets once a year with the auditors without executive Board members present. As at 31 March 2015, the Audit Committee comprised two Non-executive Directors, Mr Stuart Morris (Chairman) and Mr Ngoni Kudenga. Mr Morris retired from the Board on 5 June 2015 and Mr Kudenga was removed from the Board on 9 June 2015 following a resolution at the extraordinary general meeting.

The new Non-executive Chair of the Audit Committee following the updates to the Board is Mr Olivier Barbeau and its new members are Non-executive Directors Dr Scott Morrison and Mark Wellesley-Wood. The Finance Director of the Company may be included by invitation only.

REMUNERATION COMMITTEE

The Remuneration Committee meets at least twice per year. It reviews the performance of the executive directors and sets and reviews the scale, structure and basis of their remuneration and the terms of their service agreements paying due regard to the interest of shareholders as a whole and the performance of the Company. The Remuneration Committee as at 31 March 2015 comprised two Non-executive Directors, Mr Johan Botha (Chairman) and Mr Stuart Morris. Both Messrs Botha and Morris retired from the Board after year end. The Directors' Remuneration Report appears on pages 32 to 36.

The new Non-executive Chair of the Remuneration Committee, following the updates to the Board, is Mr Mark Wellesley-Wood. Its new members are Non-executive Director Dr Scott Morrison and Executive Chairman Mr Yat Hoi Ning.

NOMINATION COMMITTEE

The role of the Nomination Committee is to recommend any new appointment of directors to the Board, based on the merits of the candidates and the relevance of their background and experience. It periodically reviews the structure, size and composition of the Board.

The Committee comprises at least three members, two of whom shall be non-executive directors. As at 31 March 2015, the Committee was chaired by the Chairman of the Board, Mr Stuart Morris, with Mr Johan Botha as the other Non-executive member and Mr Kalaa Mpinga was also a member.

The Nomination Committee met twice during the year. The appointments of Mr Ngoni Kudenga and Mr Herbert Mashanyare as Non-executive Directors were considered and approved by the full Board, and they were therefore members of this Committee as at 31 March 2015. Both Messrs Kudenga and Mashanyare were removed from the Board on 9 June 2015 as the result of a resolution at the extraordinary general meeting held on that date.

The new Non-executive Chair of the Nomination Committee following the updates to the Board is Mr Mark Wellesley-Wood. Its new members include Non-executive Director Dr Scott Morrison and Executive Chairman Mr Yat Hoi Ning.

TECHNICAL COMMITTEE

The role of the Technical Committee is to review budgets and to make recommendations to the Board on the technical aspects of the various projects in which the Company has an interest.

The Committee comprises at least three members, two of whom shall be non-executive directors. As at 31 March 2015, the Committee was chaired by Mr Johan Botha and Mr Herbert Mashanyare is the other Non-executive member of the Committee. The Committee may invite other individuals to attend and has done so. The Technical Committee was established in March 2015 and has met twice since then.

The Technical Committee has been replaced by the Corporate Social Responsibility and Health, Safety and Environmental Committee.

CORPORATE SOCIAL RESPONSIBILITY AND HEALTH AND SAFETY COMMITTEE

This is a new Committee established subsequently to the extraordinary general meeting. The role of the Corporate Social Responsibility and Health, Safety and Environmental Committee is firstly, to review corporate social responsibility projects and budgets, and to make recommendations to the Board on the aspects of the various projects in which the Company has an interest. Secondly, it is the Committee's responsibility to ensure that health and safety and environment objectives are set and met by the Company as well as those of the various projects in which the Company has an interest.

The Committee comprises at least three members, all of whom shall be Non-executive directors. The Committee will be chaired by Non-executive Director Ms Anne-Marie Chidzero and its members will be Mr Olivier Barbeau and Dr Scott Morrison. The Committee may invite other individuals to attend and has done so.

INTERNAL CONTROLS

The directors have overall responsibility for the Group's internal control effectiveness in safeguarding the assets of the Group. Internal control systems are designed to identify and mitigate the particular type of business, operational and safety risks to which the Group is exposed. Internal controls can only provide a reasonable, but not absolute assurance against material misstatements or loss.

The Board reviews the effectiveness of the internal controls through the Audit Committee and through executive management reporting to the Board. Business plans, budgets and authorisation limits for the approval of significant expenditure, including investments are appraised and approved by the Board. The Board also seeks to ensure that there is a proper organisational and management structure with clear responsibilities and accountability.

It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group.

The Company complies with rule 21 of the AIM Rules for Companies regarding dealings in the Company's shares and has adopted a share dealing code to ensure compliance by the directors and applicable employees.

SHAREHOLDER RELATIONSHIPS

During the year the Executive Directors met frequently with shareholders and the investment community. This included formal road shows and presentations, one-to-one meetings, analysts meetings and press interviews. The Chief Executive Officer and Finance Director regularly brief the Board on these contacts and relay the views expressed.

ANTI-BRIBERY AND CORRUPTION

Following introduction of the UK Anti-Bribery & Corruption Act, the Board introduced a Group policy in relation thereto. The Board takes a zero tolerance approach to bribery and corruption and will uphold all laws relevant to countering bribery and corruption in all jurisdictions in which the Group operates. The Board expect the highest standard of personal and professional behaviour from all employees within the Group and from external contractors and third parties working or performing services on behalf of the Group. The Board will not tolerate any incidence of bribery and will take action against anyone employed within the Group, or associated with the Group, who commits bribery.

The Group's policy on bribery and corruption has been communicated to all employees and contractors.

The Board has delegated oversight of the policy to the Audit Committee and has appointed the Finance Director to act as the Group's anti-bribery compliance officer.

The Group regularly monitors and investigates all allegations of fraud and bribery and corruption and reports on all issues arising to the Board.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MWANA AFRICA PLC

We have audited the financial statements of Mwana Africa PLC for the year ended 31 March 2015 set out on pages 42 to 83. The financial reporting framework that has been applied in their preparation is applicable law 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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of directors' responsibilities set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER – GOING CONCERN

In determining the form of our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the Group's and the Company's ability to continue as a going concern, in particular the substantial achievement of forecasts in the light of uncertainties linked to commodity market conditions and political and indigenisation risks in Zimbabwe, together with the uncertainties surrounding the re-start of the smelter at BNC and the renewal of sufficient overdraft facilities to continue planned activities. These conditions, along with other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt as to the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

EMPHASIS OF MATTER – CARRYING VALUE OF COMPANY INVESTMENTS

In determining the form of our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 22 to the financial statements concerning the carrying value of the investments held by the Company in Zimbabwean operations of \$96.7m. As disclosed in note 22, there are uncertainties linked to the implementation of the Indigenisation Law in Zimbabwe. The possible impact of this law is uncertain and causes doubts over the carrying value of the investments held by the Company. The financial statements do not include the adjustments that would result from the impact of the Zimbabwean indigenisation legislation on the carrying value of the investment held by the Company.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

JULIETTE LOWES**Senior Statutory Auditor**

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf

29 July 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$'000	2014 \$'000
Revenue	8	152,316	142,460
Cost of sales	10	(93,483)	(76,123)
Gross profit		58,833	66,337
Other income		1,923	620
Freight and insurance expenses		(9,225)	(9,977)
Royalties and selling expenses		(8,568)	(9,848)
General and administrative expenses		(15,131)	(11,240)
Care and maintenance expenses		(1,518)	(1,890)
Corporate expenses		(6,952)	(6,442)
Operating profit		19,362	27,560
Retrenchment and restructuring expenses ¹		(677)	(2,004)
Dividends received		59	–
Loss on sale of assets		(81)	(1,636)
Fair value adjustment	22	(24)	(6)
Foreign exchange gain		127	1,055
EBITDA ²		18,766	24,969
Impairment loss	35	(749)	(671)
Impairment reversal	35	5,075	27,987
Depreciation	20	(8,146)	(7,631)
Finance income	15	764	319
Finance expense	15	(841)	(1,033)
Net profit before income tax		14,869	43,940
Income tax (expense)/credit	16	(7,850)	6,655
Net profit for the year		7,019	50,595
Net profit attributable to:			
Owners of the Parent		3,557	36,605
Non-controlling interest	11	3,462	13,990
Net profit for the year		7,019	50,595
Earnings per share			
Basic earnings per share (US cents)	19	0.25	2.89
Diluted earnings per share (US cents)	19	0.25	2.89

All references to page numbers herein are references to the Annual Report on pages 1 to 84. The notes on pages 51 to 83 are an integral part of these consolidated financial statements.

¹ Following a decision in 2014 to mothball operations at Shangani, certain staff retrenchment and one-off costs in respect of restructuring costs were incurred during the current year in respect of Bindura Nickel Corporation. In the prior year, such costs related to restructuring activities in respect of London, Johannesburg and the DRC (SEMHKAT)

² Earnings before interest, impairments, tax, depreciation and amortisation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	2015 \$'000	2014 \$'000
Profit for the year	7,019	50,595
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(40)	(884)
Other comprehensive loss for the year, net of income tax	(40)	(884)
Total comprehensive profit for the year	6,979	49,711
Total comprehensive profit attributable to:		
Owners of the Parent	3,517	35,721
Non-controlling interest	3,462	13,990
Total comprehensive profit for the year	6,979	49,711

These financial statements were approved by the Board of directors on 29 July 2015 and were signed on its behalf by:

YAT HOI NING
Executive Chairman

YIM KWAN
Finance Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	20	93,907	81,355
Intangible assets	21	69,275	62,986
Investments	22	577	615
Deferred tax assets	17	4,837	19,406
Non-current receivables	23	1,071	2,288
Total non-current assets		169,667	166,650
Current assets			
Inventories	24	17,821	12,994
Trade and other receivables	25	20,382	18,832
Cash and cash equivalents	26	14,023	9,089
Total current assets		52,226	40,915
Total assets		221,893	207,565
EQUITY			
Issued share capital	27	99,572	99,572
Share premium		69,536	69,536
Reserves		96,391	97,157
Accumulated losses		(141,539)	(146,049)
Total equity attributable to equity holders of the parent		123,960	120,216
Non-controlling interest	11	12,202	8,705
Total equity		136,162	128,921
LIABILITIES			
Non-current liabilities			
Loans payable	28	18,910	2,446
Environmental rehabilitation provisions	29	17,629	17,847
Deferred tax liabilities	17	10,289	18,878
Total non-current liabilities		46,828	39,171
Current liabilities			
Trade payables		17,245	15,300
Accruals and other payables	30	16,989	19,745
Loans payable	28	822	1,823
Provisions	31	3,847	2,605
Total current liabilities		38,903	39,473
Total liabilities		85,731	78,644
Total equity and liabilities		221,893	207,565

The notes on pages 51 to 83 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 29 July 2015 and were signed on its behalf by:

YAT HOI NING
Executive Chairman

YIM KWAN
Finance Director

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment		69	34
Investments	22	98,154	97,505
Total non-current assets		98,223	97,539
Current assets			
Trade and other receivables	25	74,887	80,902
Cash and cash equivalents	26	435	1,420
Total current assets		75,322	82,322
Total assets		173,545	179,861
EQUITY			
Issued share capital	27	99,572	99,572
Share premium		69,536	69,536
Reserves		2,207	2,933
Retained earnings		273	3,416
Total equity attributable to equity holders of the Company		171,588	175,457
LIABILITIES			
Current liabilities			
Accruals and other payables		1,957	4,404
Total liabilities		1,957	4,404
Total equity and liabilities		173,545	179,861

These financial statements were approved by the Board of directors on 29 July 2015 and were signed on its behalf by:

YAT HOI NING
Executive Chairman

YIM KWAN
Finance Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit before income tax		14,869	43,940
Adjustments for:			
Foreign exchange movements		(127)	(1,055)
Depreciation		8,146	7,631
Fair value adjustments		24	6
Charge in relation to share-based payments		216	512
Decrease in rehabilitation provisions		(42)	(1,046)
Increase/(Decrease) in other provisions		1,242	(9,947)
Increase in environmental assets		(72)	–
Increase in bad debts provision		1,491	–
Impairment loss		749	671
Impairment reversal		(5,075)	(27,987)
Loss on sale of assets		81	1,636
Adjusted profit before tax		21,502	14,361
Movements in working capital:			
Increase in inventories		(4,827)	(1,788)
Increase in trade and other receivables		(3,010)	(10,813)
(Decrease)/Increase in trade and other payables		(811)	9,074
		12,854	10,834
Income tax paid		(1,231)	(4,421)
Net cash from operating activities		11,623	6,413
Cash flows from investing activities			
Additions to property, plant and equipment		(15,881)	(12,770)
Investment in intangible exploration assets		(6,415)	(5,235)
Proceeds from sale of property, plant and equipment		175	49
Net cash used in investing activities		(22,121)	(17,956)
Cash flows from financing activities			
Proceeds from issue of share capital		46	6,990
Share issue expenses		–	(413)
Proceeds from issue of bond		16,400	–
Dividends paid to non-controlling interests		–	(150)
Share issuance to non-controlling interests		–	837
Loans advanced		3,332	–
Loans repaid		(4,269)	(1,827)
Net cash from financing activities		15,509	5,437
Net (decrease)/increase in cash and cash equivalents		5,011	(6,106)
Cash and cash equivalents at beginning of the year		9,089	15,194
Exchange rate movement on cash and cash equivalents at beginning of the year		(77)	1
Cash and cash equivalents at end of the year	26	14,023	9,089

In the prior year, finance income was reclassified from cash flows from operating activities to cash flows from investing activities. Due to the lack of materiality of this figure, in FY2015 it has been presented as part of cash flows from operating activities, and comparative figures have been adjusted to reflect this change.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit before income tax		(4,085)	29,307
Adjustments for:			
Depreciation		21	88
Fair value adjustments		(664)	395
Foreign exchange movements		(481)	(2,234)
Loss on sale of non-current assets		–	1,080
Charge in relation to share-based payments		216	512
Impairment loss /(reversal)		749	(35,044)
Adjusted profit before tax		(4,244)	(5,896)
Movements in working capital:			
Decrease/(Increase) in trade and other receivables		5,762	(972)
(Decrease)/Increase in trade and other payables		(2,447)	63
		(929)	(6,805)
Income tax paid		–	–
Net cash used in operating activities		(929)	(6,805)
Cash flows from investing activities			
Additions to property, plant and equipment		(56)	(10)
Proceeds from sale of non-current assets		–	17
Net cash generated by/(used in) investing activities		(56)	7
Cash flows from financing activities			
Proceeds from issue of share capital		–	6,990
Share issue expenses		–	(413)
Net cash from financing activities		–	6,577
Net decrease in cash and cash equivalents		(985)	(221)
Cash and cash equivalents at beginning of the year		1,420	1,585
Exchange rate movement on cash at beginning of the year		–	56
Cash and cash equivalents at end of the year	26	435	1,420

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital \$'000	Share premium \$'000
Balance as at 1 April 2013	95,162	69,088
Change in non-controlling interest – carrying amount	–	–
Restated balance as at 1 April 2013	95,162	69,088
Profit for the year	–	–
Foreign currency translation differences	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners		
Issue of ordinary shares	4,410	–
Dividends	–	–
Premium on share issue less expenses	–	2,101
Disposal of treasury stock	–	(1,653)
Change in non-controlling interest – carrying amount	–	–
Share-based payment transactions	–	–
Share-based payment reversals	–	–
Total contributions by and distributions to owners	4,410	448
Balance as at 31 March 2014	99,572	69,536
Balance as at 1 April 2014	99,572	69,536
Profit for the year	–	–
Foreign currency translation differences	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners		
Ordinary shares issued to non-controlling interest	–	–
Change in non-controlling interest – carrying amount	–	–
Share-based payment transactions	–	–
Share-based payment reversals	–	–
Total contributions by and distributions to owners	–	–
Balance as at 31 March 2015	99,572	69,536

¹ The treasury stock reserve represents the market value of Mwana Africa PLC shares which were purchased, but not cancelled. This is held at the value on the date of purchase. All of the treasury shares were sold by the Company pursuant to the 20 September 2013 placing

Treasury stock ¹	Translation reserve	Share based payments	Total reserves	Retained earnings	Total equity attributable to equity holders of the Parent	Non- controlling interest	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(1,719)	95,108	3,137	96,526	(177,949)	82,827	(10,793)	72,034
—	—	—	—	(5,280)	(5,280)	5,280	—
(1,719)	95,108	3,137	96,526	(183,229)	77,547	(5,513)	72,034
—	—	—	—	36,605	36,605	13,990	50,595
—	(884)	—	(884)	—	(884)	—	(884)
—	(884)	—	(884)	36,605	35,721	13,990	49,711
—	—	—	—	—	4,410	837	5,247
—	—	—	—	—	—	(750)	(750)
—	—	—	—	—	2,101	—	2,101
1,719	—	—	1,719	—	66	—	66
—	—	—	—	(141)	(141)	141	—
—	—	512	512	—	512	—	512
—	—	(716)	(716)	716	—	—	—
1,719	—	(204)	1,515	575	6,948	228	7,176
—	94,224	2,933	97,157	(146,049)	120,216	8,705	128,921
—	94,224	2,933	97,157	(146,049)	120,216	8,705	128,921
—	—	—	—	3,557	3,557	3,462	7,019
—	(40)	—	(40)	—	(40)	—	(40)
—	(40)	—	(40)	3,557	3,517	3,462	6,979
—	—	—	—	—	—	46	46
—	—	—	—	11	11	(11)	—
—	—	216	216	—	216	—	216
—	—	(942)	(942)	942	—	—	—
—	—	(726)	(726)	953	227	35	262
—	94,184	2,207	96,391	(141,539)	123,960	12,202	136,162

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital \$'000	Share premium \$'000	Treasury stock ¹ \$'000	Share based payments ² \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 31 March 2013	95,162	69,088	(1,719)	3,137	(26,607)	139,061
Loss for the year	–	–	–	–	29,307	29,307
Total comprehensive loss for the year	–	–	–	–	29,307	29,307
Contributions by and distributions to owners						
Issue of ordinary shares	4,410	–	–	–	–	4,410
Premium on share issue less expenses	–	2,101	–	–	–	2,101
Disposal of treasury stock	–	(1,653)	1 719	–	–	66
Share-based payment transactions	–	–	–	512	–	512
Share-based payment reversals	–	–	–	(716)	716	–
Total contributions by and distributions to owners	4,410	448	1,719	(204)	716	7,089
Balance as at 31 March 2014	99,572	69,536	–	2,933	3,416	175,457
Profit for the year	–	–	–	–	(4,085)	(4,085)
Total comprehensive profit for the year	–	–	–	–	(4,085)	(4,085)
Contributions by and distributions to owners						
Share-based payment transactions	–	–	–	216	–	216
Share-based payment reversals	–	–	–	(942)	942	–
Total contributions by and distributions to owners	–	–	–	(726)	942	216
Balance as at 31 March 2015	99,572	69,536	–	2,207	273	171,588

¹ The treasury stock reserve represents the market value of Mwana Africa PLC shares which were purchased, but not cancelled. This is held at the value on the date of purchase. All of the treasury shares were sold by the Company pursuant to the 20 September 2013 placing

² The share-based payments reserve represents the accrued employee entitlements to share awards that have been charged to the income statement, as well as accrued Group employee entitlements that have been debited to investments in subsidiaries

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. REPORTING ENTITY

Mwana Africa PLC ('the Company') is a company domiciled in the UK. The address of the Company's registered office is 1 Catherine Place, London, SW1E 6DX, United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as 'the Group' and individually as 'Group entities') and the Group's interest in jointly controlled entities. The Group primarily is involved in the mining of gold and nickel.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN UNION

The consolidated financial statements of the parent company (the Company) and its subsidiaries (together, the Group) and the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

3. BASIS OF PREPARATION

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 law and International Financial Reporting Standards as adopted by the EU ('IFRSs') and, as regards the 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, having considered the Group's and the Company's current trading activities, funding position and the Zimbabwean environment for the period of at least twelve months from the date of approval of these Financial Statements, consider it appropriate to adopt the Going Concern basis in preparing the Financial Statements for the year ended 31 March 2015.

The Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Review of operations and exploration on pages 16 to 21. The financial position of the Group, its cash flows and liquidity position are as set out in the Financial review on pages 10 to 15.

Ongoing operations

During the year, operations at both BNC and Freda Rebecca have continued successfully and the operating cash inflows from BNC, together with financing raised in the form of a bond to part-fund the restart of the smelter, have significantly improved the Group's cash position and outlook. Despite this, there still remains a number of challenges to ensure that appropriate funding in the form of bank facilities are obtained across the Group when required and certain known risks are managed as set out in more detail below.

The Directors' cash flow forecasts assume:

- An average nickel price of \$16,100 per tonne and average gold price of \$1,250 per ounce; and
- All planned capital expenditure to maintain existing operations, with any additional capital expenditure to be funded from a combination of cash generated from operations and bank overdraft facilities, some of which have yet to be secured.

The Directors are aware that various risks outside the Group's control might impact the validity of their forecasts. These risks include future gold and nickel prices; mining and processing performance; resource and reserve risks; and customer risks in addition to the political and indigenisation risks in Zimbabwe (refer to page 30 of the Directors' Report and note 22) which may constrain the ability of the Company to control the movement of cash between entities or receive dividends.

Nickel prices in particular have been historically volatile, however, absent a structural change in the market, forecasts are considered to be achievable. Reasonably expected variations in nickel price would not cause the going concern assumption to be inappropriate. Although the gold price has too been depressed in recent times, reasonably expected variations in the gold price would also not cause the going concern assumption to be inappropriate.

BNC smelter re-start

The Directors' cash flow forecasts assume:

- Completion of the smelter restart at BNC utilising bond funds raised prior to year end of \$16.4m. A further \$3.6m in funds were outstanding at year end, but \$1.5m of the outstanding funding was received by BNC in early July 2015, and, in a signed letter of commitment, the investor has indicated that the balance will be transferred by the end of September 2015. Steps have already been taken to begin the re-start programme with \$2.4m having been spent during the current financial year; and
- A cost review, yet to be undertaken, will reduce the smelter project costs by some \$2.3m.

Although at present BNC has had a number of discussions and offers in terms of an offtake agreement for the nickel leach alloy to be produced by the smelter, it does not as yet have a signed offtake agreement. However, BNC and Mwana have no reason to believe that a favourable agreement will not be reached within the desired timeframes. Therefore, the cash flow models presented include estimated cash flows to be received from a potential offtake agreement.

BNC will not under the current model fully utilise the capacity of the smelter from Trojan produced nickel in concentrate. There is an opportunity for other nickel producers to provide feed into the smelter. The cash flow projections presented include cash flows to be received from a potential feed agreement based on terms reasonably assumed.

If the planned smelter project cost savings cannot be achieved or satisfactory terms obtained for the output then the Board may need to delay the commissioning of the smelter by a few months. It is not anticipated that a delay of this length would have a material impact on the group cash flows. However, if the delay were to be extended for a much longer period, indications are that whilst the cashflows generated from the mining operations alone would be sufficient to fund all cashflow obligations as they fall due within the 12 month period from the date of signing of these financial statements there could be cash constraints beyond this period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

3. BASIS OF PREPARATION CONTINUED

Funding and corporate operations

The Directors' cash flow forecasts include costs relating to group restructuring decisions taken in June 2015, with assumptions over the timing of such payments, and negotiation of settlement with the former CEO.

Freda Rebecca has an overdraft facility of \$4m that falls due for repayment in December 2015, and BNC has an overdraft facility of \$7m that will fall due in May 2016, both of which fall into the period under consideration. Although not formally agreed to as yet by the banks providing the overdraft facilities, Mwana has no reason to believe that the overdraft facilities will not be renewed. The Group is dependent on obtaining or renewing these bank facilities in order to fund its planned activities and meet its obligations as they fall due. Should one or more of these facilities not be obtained then the Group would have to consider the possibility of undertaking a fund raising through a rights issue to shareholders.

The cash needs of Mwana Africa PLC are assumed to be met from payments of management fees and loan repayments by both BNC and Freda Rebecca, which are currently projected to be \$20.8m. Should it become necessary for Mwana Africa PLC to cut back further on costs to the bare minimum, this would require a minimum cash outflow of \$13.5m in the 18 month period from the date of signing of these financial statements. This is needed to sustain its corporate expenses; maintenance of the license fees in respect of the Zani Kodo and SEMHKAT projects; ongoing Klipspringer Diamond Mine care and maintenance expenses not funded from internal revenues generated; one off restructuring and related retrenchment costs from the recent corporate restructuring after the EGM on 9 June 2015; and other potential retrenchment costs at the exploration projects, farming and other smaller projects resulting from such a curtailment.

The Directors consider that they have a number of actions available to them in the event of any of these uncertainties eventuating, including the possibility of carrying out a rights issue to shareholders. The Company has already taken significant steps to reduce costs across the Group at both operational and corporate levels and as such is confident that the projected cash costs and savings for the coming period can be achieved.

Conclusion

These Directors' cash flow forecasts indicate that the Group will have sufficient cash available to continue in operation for at least a year from the date of approval of these financial statements. Whilst the Board believes that it is reasonable to assume that the uncertainties noted above will not result in a cash shortage for planned activities it cannot confirm with certainty that cash shortages will not arise requiring alternative spending plans to be required.

In line with other mining companies the Group retains a high degree of flexibility over its expenditure and will continue to pursue alternative funding options for its main exploration projects from time to time including potential farm-out or joint arrangements where appropriate.

The Directors recognise that the combination of these circumstances represents a material uncertainty that may cast significant doubt as to the Company's and the Group's ability to continue as a going concern and that therefore the Company and the Group may be unable to realise all their assets and discharge all of their liabilities in the normal course of business.

The Directors, after making enquiries and considering the uncertainties described above, believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the Going Concern basis in preparing the Annual Report and financial statements and 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 entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition, and are presented immediately after the shareholder's equity section of the Consolidated Balance Sheet.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests exist in less than wholly-owned subsidiaries of the Company and represent the outside interest's share of the carrying values of the subsidiaries. When the subsidiary company issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's share of the proceeds and the carrying value of the underlying equity. If the change in ownership does not result in loss of control, it is accounted for as an equity transaction.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. The joint arrangements are classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

3. BASIS OF PREPARATION CONTINUED

Application of the equity method to associates and joint ventures

- Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence [or joint control] commences until the date that significant influence [or joint control] ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Joint operations

- Where the Group is a party to a joint operation, the consolidated financial statements include the Group's share of the joint operation's assets and liabilities, as well as the Group's share of the entity's profit or loss and other comprehensive income, on a line-by-line basis.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Inter-group balances and transactions and any unrealised income and expenses arising from inter-group transactions are eliminated in the consolidated financial statements.

COMPANIES WITH DIFFERENT YEAR ENDS THAN THE PARENT COMPANY

The following DRC subsidiaries of Mwana Africa PLC have 31 December year ends as required by DRC legislation, but have been consolidated into the Group accounts using their 31 March 2015 financial results:

- Mwana Africa Congo Gold SARL (Zani Kodo);
- Société d'exploration Minière du Haut Katanga SARL (SEMHKAT);
- MUVA SARL; and
- Mizako SARL.

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Derivation of assumptions used in the estimation of the recoverable values of assets requires a significant amount of judgement. The assumptions underlying the estimated recoverable values include, amongst others, the technical performance, revenue, operating costs and discount rate (for discounted cash flow based valuations), and are based on management's best judgements at the date of signing the accounts.

The life of mine periods used for the purpose of calculating estimated recoverable values are based on Resources and Reserves. These judgements used by management correspond to realistic scenarios taking into account the information available. The impairment note discloses a sensitivity analysis with regard to the assumptions which the Board deems most susceptible to variances against forecast.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

PROPERTY, PLANT AND EQUIPMENT (NOTE 20); INCLUDING:

Assets' useful lives and depreciation rates for property, plant and equipment and mineral interests

Depreciation, depletion and amortisation rates are calculated on a straight-line basis based on the estimated assets' useful lives.

Should the assets' useful lives differ from the initial estimate, an adjustment would be made. The assets' useful lives are estimated based on the shorter of the life of the mine and the useful life of the specific component of the asset. Mwana utilises independent asset valuers to determine the residual value of property, plant and equipment assets, and any material movement in the residual value is accounted for as a change in estimate in terms of IAS 8.

Commencement of commercial/operating level production

As a mine is developed and until it reaches an operating level that is consistent with the use intended by management, costs incurred are capitalised as property, plant and equipment. The Company exercises judgement to determine the commencement of commercial production that is defined as the date when a mine achieves a sustainable level of production that provides a basis for a reasonable expectation of profitability along with various qualitative factors including but not limited to the achievement of mechanical completion, whether production levels are sufficient to be at least capable of generating sustainable positive cash flow, and whether the product is of sufficient quantity to be sold.

Deferred tax (note 17)

In assessing the probability of realising deferred tax assets management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognised. Also, future changes in tax laws could limit the Company from realising the tax benefits from the deferred tax assets. The Company reassesses unrecognised deferred income tax assets at each reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS CONTINUED

INVENTORIES (NOTE 24)

The assumptions used in the valuation of work-in-progress and finished goods inventories include estimates of gold contained in the leach tanks, the amount of gold in the mill circuits, recovery percentage and the estimation of the gold price expected to be realised when the gold is recovered.

REHABILITATION PROVISIONS (NOTE 29)

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Rehabilitation liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon rehabilitation of the mine site. Such estimates are subject to change based on changes in laws and regulations, technology and negotiations with regulatory authorities.

PROVISIONS (NOTE 31)

The use of estimates regarding the probability of the outflow of economic benefits as well as whether the Company has an obligation which needs to be settled.

SHARE-BASED PAYMENTS (NOTE 33)

The use of valuation models to fair value share-based payments require assumptions regarding the estimated term of the option, share price volatility and expected dividend yield.

5. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

FOREIGN CURRENCIES

(a) Functional and presentation currency

The individual financial statements of each Group entity are prepared in its functional currency, which is the currency of the primary economic environment in which that entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into US dollars, which is the presentational currency of the Group.

(b) Reporting foreign currency transactions in functional currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

- foreign currency monetary items are re-translated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or re-translation of monetary items are recognised in the income statement;
- non-monetary items measured at historical cost in a foreign currency are not re-translated; and
- exchange differences arising on the re-translation of non-monetary items carried at fair value are included in the income statement except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in the other comprehensive income, in which case any exchange component of that gain or loss is also recognised directly in equity.

The Directors have prepared the financial statements on the basis of their judgement that the functional currency under IAS 21 of the Group's Zimbabwean subsidiaries is the US dollar. The Directors judge that the functional currency of these subsidiaries is the US dollar, based on revenue, capital expenditure and the majority of costs being denominated in US dollars.

(c) Translation from functional currency to presentational currency

When the functional currency of a Group entity is different from the Group's presentational currency (US dollars), its results, financial position and cash flows are translated into the presentational currency as follows:

- assets and liabilities are translated using exchange rates prevailing at the balance sheet date;
- income and expense items are translated at average exchange rates for the year, except where the use of such an average rate does not approximate the exchange rate at the date of the transaction, in which case the transaction rate is used;
- all resulting exchange differences are recognised in translation reserves as a separate component of equity and are recognised in the income statement in the period in which the foreign operation is disposed of; and
- cash flows are translated using average exchange rates during the period and the effect of exchange rate changes on the balances of cash and cash equivalents is presented as part of the reconciliation of movements therein.

INTANGIBLE ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

All expenditure directly related to mineral exploration is capitalised on a project-by-project basis, pending the determination of the feasibility of the project. Exploration costs include certain administration and salary costs. If a project is ultimately deemed commercially and technically viable, the related exploration costs remain capitalised and are reclassified to tangible assets whilst the asset is developed, and are then written off over the life of the estimated ore reserve on a unit-of-production basis. If it is determined that a project is not expected to be successful, whether relinquished, abandoned or uncommercial, the related exploration costs are written off.

Once a decision is made to develop then the related exploration and evaluation costs are transferred from intangible to tangible assets.

Depreciation of property, plant and equipment used in exploration activities is capitalised to intangible exploration and evaluation assets.

For the purpose of impairment assessment, capitalised exploration and evaluation expenditures are allocated to the cash generating units on the basis of the exploration field in which the costs have been incurred.

5. ACCOUNTING POLICIES CONTINUED

PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure, including borrowing costs, are capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Cost includes expenditure that is directly attributable to the acquisition or development of the asset.

Capitalised mine development costs include expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and, to build or expand the capacity of a mine or to enhance its future economic benefits.

Development projects are stated at cost, net of depreciation and any provision for impairment. The costs capitalised under development projects will include an allocation of salary costs, materials and any other costs directly attributable to the project. This does not include administration and general expenses which would have been incurred irrespective of whether the project was taking place.

Any sales taking place within the development project period would be shown as revenue with corresponding costs allocated to cost of sales.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capitalised cost, from the date that commercial production is reached.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, as set out below:

- **Mining assets:** mining assets consists of plant and equipment used in mining operations and is depreciated at varying rates on a straight-line basis over the expected useful lives (defined by reference to the life of mine), which range from 3 to 17 years. It also includes capitalised mine development costs and development projects:
The Group's policy is to depreciate the cost in equal instalments over the estimated economic life of the project. These costs are depreciated from the date on which commercial production begins.
- **Smelter and refinery assets:** smelter and refinery assets are depreciated at varying rates on a straight-line basis over the expected useful lives, which range from 5 to 40 years.
- **Plant and equipment and motor vehicles:** plant and equipment and motor vehicles are depreciated on a straight line basis over their estimated useful lives at the annual rate of 10% and 20% respectively.
- **Buildings:** buildings are depreciated on a straight-line basis over the expected useful lives, currently 40 years.
- Depreciation is generally recognised in profit and loss, unless the amount is included in the carrying amount of another asset.
- Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Impairment

(a) Non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Exploration and evaluation assets are also assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

An impairment loss is recognised to the extent that the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or CGU is the higher of i) its fair value less costs to sell and ii) its value in use, which is the present value of the future cash flows expected to be derived from the asset or CGU, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the asset or CGU. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. It usually corresponds to the exploration field or the production unit.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment relating to other assets are recognised in the income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

5. ACCOUNTING POLICIES CONTINUED

IMPAIRMENT CONTINUED

(b) Non-derivative financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been de-recognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

The Company assesses for impairment the value of its investments in and loans to its subsidiaries when there are indicators of impairment.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement. An impairment loss in respect of goodwill is not reversed.

FINANCIAL INSTRUMENTS

(a) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they originate. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit and loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(b) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date that the Group becomes a party to the contractual provisions of the instrument.

The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

INVESTMENTS

Joint arrangements

The Group holds a 70.47% (2014: 69.77%) interest in the Klipspringer Diamond Mine, and this has been disclosed as a joint operation in accordance with IFRS 11, and the assets, liabilities, income and expenses of which are consolidated on a proportional basis.

INVESTMENTS IN SUBSIDIARIES

The Company has investments in its various subsidiaries. These are accounted for at cost less impairment, with the exception of the Company's interest in listed entities, which are carried at fair value. All inter-group loans are repayable on demand or at arm's length basis.

5. ACCOUNTING POLICIES CONTINUED

INVENTORIES

Inventories are measured 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 which includes quantities of gold in process, cost includes an appropriate share of production overheads based on normal capacity.

Net realisable value is calculated based on market prices prevailing as at the year end less costs to sell.

REHABILITATION PROVISION

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental management plans in compliance with current technology, environmental and regulatory requirements.

On initial recognition, the net present value of estimated future decommissioning costs are capitalised to property, plant and equipment and the concomitant provisions are raised. These estimates are reviewed annually and discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Any increases in such revised estimates are capitalised to property, plant and equipment while decreases in estimates are recognised as an impairment of the asset in the period in which they are incurred.

REVENUE RECOGNITION

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue represents the sale of gold, nickel and diamonds net of discounts and taxes. Revenue also includes toll refining and processing of material on behalf of, or purchased from, non-group companies.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards and measurement varies depending on the item sold, which occurs as follows:

- Revenue from the sale of gold is based on the spot price on the date of delivery, which is also the point at which the Company recognises the revenue for gold sales.
- Revenue from the sale of nickel is recognised on delivery and the measurement based on the international market price of nickel.
- Diamond revenue is based on negotiated prices and recognised on delivery.

LEASES

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

The Group has not entered into any finance lease arrangements.

EMPLOYEE BENEFITS

(a) Defined contribution pension scheme

Certain companies in the Group operate defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund is available or a reduction in future payments is available.

(b) Share-based payments

The share option programmes allow employees to acquire shares of the Company. The grant-date fair value of the share-based payment award is recognised as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

5. ACCOUNTING POLICIES CONTINUED

TAXATION

The tax expense represents the sum of the current tax (including withholding tax) and deferred tax.

(a) Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Current tax also includes any tax liability arising from withholding tax on dividends.

(b) Deferred tax

Deferred tax is measured on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the associated deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

6. REVISED AND AMENDED STANDARDS AND INTERPRETATIONS

STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE EFFECTIVE

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

Standard	Summary of changes and impact on Mwana Africa
IFRS 10 Consolidated Financial Statements – EU effective date 1 January 2014	Part of a new suite of standards on consolidation and related standards, replacing the existing accounting for subsidiaries and joint ventures (now joint arrangements), and making limited amendments in relation to associates. The impact of this statement on Mwana Africa was minimal and related to updating of disclosures.
IFRS 11 Joint Arrangements – EU effective date 1 January 2014	As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. No modifications of previous conclusions about joint arrangements were required. The impact of this change is shown in further detail in the investments section of note 5.
IFRS 12 Disclosure of Interests in Other Entities – EU effective date 1 January 2014	Part of a new suite of standards on consolidation and related standards, replacing the existing accounting for subsidiaries and joint ventures (now joint arrangements), and making limited amendments in relation to associates. The impact of this statement on Mwana Africa was minimal and related to updating of disclosures on the joint operation at the Klipspringer Diamond Mine.
Transition guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12 – EU effective date 1 January 2014	The amendments simplify the transition to these new standards and provide additional relief from disclosures related to consolidated financial statements, joint arrangements and interests in other entities. The amendment did not have an impact on Mwana Africa other than minor disclosure changes.
IAS 27 Separate Financial Statements (2011) – EU effective date 1 January 2014	IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The impact of this statement on Mwana Africa was minimal and related to updating of disclosures.
IAS 28 Investments in Associates and Joint Ventures (2011) – EU effective date 1 January 2014	Amendment related to the measurement of the retained interest in associates and joint ventures held for sale, and changes in interests held in associates and joint ventures. The impact of this statement on Mwana Africa was minimal and related to updating of disclosures on the joint operation at the Klipspringer Diamond Mine.

6. REVISED AND AMENDED STANDARDS AND INTERPRETATIONS CONTINUED

STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following new, revised and amended standards and interpretations have been issued and endorsed by the EU unless otherwise stipulated, but are not yet effective and have not been adopted by the Group in these consolidated financial statements.

Standard	Summary of changes and impact on Mwana Africa
Amendments to IAS 19 (Defined Benefit Plans: Employee Contributions) – EU effective date 1 February 2015	The amendment permits certain contributions to be recognised as a reduction of the service cost in the period. There will be no impact on Mwana as there are no defined benefits plans in place within the Mwana group.

7. FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group has exposure to the following risks in relation to its operating and financial activities:

- credit risk,
- liquidity risk,
- market risk, and
- currency risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included within note 34.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The subsidiaries report regularly to the Board of Directors on their activities and their risk management procedures.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Company's cash balances are held in investments and with institutions considered by the directors to have a low risk of default. The Group's policy on credit risk is to seek, to the extent possible, to deal with customers with a strong financial position, and to ensure that appropriate measures are taken to reduce the level of counterparty credit risk. Such measures may include limiting shipments of material while balances are outstanding, requesting the use of bank and/or corporate guarantees, and, where appropriate, retention of amounts owed by the Group to its counterparties by way of offset against amounts owed to the Group. At year end, the Group's principal customers are Fidelity Printers and Refineries who purchases gold production from Freda Rebecca, as well as Glencore who purchases nickel production from BNC.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due and is measured by reference to cash levels and forecasted cash flows. The Group's approach to managing liquidity is to seek to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its current and forecasted cash and cash equivalents positions to ensure that it will be able to meet its financial commitments.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices will affect the Group's income. The Group's earnings are exposed to movements in the prices of gold, nickel, and diamonds that it produces. The Group is also exposed to movements in interest rates on cash and cash equivalents as well as the risk related to market price of the investments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's policy is to hedge commodity price risk, but this has not yet been implemented in the Group. Consequently, as at 31 March 2015 and during the year, the Group did not have any long term commodity price hedges in place.

CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk arising from transactions and investments that are denominated in currencies other than the US dollar, including pound sterling and the South African rand. Such risks include the effect of movements in exchange rates on the Group's forecasts of capital and operating expenditure, and on the Group's forecasts of revenue. The Group's policy is not to hedge currency risk. Consequently, as at 31 March 2015 and during the year, the Group did not have any currency hedges in place.

GUARANTEES

The Group's policy is to provide financial guarantees only to subsidiaries. At 31 March 2015, the Company has issued a guarantee to bond holders in respect of the full amount of the Bindura Nickel Corporation Ltd bond (see note 38).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

7. FINANCIAL RISK MANAGEMENT CONTINUED

CAPITAL MANAGEMENT

The Group considers its capital to be equal to the sum of its total equity. The Board is committed to maintaining a capital base that maintains creditors' confidence in Mwana's ability to meet its commitments.

The Company's primary objectives when managing its capital are:

- to ensure that the Company is able to operate as a going concern;
- to have available both the necessary financial resources and the appropriate equity to allow the Company to make investments including, where necessary, further investment in existing subsidiaries, that will deliver acceptable future returns to the Company's shareholders; and
- to maintain sufficient financial resources to mitigate against risks and unforeseen events.

There were no changes in the Company's approach to capital management in the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

8. SEGMENTAL INFORMATION

The Group has four reportable segments, as described below, which are the Group's strategic business units, along with the corporate segment.

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 partially on care and maintenance
- **Diamonds:** Diamond mining activities currently on care and maintenance
- **Exploration:** Gold and base metal exploration activities

In prior years, all figures in the below tables were presented net of consolidation entries. In the current year, actual figures before consolidation entries are shown in order to improve comparability with the underlying financial statements of subsidiaries. Through the addition of a new column entitled "Consolidation Entries", these figures may then be tied back to the Group's financial statements. Thus, comparative figures may differ to those reported in prior years.

"Consolidation entries" refers to those consolidation adjustments required in respect of subsidiary figures when they are incorporated into the Group's results, and will not necessarily balance to nil.

Information about reportable segments – Operations

	Gold		Nickel		Diamonds		Exploration		Total	
	Freda Rebecca		Bindura Nickel Corporation		Klipspringer Diamond Mine		Zani Kodo and SEMHKAT		For reportable segments (before consolidation entries)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
External revenue	72,083	77,449	78,872	65,011	1 361	–	–	–	152,316	142,460
EBITDA	5,410	14,217	18,089	18,963	(691)	(953)	95	(1,372)	22,903	30,855
Impairment reversal/(loss)	–	–	–	–	–	(118)	–	(553)	–	(671)
Reportable segment profit/(loss) before income tax	(1,060)	7,111	15,955	16,365	(2,577)	(3,036)	1,788	(1,925)	14,106	18,515
Reportable segment assets	64,737	67,458	93,084	108,029	1,416	1,224	199,479	65,263	358,716	241,974
Reportable additions to property, plant and equipment	5,624	5,723	9,468	7,030	11	–	1	7	15,104	12,760
Reportable additions to intangible assets	–	–	–	–	–	–	6,415	5,278	6,415	5,278

8. SEGMENTAL INFORMATION CONTINUED

Reconciliation of reportable segments information

	Total For reportable segments (before consolidation entries)		Corporate (not a reportable segment)		Consolidation entries		Total as per Financial Statements	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
External revenue	152,316	142,460	–	–	–	–	152,316	142,460
EBITDA	22,903	30,855	1,048	(3,829)	(5,185)	(2,057)	18,766	24,969
Impairment reversal/(loss)	–	(671)	(749)	–	5,075	27,987	4,326	27,316
Reportable segment profit/(loss) before income tax	14,106	18,515	683	(1,142)	80	26,567	14,869	43,940
Reportable segment assets	358,716	241,974	408,127	358,829	(544,950)	(393,238)	221,893	207,565
Reportable additions to property, plant and equipment	15,104	12,760	777	10	–	–	15,881	12,770
Reportable additions to intangible assets	6,415	5 278	–	–	–	–	6,415	5,278

Information about reportable segments – Geographical

	South Africa and Zimbabwe ¹		Democratic Republic of the Congo		Ghana ²		United Kingdom		Consolidation entries		Total per Financial Statements	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
External revenue	152,316	142,460	–	–	–	–	–	–	–	–	152,316	142,460
EBITDA	27,561	31,264	106	(1,372)	–	33	(3,716)	(2,899)	(5,185)	(2,057)	18,766	24,969
Impairment reversal/(loss)	–	(118)	(749)	(553)	–	–	–	–	5,075	27,987	4,326	27,316
Reportable segment profit/(loss) before income tax	19,402	22,879	61	(1,925)	–	33	(4,674)	(3,614)	80	26,567	14,869	43,940
Reportable segment assets	199,223	140,272	70,789	65,263	705	16	496,126	395,252	(544,950)	(393,238)	221,893	207,565
Reportable additions to property, plant and equipment	15,137	12,753	1	7	688	–	55	10	–	–	15,881	12,770
Reportable additions to intangible assets	–	–	6,415	5,278	–	–	–	–	–	–	6,415	5,278

¹ The main products at Freda Rebecca and BNC during the year were gold and nickel respectively and the major customers were well-established commodities' traders

² The assets were written off in the prior year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

9. LOSS FROM JOINT OPERATION

The Group has only one joint operation. It holds a 70.47% interest (2014: 69.77%) in the Klipspringer diamond mine joint arrangement ("KJV"). KJV is structured as a separate unincorporated vehicle and the Group has consolidated its share of its net assets. The Group does not have control over the joint operation as the decision making is still shared between the joint operation partners. In accordance with the agreement under which KJV was established, the Group and the other investor in the joint operation have agreed to make additional contributions in proportion to their interests. Mwana Africa is currently the sole funder of the joint operation and the joint operation partners' interest is being diluted in accordance with the contractual agreement.

The mine, which is situated in South Africa's Limpopo Province, was placed on care and maintenance in February 2011 following a number of severe weather incidents which occurred in December 2010 and January 2011, flooding the shaft bottom lower (7) level.

The slimes retreatment process, that began in August 2013, is outsourced to a third party that utilises its own plant and equipment to recover the diamonds, and charges KJV a fee in order to do so, which is classified as cost of sales.

The following table summarises the financial information of KJV as included in the Group Consolidated Statement of Profit and Loss:

	2015 \$'000	2014 \$'000
Revenue	1,361	–
Cost of sales	(1,342)	–
Gross profit/(loss)	19	–
Other income	192	67
Care and maintenance expenses	(562)	(630)
Impairment loss	–	(118)
General and administrative expenses	(294)	(346)
Loss before tax	(645)	(1,027)

10. COST OF SALES

	2015 \$'000	2014 \$'000
Nickel cost of sales	40,547	28,035
Gold cost of sales	51,757	48,752
Diamond cost of sales	1,262	–
Provision for closure expenses	(83)	(664)
Total cost of sales	93,483	76,123

Royalties and selling expenses have been classified separately on the face of the Income Statement in the current year, with a corresponding change to the prior year figures as well. The amounts reclassified in FY2014 were as follows:

- from cost of sales: \$7.7m
- from freight and insurance: \$2.1m

11. NON-CONTROLLING INTEREST

	2015						2014					
	Bindura Nickel Corporation Ltd			Freda Rebecca Gold Mine Ltd			Bindura Nickel Corporation Ltd			Freda Rebecca Gold Mine Ltd		
	Annual Financial Statements	Consolidation entries	Translation reserve	Annual Financial Statements	Consolidation entries	Group total	Annual Financial Statements	Consolidation entries	Translation reserve	Annual Financial Statements	Consolidation entries	Group total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NCI percentage	25.27%	25.27%	25.27%	15.00%	15.00%		25.18%	25.18%	25.18%	15.00%	15.00%	
Non-current assets	59,310	(7,653)	–	46,418	–	98,075	57,052	(4,532)	–	48,247	–	100,767
Current assets	33,774	–	–	18,319	–	52,093	50,977	–	–	19,211	–	70,188
Non-current liabilities	34,545	–	–	29,445	–	63,990	55,699	6,890	–	34,377	–	96,966
Current liabilities	19,558	–	–	19,742	–	39,300	24,570	–	–	15,440	–	40,010
Translation reserve	–	–	(7,724)	–	–	(7,724)	–	–	(7,724)	–	–	(7,724)
Net assets	38,981	(7,653)	7,724	15,550	–	54,602	27,760	(11,422)	7,724	17,641	–	41,703
Carrying amount of NCI	9,852	(1,934)	1,952	2,333	–	12,202	6,990	(2,876)	1,945	2,646	–	8,705
Revenue	78,872	–	–	72,083	–	150,955	65,011	–	–	77,449	–	142,460
Profit	11,174	3,768	–	(2,091)	–	12,851	23,670	32,247	–	3,275	–	59,192
OCI	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	11,174	3,768	–	(2,091)	–	12,851	23,670	32,247	–	3,275	–	59,192
Profit allocated to NCI	2,824	952	–	(314)	–	3,462	5,352	8,120	–	518	–	13,990
Reconciliation of carrying amount of NCI:												
Opening carrying amount of NCI	6,990	(2,876)	1,945	2,646	–	8,705	763	(10,243)	1,812	2,155	–	(5,513)
NCI share of profits – current	2,824	952	–	(314)	–	3,462	5,352	8,120	–	518	–	13,990
Change in NCI – issue of shares	46	–	–	–	–	46	837	–	–	–	–	837
Change in NCI – adjustment	(8)	(10)	7	–	–	(11)	38	(753)	133	(27)	–	(609)
Closing carrying amount of NCI	9,852	(1,934)	1,952	2,332	–	12,202	6,990	(2,876)	1,945	2,646	–	8,705

Bindura Nickel Corporation Limited (BNC) is a public company listed on the Zimbabwe Stock Exchange. It has 1,239,656,591 (2014: 1,238,118,278) shares in issue, 926,359,603 (2014: 926,359,603) of which are held directly and indirectly by the Mwana Africa PLC group. This equates to 74.73% (2014: 74.82%). The balance of the shares in BNC are freely traded on the Zimbabwe Stock Exchange, and make up the non-controlling interest of 25.27% (2014: 25.18%).

Freda Rebecca Gold Mine Limited is a private company with 265,570,717 ordinary shares in issue with a par value of \$0.000,009,940 per share. Mwana Africa PLC holds 225,735,109 (2014: 225,735,109) of these shares, and the balance is held by a community trust, being 15% (2014: 15%).

An adjustment has been made in FY2013 to correct the opening balances of the carrying amount of non-controlling interest. This adjustment was in relation to a reduction from 47.1% to 23.4% in non-controlling interest following a right's issue by BNC. This change in ownership would have required an adjustment of \$5.3m to the non-controlling interest carrying amount at the date of issue, but this was not correctly processed in the financial statements. Subsequent to FY2013, BNC issued further shares to minority shareholders resulting in an increase in non-controlling interest from 23.4% to 25.3% as at the current year end. This resulted in a total \$0.6m adjustment to the carrying value of non-controlling interest in FY2014, and an immaterial adjustment in FY2015.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

12. AMOUNTS PAYABLE TO KPMG

	2015 \$'000	2014 \$'000
Audit of these financial statements	84	144
Audit of financial statements of subsidiaries pursuant to legislation	166	152
Services relating to corporate finance transactions	91	–
All other services	42	7
Total auditors' remuneration	383	303

13. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are people responsible for the direction of the business, and comprise the executive and non-executive directors of Mwana Africa PLC. The remuneration of key management personnel is set out below in aggregate for each of the categories as specified in IAS 24.9.

2015					
Director	Salary/fee \$'000	Annual bonus ¹ \$'000	Benefits in kind ⁸ \$'000	Share-based payments \$'000	Total \$'000
Kalaa Mpinga ²	428	–	195	110	733
Yim Kwan ⁴	278	–	33	8	319
Stuart Morris ^{3,6}	137	–	–	–	137
Johan Botha ^{3,6}	81	–	–	–	81
Yat Hoi Ning ⁶	32	–	–	–	32
Yuan Ching Hu ⁶	32	–	–	–	32
Herbert Mashanyare ⁵	16	–	–	–	16
Ngoni Kudenga ⁵	16	–	–	–	16
Oliver Baring ⁷	–	–	–	–	–
Donald McAlister ⁷	–	–	–	49	49
John Anderson ⁷	–	–	–	–	–
Etienne Denis ⁷	–	–	–	–	–
Mark Wellesley-Wood ⁷	–	–	–	–	–
Total	1,020	–	228	167	1,415

¹ No bonuses were awarded to any directors in respect of the year ended 31 March 2015

² Mr Mpinga departed from the Company on 10 June 2015

³ Mr Morris and Mr Botha resigned from the Board on 5 June 2015

⁴ Salary for Mr Kwan was increased with effect from 1 July 2014

⁵ Mr Mashanyare and Mr Kudenga were appointed directors on 9 December 2014 and retired from the Board on 10 June 2015

⁶ The fees payable to Mr Morris, Mr Botha, Mr Ning and Mr Hu were changed with effect from 1 April 2014

⁷ These directors were not in office in the current year

⁸ Benefits in kind relate to medical insurance and pension contributions for Mr Kwan and medical insurance, pension contributions and security services for Mr Mpinga

13. REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

2014

Director	Salary/fee \$'000	Annual bonus ¹ \$'000	Benefits in kind \$'000	Share-based payments \$'000	Total \$'000
Kalaa Mpinga	480	—	83	149	712
Yim Kwan	119	—	—	4	123
Stuart Morris	50	—	—	—	50
Johan Botha	27	—	—	—	27
Yat Hoi Ning	25	—	—	—	25
Yuan Ching Hu	25	—	—	—	25
Oliver Baring ²	15	—	44	13	72
Donald McAlister ^{2, 4}	730	—	36	64	830
John Anderson ²	22	—	—	—	22
Etienne Denis ²	15	—	—	—	15
Mark Wellesley-Wood ^{3, 4}	81	—	—	—	81
Total	1,589	—	163	230	1,982

¹ No bonuses were awarded to any directors in respect of the year ended 31 March 2014² Mr Baring resigned from the Board on 1 September 2013, Mr Anderson and Mr Denis retired from the Board on 27 September 2013 and Mr McAlister resigned from the Board on 30 September 2013³ Mr Wellesley-Wood was appointed Non-Executive Chairman on 3 September 2013 and left the Board on 24 February 2014⁴ Basic salary includes ex gratia payments to Mr McAlister of £322,743 in September 2013 and to Mr Wellesley-Wood of £15,000 in March 2014**14. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Wages and salaries	22,697	21,456	262	865
Equity-settled share-based payment transactions (see note 33)	216	512	202	276
Compulsory social security contributions	247	438	25	220
Contributions to defined contribution plans	1,772	1,350	12	158
Total employee benefits expense	24,932	23,756	501	1,519

Staff numbers

	Number of employees	
	Group	
	2015	2014
Management and administration	181	193
Operatives	1,330	1,412
Total	1,511	1,605

The employee benefits expense includes remuneration of key management personnel as disclosed in note 13.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

15. NET FINANCE INCOME AND EXPENSE

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest income on bank deposits	764	319	–	10
Interest income on loans	–	–	408	766
Finance income	764	319	408	776
Interest expense on loans/overdraft	(841)	(1,033)	–	–
Finance expense	(841)	(1,033)	–	–
Net finance income/(expense)	(77)	(714)	408	776

In the current year, the Company received finance income from BNC of \$0.4m (2014: \$0.8m). Refer to note 25 Trade and other receivables for details of the loan balances outstanding at year end.

In the current year, BNC capitalised \$0.1m (2014: nil) in interest costs related to the bond to property, plant and equipment.

16. INCOME TAX (CREDIT)/EXPENSE

	2015 \$'000	2014 \$'000
Current tax expense		
Current year tax	2,194	3,195
Prior periods tax	(324)	(2)
Deferred tax expense		
Origination and reversal of temporary differences	5,814	12,107
Recognition of previously unrecognised tax losses	–	(21,955)
Effect of change in rate	166	–
Total income tax expense/(credit)	7,850	(6,655)
Reconciliation of effective tax rate		
Profit/(loss) before income tax	14,869	43,940
Income tax using the Company's domestic tax rate – 21% (2014: 23%)	(3,122)	(10,107)
Effect of tax rates in foreign jurisdictions	(1,227)	(1,843)
Non-deductible expenses	(2,652)	(2,149)
Prior year current tax	323	2
Prior year deferred tax (previously not recognised)	(296)	20,955
Utilised tax losses brought forward	649	418
Current year losses for which no deferred tax asset was recognised	(684)	(324)
Capital gains	(477)	–
Impairment reversals non-taxable/(losses non-deductible)	–	449
Other timing differences not recognised	(198)	(746)
Effect of change in rate of deferred tax	(166)	–
Total tax (credit)/expense as per consolidated income statement	(7,850)	6,655

Deferred taxation impacts are described more fully in note 17.

Changes to the Company's domestic tax rate are unlikely to have a significant impact on the Group's current tax charge as the majority of taxable income is incurred in foreign jurisdictions.

Significant factors affecting the tax charge relate to the taxation regimes for the mining sector in the UK, Zimbabwe, South Africa and the DRC. Changes in any of these areas could, adversely or positively impact the Group's tax charge in the future.

17. DEFERRED TAX ASSETS AND LIABILITIES

	2015 \$'000	2014 \$'000
Net deferred tax (asset)/liability at beginning of the year	(528)	9,320
Charge to the income statement	5,980	(9,848)
Net deferred tax (asset)/liability at end of the year	5,452	(528)
Deferred tax assets	(4,837)	(19,406)
Deferred tax liabilities	10,289	18,878
Net deferred tax (asset)/liability	5,452	(528)
The elements of deferred taxation are as follows:		
Difference between accumulated depreciation and amortisation and capital allowances	21,937	18,734
Unutilised losses	(18,272)	(19,213)
Other timing differences	1,787	(49)

The deferred tax liability represents the difference between the carrying amount of property, plant and equipment and the corresponding tax bases on those assets. The deferred tax asset principally relates to unutilised tax losses at Bindura Nickel Corporation. The full taxation loss was fully recognised in the prior year since the restart of the Trojan mine, as management was then and remains of the opinion that the full tax loss will be utilised against future taxable income generated by the operation.

Unrecognised deferred taxes

	2015 \$'000	2014 \$'000
Deferred taxes have not been recognised in respect of the following items:		
Difference between accumulated depreciation and amortisation and capital allowances	789	981
Intangible asset	—	6,743
Tax losses	9,872	11,722
Other timing differences	8,636	1,174
Total unrecognised deferred taxes	19,297	20,620

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Recognised deferred tax assets and liabilities

Group deferred tax assets and liabilities are attributable to the following:

	Asset		Liability		Net	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property, plant and equipment	—	—	(21,937)	(18,734)	(21,937)	(18,734)
Tax loss	18,272	19,213	—	—	18,272	19,213
Others	579	193	(2,366)	(144)	(1,787)	49
Total	18,851	19,406	(24,303)	(18,878)	(5,452)	528

18. DIVIDENDS

No dividends were declared during the 2015 financial year (2014: nil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

19. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing the profit or loss after taxation for the year attributable to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue ranking for dividend during the year.

Diluted earnings per share is computed by dividing the profit or loss after taxation for the year attributable to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

	2015 \$'000	2014 \$'000
Earnings		
Profit attributable to ordinary shareholders	3,557	36,605
Weighted average number of shares	Number	Number
Issued ordinary shares at the beginning of the year	1,397,780,675	1,119,727,051
Effect of shares issued	–	146,596,861
Weighted average shares at the end of the year for basic and diluted EPS	1,397,780,675	1,266,323,912
Basic earnings/(loss) per share (US cents)	0.25	2.89
Diluted earnings/(loss) per share (US cents)	0.25	2.89

The effect of shares issued reflects the number of shares in issue during the year, weighted for the number of days that the shares were in issue for the financial year. There were no share placements made during the year.

No dilutive effect was recognised for the 2015 or 2014 financial years as the exercise price of all potentially dilutive instruments at year end were higher than the average share price for the portion of the year that these instruments were in issue.

20. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Mining assets \$'000	Smelter and 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 2013	139,595	33,651	3,920	4,230	31,645	14,140	227,181
Additions	7,433	–	5,002	–	–	335	12,770
Disposals	(1)	–	(2,458)	–	–	(125)	(2,584)
Effect of movements in exchange rates	–	–	(99)	–	–	–	(99)
Balance at 31 March 2014	147,027	33,651	6,365	4,230	31,645	14,350	237,268
Additions	7,655	2,394	5,735	–	97	–	15,881
Disposals	–	–	(551)	–	–	(864)	(1,415)
Impairment reversal	–	–	–	–	–	–	–
Effect of movements in exchange rates	–	–	(94)	–	–	–	(94)
Balance at 31 March 2015	154,682	36,045	11,455	4,230	31,742	13,486	251,640
Depreciation and impairment losses							
Balance at 1 April 2013	(91,810)	(33,651)	(3,068)	(4,097)	(31,225)	(14,047)	(177,898)
Depreciation for the year	(3,119)	–	(4,446)	–	–	(66)	(7,631)
Depreciation capitalised to intangible assets	–	–	–	(43)	–	–	(43)
Disposals	–	–	1,636	–	–	71	1,707
Impairment loss	–	–	(112)	–	–	–	(112)
Impairment reversal	24,221	–	–	–	3,766	–	27,987
Effect of movements in exchange rates	–	–	77	–	–	–	77

20. PROPERTY, PLANT AND EQUIPMENT (PPE) CONTINUED

	Mining assets \$'000	Smelter and refinery plant and equipment \$'000	Plant and equipment \$'000	Exploration assets \$'000	Building & leasehold \$'000	Motor vehicles \$'000	Total \$'000
Balance at 31 March 2014	(70,708)	(33,651)	(5,913)	(4,140)	(27,459)	(14,042)	(155,913)
Depreciation for the year	(7,695)	–	(80)	(22)	–	–	(7,797)
Environmental rehab assets de- recognition (Amortisation)	(349)	–	–	–	–	–	(349)
Disposals	–	–	426	–	–	735	1,161
Impairment reversal	–	5,075	–	–	–	–	5,075
Effect of movements in exchange rates	–	–	90	–	–	–	90
Balance at 31 March 2015	(78,752)	(28,576)	(5,477)	(4,162)	(27,459)	(13,307)	(157,733)
Carrying amounts							
At 31 March 2013	47,785	–	852	133	420	93	49,283
At 31 March 2014	76,319	–	452	90	4,186	308	81,355
At 31 March 2015	75,930	7,469	5,978	68	4,283	179	93,907

Property, plant and equipment includes rehabilitation assets of \$3.4m (2014: \$3.7m) for Freda Rebecca and \$2.7m (2014: \$2.8m) for BNC.

In the current year, \$5.1m of the impairment related to the BNC smelter assets was reversed due to the fact that a \$20m bond was raised to fund its restart, \$16.4m of which was received by year end. Of the \$3.6m outstanding at year end, \$1.5m was received in July 2015, and in terms of a signed commitment letter from the investor, the balance will be deposited at the end of September 2015. Furthermore, BNC had already spent \$2.4m during the current year in order to prepare for the smelter's re-commissioning. Borrowing costs of \$0.1m and transaction costs of \$0.8m related to the raising of the bond were capitalised to BNC's property, plant and equipment.

In the previous year, \$28.0m of the impairment relating to the assets of the Trojan mine was reversed as disclosed in note 35.

In the current year, the loss on disposal of property, plant and equipment was \$81k, but in the prior year, there were losses to the value of \$1,636k mostly relating to Freda Rebecca and Mwana Africa PLC.

Mining assets are a separate category of PPE defined in note 5.

21. INTANGIBLE ASSETS

	Zani Kodo \$'000	SEMHKAT and MUYA \$'000	Other \$'000	Total \$'000
Cost or deemed cost				
Balance at 1 April 2013	43,105	36,338	7,324	86,767
Capitalised exploration costs	3,823	1,412	–	5,235
Capitalised depreciation	–	43	–	43
Balance at 31 March 2014	46,928	37,793	7,324	92,045
Capitalised exploration costs	4,487	1 928	–	6,415
Transfer from loan	634	(12)	1	623
Balance at 31 March 2015	52,049	39,709	7,325	99,083
Amortisation and impairment losses				
Balance at 1 April 2013	–	(21,180)	(7,325)	(28,505)
Impairment loss (refer to note 35)	–	(554)	–	(554)
Balance at 31 March 2014	–	(21,734)	(7,325)	(29,059)
Impairment loss (refer to note 35)	–	(749)	–	(749)
Balance at 31 March 2015	–	(22,483)	(7,325)	(29,808)
Carrying amounts				
At 31 March 2013	43,105	15,158	(1)	58,262
At 31 March 2014	46,928	16,059	(1)	62,986
At 31 March 2015	52,049	17,226	–	69,275

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

22. INVESTMENTS

Group

	2015 \$'000	2014 \$'000
CEVA Investments Pvt Ltd	559	559
Listed investments	18	56
Total investments	577	615

CEVA Investments Pvt Ltd is a BNC investment in Victoria Falls shopping centre which is carried at cost. The listed investments are carried at fair value. A fair value of movement of \$24k (2014: \$6k) was recognised.

The Group has certain investments which include a 20% interest in Société Minière de Bakwanga SARL (MIBA) in the DRC, an 18% interest in the Camafuca project in Angola. These investments are carried at nil value (2014: nil).

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

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 34.

Company

	Shares in non-Group undertakings \$'000	Ordinary shares in Group undertakings \$'000	Total \$'000
Cost	50	219,449	219,499
Cumulative impairments	–	(121,455)	(121,455)
Cumulative fair value adjustments	–	(539)	(539)
Net book value at beginning of the year	50	97,455	97,505
Fair value adjustment ¹	(33)	697	664
Effects of movement in exchange rates	(15)	–	(15)
Net book value at end of the year	2	98,152	98,154
Net book value			
At 31 March 2013	780	76,043	76,823
At 31 March 2014	50	97,455	97,505
At 31 March 2015	2	98,152	98,154

¹ The fair value adjustment was in relation to the listed investment in Bindura Nickel Corporation Ltd and Kimberley Diamonds Ltd

The investments in group, with the exception of the investment in BNC which is carried at fair value, are carried at cost.

The recoverable value of the investments in the Zimbabwean operation exceeds its carrying value but developments in the Zimbabwe indigenisation legislation, which are explained in more detail in the Directors' report on pages 29 to 30, may have an impact on the recoverable value of the investments.

The impact cannot be reliably measured as there are uncertainties regarding the implementation of this legislation which the directors consider may impact the carrying value, amounting to \$96.7m (2014: \$96.1m), of the investments relating to Zimbabwean subsidiaries consolidated in the Group financial statements.

These financial statements do not include any adjustments that would result from the impact of the Zimbabwe indigenisation legislation on the carrying value of the investment held by the Company and on the entities that are included by consolidation in the Group financial statements.

The fair value adjustment in the Group relates to the investments in Shaw River Resources Ltd and Kimberley Diamonds Ltd. The fair value adjustment for the Company relates to the investment in BNC, which is carried at fair value as it is a listed entity.

22. INVESTMENTS CONTINUED

In addition to the Company's investments in shares in Group undertakings, net loans to Group undertakings totalling \$73,842,464 (2014: \$77,708,300) are included in trade and other receivables within note 25 below. The Group's subsidiaries at the year end are as follows:

Subsidiary undertakings	Mwana Group holding company	Country	Activity	Percentage of ordinary shares held by Mwana Group holding company	
				2015	2014
Sibeka SA *	Mwana Africa PLC	Belgium	Investment holding company	100.0	100.0
Alpina Group Ltd *	Mwana Africa PLC	British Virgin Islands	Investment holding company	100.0	100.0
Freemove Ltd *	Mwana Africa PLC	British Virgin Islands	Investment holding company	100.0	100.0
Mwana Africa Congo Gold SARL ¹	Mwana Exploration Congo Ltd	British Virgin Islands	Exploration company	5.0	5.0
Mwana Africa Congo Gold SARL ¹	Mwana Africa Holdings Ltd	British Virgin Islands	Exploration company	95.0	95.0
Mwana Exploration Congo Ltd	Mwana Africa Holdings Pty Ltd	British Virgin Islands	Investment holding company	100.0	100.0
Parc Selemba	Mwana Exploration Congo Ltd	British Virgin Islands	Property company	100.0	100.0
0801721 BC Ltd *	Mwana Africa PLC	Canada	Investment holding company	100.0	100.0
SouthernEra Diamonds Inc.	Freemove Ltd	British Virgin Islands	Investment holding company	9.3	9.3
SouthernEra Diamonds Inc.	0801721 BC Ltd	Canada	Investment holding company	86.4	86.4
SouthernEra Diamonds Inc. *	Mwana Africa PLC	Canada	Investment holding company	4.3	4.3
SouthernEra International Ltd	SouthernEra Diamonds Inc	Cayman Islands	Investment holding company	100.0	100.0
MUYA SARL	Société d'Exploration Minière du Haut Katanga SARL	Democratic Republic of Congo	Exploration company	100.0	0.0
Mizako SARL	Mwana Africa Congo Ltd	Democratic Republic of Congo	Exploration company	80.0	80.0
Société d'Exploration Minière du Haut Katanga SARL ¹	Mwana Exploration Congo Ltd	Democratic Republic of Congo	Exploration company	95.0	95.0
Société d'Exploration Minière du Haut Katanga SARL ¹	Mwana Africa Holdings Ltd	Democratic Republic of Congo	Exploration company	5.0	5.0
Societe Minière de Bakwanga	Alpina Group Ltd	Democratic Republic of Congo	Exploration company	20.0	20.0
Alpinore Ltd	Alpina Group Ltd	Ghana	Exploration Company	100.0	100.0
Congo Copper Ltd *	Mwana Africa PLC	Mauritius	Investment holding company	100.0	100.0
Mwana Africa Congo Ltd *	Mwana Africa PLC	Mauritius	Investment holding company	100.0	100.0
Mwana Africa Holdings Ltd *	Mwana Africa PLC	Mauritius	Investment holding company	100.0	100.0
Mwana Africa Mauritius Ltd *	Mwana Africa PLC	Mauritius	Investment holding company	100.0	100.0
Zimnick Ltd *	Mwana Africa PLC	Mauritius	Investment holding company	100.0	100.0
Basilik Trading Pty Ltd	Mwana Africa Holdings Pty Ltd	South Africa	Corporate services company	100.0	100.0
Mwana Africa Holdings Pty Ltd *	Mwana Africa PLC	South Africa	Investment holding company	100.0	100.0
SouthernEra Management Services South Africa Pty Ltd	SouthernEra International Ltd	South Africa	Corporate services company	100.0	100.0
Mwana Mining (Zimbabwe) Holdings Ltd	Mwana Africa Holdings Ltd	United Kingdom	Investment holding company	100.0	100.0
Trojan Nickel Mine Ltd	Bindura Nickel Corporation Ltd	Zimbabwe	Mining company	100.0	100.0
BSR Ltd	Bindura Nickel Corporation Ltd	Zimbabwe	Dormant company	100.0	100.0
Bindura Nickel Corporation Ltd	Zimnick Ltd	Zimbabwe	Investment holding company	56.4	56.5
Bindura Nickel Corporation Ltd	Mwana Africa Holdings Pty Ltd	Zimbabwe	Investment holding company	13.7	13.7
Bindura Nickel Corporation Ltd *	Mwana Africa PLC	Zimbabwe	Investment holding company	2.6	2.6
Bindura Nickel Corporation Ltd	Basilik Trading Pty Ltd	Zimbabwe	Investment holding company	2.0	2.0
Bindura Estates Ltd	Freda Rebecca Gold Mine Ltd	Zimbabwe	Farming company	100.0	100.0
Freda Rebecca Gold Mine Ltd	Freda Rebecca Holdings Pvt Ltd	Zimbabwe	Mining company	79.4	79.4
Freda Rebecca Gold Mine Ltd	Mwana Africa Mauritius Ltd	Zimbabwe	Mining company	5.6	5.6
Freda Rebecca Holdings Pvt Ltd	Mwana Africa Mauritius Ltd	Zimbabwe	Investment holding company	100.0	100.0
Greenline Enterprises Pvt Ltd	Alpina Group Ltd	Zimbabwe	Property company	100.0	100.0
Hunters Road Nickel Mine Ltd	Bindura Nickel Corporation Ltd	Zimbabwe	Mining company	100.0	100.0
Mali Green Mining Company Pvt Ltd	Mwana Mining (Zimbabwe) Ltd	Zimbabwe	Exploration company	50.0	50.0
Mwana Gold (Zimbabwe) Ltd	Mwana Mining (Zimbabwe) Holdings Ltd	Zimbabwe	Investment holding company	100.0	100.0
Mwana Africa Services Zimbabwe Ltd	Mwana Mining (Zimbabwe) Holdings Ltd	Zimbabwe	Corporate services company	100.0	0.0
Mwana Properties Pvt Ltd	Mwana Gold (Zimbabwe) Ltd	Zimbabwe	Property company	100.0	100.0

* Companies in which Mwana Africa PLC has a direct holding

¹ The year end of these subsidiaries is 31 December as required by DRC legislation and appropriate adjustments were made to recognise movements to 31 March, to bring the reporting date of these entities in line with the Group's financial year end

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

22. INVESTMENTS CONTINUED

The Group holds a 70.47% interest (2014: 69.77%) in the Klipspringer diamond mine joint arrangement situated in South Africa's Limpopo Province. Information regarding the Group loss from the joint arrangement has been disclosed in accordance with IFRS 11 Interests in joint operation and can be found in note 9. The Group had no other material interest in an associate or joint arrangement.

As at 31 March 2015, 26 exploration licences within SEMHKAT had been transferred into a newly formed entity, MUYA SARL ("MUYA") in terms of a joint operation agreement entered into with Hailiang Mining (Congo) SARL. The Group retained a 100% interest in MUYA SARL and in the licences at year end but its interest may dilute based on the venture partner's investment.

23. NON-CURRENT RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loan to Community Trust ¹	1,491	1,136	–	–
Other non-current receivables	–	2	–	–
Environmental investment	1,071	1,150	–	–
Total	2,562	2,288	–	–
Less: Provision for bad debts	(1,491)	–	–	–
Total	1,071	2,288	–	–

The environmental investment relates to the Klipspringer diamond mine which has placed funds into an investment account for the purpose of funding rehabilitation costs upon closure of the mine.

¹ The loan to the Community Trust was provided against in full in the current year. There is no commitment to provide further funding to the Community Trust

24. INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
Raw materials and consumables	15,495	11,355
Work in progress	1,730	1,054
Finished goods	596	585
Total	17,821	12,994

No raw materials were written down to net realisable value during the year (2014: nil).

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	8,796	10,765	–	–
Receivables from Group undertakings	–	–	73,840	80,248
Loans and other receivables	7,358	6,589	1,045	516
Pre-payments	3,861	600	2	138
Tax receivable	367	878	–	–
Total	20,382	18,832	74,887	80,902

All current trade and other receivables are due within 12 months of the financial year end. At 31 March 2015, no trade receivables were outstanding past their due repayment date. Receivables from Group undertakings are due and payable on demand.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed further in note 34.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash and cash equivalents	14,023	9,089	435	1,420

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
British pound	215	292	215	292
Euro	5	7	—	—
South African rand	347	211	7	3
United States dollar	13,456	8,579	213	1,125
Net cash and cash equivalents	14,023	9,089	435	1,420

Included in the Group's cash and cash equivalents is an amount of \$0.4m (2014: \$1.8m) which represents cash that is restricted in terms of use, of which \$0.4m (2014: \$nil) is being held by banking institutions as guarantees, and \$nil (2014: \$1.8m) is reserved for loan repayments.

Restricted cash relates to demand deposits set aside as guarantees related to exploration licenses in South Africa.

The Group's exposure to interest rate risks and sensitivity analysis for financial assets and liabilities is disclosed in note 34.

27. ISSUED SHARE CAPITAL

	Number of shares		Nominal value of shares	
	2015 Unlimited	2014 Unlimited	2015 \$'000 Unlimited	2014 \$'000 Unlimited
Authorised shares				
Allotted, called up and fully paid				
Opening balance	1,397,780,675	1,119,727,051	22,353	17,943
Issued during the year	—	278,053,624	—	4,410
Closing balance	1,397,780,675	1,397,780,675	22,353	22,353
Deferred shares				
Opening balance	535,141,760	535,141,760	77,219	77,219
Closing balance	535,141,760	535,141,760	77,219	77,219
Total	1,932,922,435	1,932,922,435	99,572	99,572

No shares were placed, nor shares split to deferred shares, during the current year. The deferred shares have no voting rights, no rights to dividends and only very limited rights to a return on capital, whereas ordinary shares have these rights.

No shares were issued but not fully paid as at 31 March 2015 (2014: nil).

WARRANTS

The warrants granted to Liberum Capital Ltd provide the warrant holder with the right to subscribe for 5,624,727 ordinary shares at an exercise price of 6 pence per share at any time up to 3 years from 20 April 2012. The warrants expired just after year end on 20 April 2015 and were not exercised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

28. LOAN PAYABLE

	2015 \$'000	2014 \$'000
BNC smelter bond	16,400	–
Freda Rebecca EcoBank loan	3,332	–
Freda Rebecca IDC loan	–	4,269
Total loans payable	19,732	4,269
Current portion of Freda Rebecca EcoBank loan (shown in current liabilities)	(822)	(1,823)
Long term portion	18,910	2,446

The BNC smelter bond comprised receipts of \$16.4m deposited prior to year end of the \$20m bond target. Of the balance outstanding of \$3.6m, \$1.5m was received in July 2015, and the balance of \$2.1m is anticipated to be received in September 2015 in terms of a signed commitment letter from the investor. The bond carries an interest rate of ten percent (10%) that will be payable semi-annually in arrears. Repayments of the bond will comprise \$2.5m payments every six (6) months starting after an initial 18 months. Interest of \$0.1m in relation to the bond was capitalised to BNC's property, plant and equipment smelter assets.

The transaction costs of \$0.8m associated with the raising of the bond were capitalised to BNC's property, plant and equipment smelter assets.

The Freda Rebecca EcoBank loan of \$3.3m was received prior to year end. The loan carries an interest rate of twelve percent (12%) that will be payable monthly in arrears, with a three (3) month moratorium on its payment. Repayments of the capital portion of the loan will also be subject to an initial moratorium of six (6) months from drawdown. Thus, the first repayment will be \$60k in July 2015, and thereafter, \$114k every six (6) months thereafter.

The Freda Rebecca IDC loan plus interest was repaid in full in the current year.

29. REHABILITATION PROVISIONS

	2015 \$'000	2014 \$'000
Balance at beginning of the year	17,847	18,893
Exchange rate adjustments	(175)	(189)
Provisions made during the year	383	46
Provisions reversed during the year	(77)	(949)
Effects of (discounting)/unwinding	(349)	46
Balance at end of the year	17,629	17,847

The rehabilitation provision relates principally to the estimated closure and rehabilitation costs of the business operations of Freda Rebecca Gold Mine Ltd, Bindura Nickel Mine Ltd and the Klipspringer diamond mine joint arrangement. Settlement of this provision will occur at the end of life of each mining operation.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available.

In respect of Freda Rebecca Gold Mine Ltd, the group has been provided an estimate of a reasonably possible outcome of the total cost, being \$4.6m (2014: \$4.4m), reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate of 1% (2014: 1%), which is the risk-free rate in Zimbabwe. The rehabilitation is expected to occur in the next 11-14 years. The total cost estimate has not been revised during the current year, and consequently there was no additional provision made in the current year. The provision in the current year is therefore \$4.4m (2014: \$4.4m).

In respect of Bindura Nickel Ltd, the group has been provided with an estimate of the total cost, which is estimated at \$12.7m (2014: \$12.7m), reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate of 1% (2014: 1%), which is the risk-free rate in Zimbabwe. The rehabilitation is expected to occur in the next 12 years. The total cost estimate was increased by \$0.1m during the current year. The provision in the current year is therefore \$11.8m (2014: \$12.0m).

In respect of the Klipspringer joint arrangement, the group has been provided with an estimate of reasonably possible outcome of the total cost, being \$1.3m (2014: \$1.4m), reflecting different assumptions about pricing of the individual components of the cost. The provision has not been discounted on the basis that the Klipspringer old order mining right is being converted to a new order mining right. The underlying provision has increased by \$0.1m compared to the prior year's figure, but decreased by \$0.2m due to the effect of the exchange rate movements. The estimates of the rehabilitation costs were re-assessed and revised during the course of the current year and resulted in the adjustment made to the provision as per the above reconciliation. The provision in the current year is therefore \$1.3m (2014: \$1.4m).

30. ACCRUALS AND OTHER PAYABLES

	2015 \$'000	2014 \$'000
Accrued expenses and other payables	12,962	19,745
Freda Rebecca Ecobank overdraft	4,027	–
Balance at end of the year	16,989	19,745

The Company's other payables and accrued expenses as at 31 March 2015 amounted to \$2.0m (2014: \$4.4m) – refer to note 34.

31. PROVISIONS

	Provisions at beginning of the year \$'000	Effect of movements in exchange rates \$'000	Additional provisions \$'000	Amounts settled during the year \$'000	Provisions re- versed during the year \$'000	Provisions at end of the year \$'000
2015						
Legal ¹	1,251	–	1,369	–	(231)	2,389
RBZ Surrender provision ²	–	–	–	–	–	–
Other ³	1,354	6	1,334	–	(1,236)	1,458
Total	2,605	6	2,703	–	(1,467)	3,847
2014						
Legal ¹	1,387	–	264	(153)	(247)	1,251
RBZ Surrender provision ²	5,065	–	–	–	(5,065)	–
Other	2,663	(20)	2,375	(3,004)	(660)	1,354
Total	9,115	(20)	2,639	(3,157)	(5,972)	2,605

¹ Contingent liabilities are disclosed in note 38 relating to these legal provisions related to BNC and Freda Rebecca staff obligations. BNC has raised a \$1.9m (2014: \$1.0m) provision and Freda Rebecca has raised a \$0.5m (2014: \$0.5m)

² The RBZ Surrender provision was presented as a contra against a corresponding receivable in the prior financial year

³ Mainly relates to a tax provision in the DRC in respect of potential taxes of Mwana Africa Congo Gold SARL of \$0.9m (2014: \$0.1m)

32. PENSION SCHEME

GROUP

Certain of the Group's Zimbabwean subsidiaries contribute towards defined contribution plans, details of which are provided below.

MINING INDUSTRY PENSION FUND

The Mining Industry Pension Fund is a defined contribution plan. The Group's obligations under the scheme are limited to 5% of pensionable emoluments for lower grade employees and 10% for higher grade employees.

OTHERS

The Group contributes towards personal pension schemes of certain of its employees.

The pension charge for the year represents contributions payable by the Group to the various schemes and amounted to \$1.8m (2014: \$1.4m).

There were no un-accrued or pre-paid contributions at either the beginning or end of the financial year.

COMPANY

The Company does not operate any pension schemes, but does make contributions towards personal pension schemes of its employees, including certain directors.

The pension charge for the year represents contributions payable by the Company to the personal pension schemes and amounted to \$0.1m (2014: \$0.2m).

There were no un-accrued or pre-paid contributions at either the beginning or end of the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

33. SHARE-BASED PAYMENTS

SHARE OPTIONS – EMPLOYEES

The Company has outstanding options under an unapproved share option scheme adopted in 1997 which expired in September 2007 (the 1997 Scheme) and a new scheme which was approved by shareholders at the Company's annual general meeting on 31 July 2007 (the 2007 Scheme).

1997 SCHEME

The Company has operated this scheme since 1997 where options were granted to any employee, officer or director of the Company or any subsidiary of the Company. The limit for options granted under this scheme was not to exceed 15% of the number of issued ordinary shares from time to time.

The Board granted options at its discretion. The subscription price was fixed by the Board at the price per share on the dealing day preceding the date of grant.

For the directors, these options vest immediately and may be exercised at any time within a seven-year period from the date of the grant, unless the Board determines otherwise. The options lapse if not exercised by the seventh anniversary of the grant.

For the employees, there is a vesting period of one to three years from the date of grant. Once vested, the options may be exercised at any time within a seven-year period from date of grant, unless the Board determines otherwise. The options lapse if not exercised by the seventh anniversary of the grant.

The right to exercise an option terminates on the holder ceasing to be a participant, subject to certain exceptions, which broadly apply in the event of death of the option holder or where the option holder ceases to be a participant due to retirement, ill health, accident or redundancy. In such a case, the option may be exercised within six months of such event provided such exercise will take place within seven years of the original date of grant.

2007 SCHEME

The 2007 Scheme allows for both tax approved options (approved options) to be made to employees resident in the United Kingdom and unapproved options (unapproved options), which can be made to both resident and non-resident employees.

The Company has operated this scheme since December 2007 where options may be granted to full-time employees and directors of the Company or any subsidiary of the Company. The overall limit for options granted under this scheme and any other employees' share scheme adopted by the Company is, in any rolling ten-year period, 10% of the issued ordinary share capital (including treasury shares) of the Company for the time being plus 8,100,000 ordinary shares. There is an individual limit of ordinary shares to a maximum of £30,000 in value in respect of approved options.

Options may be granted when the Remuneration Committee determines, within 42 days of the announcement by the Company of its full or interim results. Options may be granted outside the 42-day period if the Remuneration Committee considers there to be exceptional circumstances. Options must be granted subject to performance conditions being satisfied. The performance conditions must be objective and, save where the Remuneration Committee determines there to be exceptional circumstances, the performance conditions must relate to the overall financial performance of the Company or the market value of ordinary shares over a period of at least three years. The performance conditions can be waived or amended by the Remuneration Committee if it determines that a change of circumstances means that the performance conditions cannot reasonably be met. The current performance condition in relation to these options is that the market value of the Company's shares must increase above the exercise price by not less than 10% per annum on a compound basis. No consideration is payable on the grant of an option and no option may be granted after 31 July 2017.

The Remuneration Committee determines the exercise price before the options are granted and cannot be less than the market value of the shares on the date of grant.

The options can only be exercised on or after the third anniversary of the date of grant provided the performance conditions have been satisfied or waived by the Remuneration Committee. The options lapse if not exercised by the tenth anniversary of the grant.

These options lapse when the option holder ceases to be an eligible employee. In the case of death, a participant's personal representatives may exercise his/her options within 12 months after the date of death. Where an option holder ceases to be an employee by reason of injury, disability, redundancy, the Company that employs the option holder ceasing to be a subsidiary of the Company, retirement, pregnancy or in any other circumstances determined by the Remuneration Committee, the options may be exercised within six months of the termination of employment or such longer period as may be determined by the Remuneration Committee.

SHARE INCENTIVES

The share incentive scheme was approved by shareholders at the Company's annual general meeting on 31 July 2007 (the Share Incentive Scheme). The Share Incentive Scheme is designed to complement the Share Option Scheme to facilitate awards to selected executives and managers. The Share Incentive Scheme permits the award of any one or a combination of the following incentives:

- the sale of ordinary shares on deferred payment terms;
- share awards as part of a bonus scheme by way of nil cost options in consideration of cash bonuses forgone on terms that would be determined by the Remuneration Committee of the Company; and
- the issue of share appreciation rights either by the Company or EBT (as defined below).

The Company has also adopted an Employees' Benefit Trust (EBT) which will operate in conjunction with the Share Option Scheme and Share Incentive Scheme. The EBT has not yet been utilised for this purpose and there have been no awards under the Share Incentive Scheme since it was approved by shareholders.

The share options have been valued using a Black Scholes model.

33. SHARE-BASED PAYMENTS CONTINUED

A reconciliation of the movement on the share-based payments reserve is shown below:

	2015	2014
Opening balance	2,933	3,137
Share-based payments expense	216	512
Share-based payments reversal to equity	(942)	(716)
Closing balance	2,207	2,933

No options were exercised during current or previous year.

The options outstanding at the year end have a range of exercise prices of 1.6p to 46p (2014: 1.6p to 79p) and a weighted average contractual life of 4.5 years (2014: 7.6 years).

No share options have been granted in the current year. The following assumptions have been used in valuing the share options granted during the prior year:

	2015	2014
Weighted average fair value at measurement date	–	0.01
Weighted average share price	–	0.02
Weighted average exercise price	–	0.02
Expected volatility	–	35%
Expected option life	–	4.5 years
Expected dividends	–	–
Risk-free interest rate	–	3%

A reconciliation of outstanding and vested options is shown below:

	2015		2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Unapproved options – 1997 Scheme				
Outstanding at the beginning of the year	79p	2,000,000	55p	5,900,000
Lapsed/cancelled during the year	79p	(2,000,000)	42.6p	(3,900,000)
Outstanding at the end of the year	–	–	79p	2,000,000
Exercisable at the end of the year	–	–	79p	2,000,000
Unapproved options – 2007 Scheme				
Outstanding at the beginning of the year	8p	65,504,094	8p	62,813,094
Granted during the year	–	–	1.6p	11,125,000
Lapsed/cancelled during the year	79p	(2,800,000)	1.8p	(8,434,000)
Outstanding at the end of the year	7p	62,704,094	8p	65,504,094
Exercisable at the end of the year	7p	25,877,144	22p	11,690,715
Approved options – 2007 Scheme				
Outstanding at the beginning of the year	5.6p	4,317,374	9p	2,442,374
Granted during the year	–	–	1.6p	1,875,000
Exercised during the year	–	–	–	–
Lapsed/cancelled during the year	–	–	–	–
Outstanding at the end of the year	16p	4,317,374	5.6p	4,317,374
Exercisable at the end of the year	16p	814,779	22p	351,208

The expected volatility is primarily based on the historic volatility.

Since the year end, no share options have been awarded, exercised or have lapsed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

34. FINANCIAL INSTRUMENTS

The directors determine, as required, the degree to which it is appropriate to use financial instruments, commodity contracts, other financial instruments or techniques to mitigate risks. The principal risks for which such instruments may be appropriate are interest rate risk, liquidity risk, foreign currency risk and commodity price risk. The most significant of these is foreign currency risk which comprises transactional exposure on operating activities. Some translation exposure also exists in respect of the investments in overseas operations, since these have functional currencies other than the Group's reporting currency. The Group is also exposed to commodity price risk since its sales are dependent on the price of gold, nickel and diamonds.

The Group has not currently engaged in any instruments to mitigate or hedge any such risks, although the directors keep this regularly under review.

EXPOSURE TO CURRENCY RISK

The Group's exposure to currency risk was as follows based on notional amounts:

	2015				2014			
	ZAR \$'000	GBP \$'000	Other \$'000	Total \$'000	ZAR \$'000	GBP \$'000	Other \$'000	Total \$'000
Receivables	704	1,049	–	1,753	68	558	–	626
Net cash and cash equivalents	347	215	5	567	211	292	7	510
Payables and accruals	(1,021)	(1,823)	–	(2,844)	(337)	(1,733)	–	(2,070)
Gross balance sheet exposure	30	(559)	5	(524)	(58)	(883)	7	(934)

The following significant exchange rates applied against the US dollar during the year:

	Average rate		Balance sheet rate	
	2015	2014	2015	2014
EUR	0.7924	0.7464	0.9215	0.7271
ZAR	11.0713	10.1238	12.0981	10.5833

SENSITIVITY ANALYSIS

A 10% weakening of the US dollar against the following currencies at 31 March and the average rate for the year ended 31 March would have increased/(decreased) equity and results before non-controlling interest by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Equity		Results	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
EUR	1	(2)	156	–
ZAR	(382)	(495)	4,314	207

A 10% strengthening of the US dollar against the above currencies would have had a similar but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

CREDIT RISK

The Company's maximum exposure to credit risk is the value of its trade receivables, and loans and other receivables which are reflected in note 25.

In Freda Rebecca, trade receivables of \$3.8m (2014: \$4.5m) were due by Fidelity Printers and Refineries, none of which were outstanding past their due date.

In BNC, trade receivables of \$5.1m (2014: \$6m) were due by Glencore, which were due within normal terms of agreement.

There is a concentration of risk in respect of trade receivables from Fidelity Printers and Refineries as well as Glencore, being the two major customers of the respective subsidiaries.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables as explained in note 7.

34. FINANCIAL INSTRUMENTS CONTINUED**COMMODITY PRICE RISK**

For the 2015 financial year, the Group's earnings were mainly exposed to changes in the prices of gold and nickel. A 10% increase or a decrease in these prices would have increased/(decreased) equity and results by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Equity		Results	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
10% increase in nickel price	7,887	6,501	7,887	6,501
10% decrease in nickel price	(7,887)	(6,501)	(7,887)	(6,501)
10% increase in gold price	7,208	7,729	7,208	7,729
10% decrease in gold price	(7,208)	(7,729)	(7,208)	(7,729)

LIQUIDITY RISK

The Group analysis of the liquidity risk is based on an 18-month term cash flow projection. This is disclosed in detail in note 3, along with the risks and uncertainties included within the forecasts.

	Carrying amount	Contractual cash flows					More than 5 years
		Total	2 months or less	2-12 months	1-2 years	2-5 years	
Non-derivate financial liabilities							
Bank overdrafts	4,026	4,163	53	4,110	—	—	—
Secured bank loans	3,332	4,750	450	727	3,573	—	—
Secured bond issues	16,400	21,760	—	1,717	5,839	14,204	—
Trade payables	17,245	17,264	15,797	1,467	—	—	—
Accruals and other payables	12,963	12,963	2,264	10,699	—	—	—
Total	53,966	60,900	18,564	18,720	9,412	14,204	—

FINANCIAL RISK MANAGEMENT**Fair values**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Wherever possible, fair value is calculated by reference to quoted prices in active markets for identical instruments. Where no such quoted prices are available, other observable inputs are used and if there are no observable inputs then fair values are calculated by discounting projected future cash flows at prevailing rates translated at year end exchange rates.

Fair values for financial assets and liabilities, except investments which are carried at fair value, are recognised at cost in the Group balance sheet:

	Book value		Fair value	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assets				
Investments	577	615	577	615
Loans and receivables				
Non-current receivables	1,071	2,288	1,071	2,288
Trade and other receivables	20,382	18,832	20,382	18,832
Cash and cash equivalents	14,023	9,089	14,023	9,089
Total loans and receivables	35,476	30,209	35,476	30,209
Financial liabilities				
Loan payable	19,732	4,269	19,732	4,269
Trade payables	17,245	15,300	17,245	15,300
Accruals and other payables	16,989	19,745	16,989	19,745
Total financial liabilities	53,966	39,314	53,966	39,314

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

34. FINANCIAL INSTRUMENTS CONTINUED

Fair values for financial assets and liabilities, except investments which are carried at fair value, are recognised at cost in the Company balance sheet:

	Book value		Fair value	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assets				
Investments held at fair value through profit or loss				
Investments	98,154	97,505	98,154	97,505
Loans and receivables				
Trade and other receivables	74,887	80,902	74,887	80,902
Cash and cash equivalents	435	1,420	435	1,420
Total loans and receivables	75,322	82,322	75,322	82,322
Financial liabilities				
Accruals and other payables	1,957	4,404	1,957	4,404
Total financial liabilities	1,957	4,404	1,957	4,404

FAIR VALUE HIERARCHY

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2015				2014			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
CEVA Investments Pvt Ltd	–	–	559	559	–	–	559	559
Listed investments	18	–	–	18	56	–	–	56
Total investments	18	–	559	577	56	–	559	615
Total loans and receivables	–	–	35,476	35,476	–	–	30,209	30,209
Total financial liabilities	–	–	53,966	53,966	–	–	39,314	39,314

During the financial year there were no transfers between Levels. In order to determine the fair value of investments, management used a valuation technique in which all significant inputs were based on observable market data for Level 1 including quoted share prices.

The Group's only financial asset held at fair value through profit or loss is its investment in Kimberley Diamonds Ltd which is categorised as Level 1.

Reconciliation of Level 3 fair value measurements of financial assets for the Group is as follows:

	2015 \$'000	2014 \$'000
Opening balance	559	1,338
Fair value adjustment recognised in profit or loss	–	–
Disposal of financial assets	–	(853)
Foreign exchange adjustments	–	74
Closing balance	559	559

35. IMPAIRMENT

GROUP

An impairment indicator was identified for Freda Rebecca, being the low gold price. Management calculated the value-in-use for the cash-generating unit of Freda Rebecca Gold Mine by applying a discounted cash flow model to the future expected cash flows expected to arise from the operation. The key assumptions of the discounted cash flow model were a gold price of \$1,250/oz at an average yearly production of around 75,000oz p.a. for another seven years of the mine still being in production. A pre-tax discount rate of 21% was used and was calculated as a discounting rate for similar mining operations in developing countries, adjusted for the specific risks of the Freda Rebecca Gold Mine. Management was satisfied that the value-in-use exceeded the carrying amount of the assets despite the lower current gold price and no impairment of Freda Rebecca's assets was deemed necessary.

An impairment indicator was identified for BNC, being the low nickel price. The key assumptions for the model was a long-term nickel price range of \$14,150/t to \$17,750/t over the remaining life of mine of an estimated twelve years, a pre-tax discount rate of 21% which was calculated as a discounting rate for similar mining operations in developing countries, adjusted for the specific risks of BNC. Management was satisfied that the value-in-use of the cash generating unit exceeded the carrying amount of the assets despite the lower current nickel price and no impairment of BNC's assets was deemed necessary.

During the current year, an impairment reversal of \$5.1m was made related to the BNC smelter that was fully impaired in FY2013. As a result of the planned re-start of the smelter, as supported by the bond proceeds raised of \$20m (of which \$16.4m was received by year end, \$1.5m was received after year end in July 2015, and the balance is expected to be received in September 2015 in terms of a signed letter of commitment from the investor – refer to the Review of operations and exploration on pages 16 to 21 for further details), Mwana was able to reverse the earlier impairment in full. BNC had already spent \$2.4m (FY2014: nil) in FY2015 in preparation for the smelter re-start, and had committed to a further \$3.1m (FY2014: nil) as at year end. The BSR refinery and Shangani mine are still under care and maintenance and no impairment reversal was deemed appropriate.

An impairment indicator was identified for Zani Kodo, being the low gold price. Management calculated an estimated resource valuation for the existing 2.97 million ounces of gold and the key assumptions of the resource valuation were a gold price of \$30 per ounce for inferred resources, and \$40 per ounce for indicated resources. A pre-tax discount rate of 27% was used and was calculated as a discounting rate for similar exploration operations in developing countries, adjusted for the specific risks of the Zani Kodo project. Management was satisfied that the resource valuation exceeded the carrying amount of the assets despite the lower current gold price and no impairment of Zani Kodo's assets was deemed necessary.

A small impairment of \$0.7m (FY2014: \$0.6m) was made in correction of an error in respect of SEMHKAT's intangible assets related to Asma and Pachalu, which were written off in the previous year following the expiration of the licenses.

COMPANY

During the current year, the Group did not consider it necessary to materially impair any loans or investments relating to its subsidiaries. In the prior year, the Company reversed material impairments relating to loans and investments of BNC (directly and indirectly).

The effect of the impairment reversal/(losses) on the balance sheet is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property, plant and equipment ¹	5,075	27,870	–	–
Intangible assets	(749)	(554)	–	–
Investments	–	–	–	21,887
Trade and other receivables	–	–	–	13,157
Net assets	4,326	27,316	–	35,044
Retained earnings	3,044	20,269	–	35,044
Non-controlling interest	1,282	7,047	–	–
Net equity and liabilities	4,326	27,316	–	35,044

¹ The prior year impairment for property, plant and equipment includes an impairment charge of \$118k shown as net of an impairment reversal of \$27,987k, which amounts to a total impairment charge for the year of \$671k and a total impairment reversal for the year of \$27,987k

36. EVENTS AFTER THE REPORTING PERIOD

Matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the group in future financial years which have not been disclosed publicly at the date of this report are:

- **Shareholder changes:**

Yat Hoi Ning ("Mr Ning"), then a Non-Executive Director of the Company, acting on behalf of himself and China International Mining Group Corporation ("CIMGC") respectively on 30 April 2015 CIMGC disposed of 81,424,282 ordinary shares ("Shares") in the Company and Mr Ning disposed of 106,254,717 Shares, in each case at a price of £0.018 per share.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2015

36. EVENTS AFTER THE REPORTING PERIOD CONTINUED

Following such disposals, CIMGC now has a holding in the Company of 218,000,000 Shares, representing 15.60 per cent of the issued share capital of the Company, and Mr Ning holds 454,545 Shares, representing 0.033 per cent of the issued share capital. Mr Ning, the Chairman of CIMGC, is thus interested in 218,454,545 Shares representing 15.63 per cent of the issued ordinary share capital.

• Board of Director Changes:

On 5 June 2015 Mr Stuart Morris, Interim Non-executive Chairman, and Mr Johan Botha, Non-executive Director, advised the Company of their retirement as directors of the Company with immediate effect. Mr Stuart Morris was replaced by Mr Yat Hoi Ning as Chairman. Mr Ning was later confirmed as Executive Chairman by the Board of Directors at a meeting held on 9 June 2015.

At the extraordinary general meeting on 9 June 2015, Non-executive directors Messrs Herbert Mashanyare and Ngoni Kudenga were voted off the Board, while Dr Scott Morrison, Ms Anne-Marie Chidzero, Messrs Mark Wellesley-Wood and Olivier Barbeau were appointed as directors of the Company. Dr. Scott Morrison was later confirmed as senior independent non-executive director.

• Chief Executive Officer departure:

On 10 June 2015, the departure of Mr Kalaa Mpinga as Chief Executive Officer of the Company was announced with immediate effect.

• Mwana guarantee to Freda Rebecca of Bindura Estates Pvt Ltd loan:

The Company has provided a letter of guarantee to Freda Rebecca of the amount owing to it by its subsidiary, the farm Bindura Estates Pvt Ltd, of \$1.4m, in the event that the farm is unable to meet its obligations.

• NOMAD resignation:

The Company announced the appointment of Grant Thornton UK LLP as its new Nominated Advisor and Cantor Fitzgerald as its new Financial Advisor and Corporate Broker with effect from 24 July 2015.

• Zani Kodo loan and Parent company guarantee:

After year end, subsidiary Mwana Africa Congo Gold SARL, signed an indicative term sheet for a \$2m loan facility with its bankers in the DRC. Following the signature of a loan agreement, amongst other terms, the bank will require a corporate guarantee from Mwana Africa PLC for \$2m, and the loan will have a term of 2 years, bearing interest at 10% per annum.

37. RELATED PARTY DISCLOSURES

GROUP

Transactions between Group subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Remuneration of key management personnel are disclosed in note 13.

Mr Toindepi Muganyi, the Managing Director of Freda Rebecca Gold Mine Ltd, is a trustee of the Community Trust.

COMPANY

The Company provided funding to subsidiary companies which are disclosed as current receivables in note 25. Investments in subsidiaries are disclosed in note 22.

Related party transactions during the year:

	2015 \$'000	2014 \$'000
Management fees received		
Mwana Africa Holdings (Pty) Ltd	6	32
Basilik Trading (Pty) Ltd	121	28
Management fees paid		
Mwana Africa Holdings (Pty) Ltd	529	(202)
Interest received		
Bindura Nickel Corporation Ltd	408	767

Management fees (paid)/received were in relation to management time spent on/(by) these companies during the year.

Transactions with key management personnel and director transactions are disclosed in note 13.

38. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Contracted	4,037	1,220	–	–

The Group and Company have the following total minimum lease payments under non-cancellable operating leases:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Operating leases which expire:				
Within one year	317	281	159	178
Two to five years	485	615	238	448
Over five years	–	–	–	–
Contracted	802	896	397	626

CONTINGENT LIABILITIES

The Group and Company monitor contingent liabilities, including, inter alia, those relating to taxation in the various jurisdictions in which the Company operates environmental, closure and other contingent liabilities, on an ongoing basis. Provision for such liabilities is raised in the financial statements when the necessary recognition criteria have been satisfied.

The following contingencies exist at the year end:

GROUP

There are a number of legal claims which have been brought against BNC and Freda Rebecca. These have been provided for when the obligation relating to these liabilities met the criteria for recognition under IAS 37 and are disclosed in note 31.

COMPANY

The Company has committed to a death in service benefit of five times executive annual salary for Mr Kalaa Mpinga, who has subsequently departed from the Company and is no longer entitled to this benefit, and Mr Yim Kwan. Should the employee die in an accident, twice the annual salary is covered by an insurance policy, leaving the Company with a remaining exposure of three years.

The Company has issued a guarantee to the extent of the outstanding Bindura Nickel Corporation bond amount, including accrued interest at any time during the tenor of the Bond. The \$20m bond carries a coupon rate of 10% per annum for a period of 5 years. The bond capital will be repaid in 8 instalments of \$2.5m plus interest every 6 months commencing after the first 18 months have passed.

The Company has provided a letter of guarantee to Freda Rebecca of the amount owing to it by its subsidiary, the farm Bindura Estates, of \$1.4m (2014: \$1.1m), in the event that the farm is unable to meet its obligations.

39. COMPARATIVE FIGURES

Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

CORPORATE INFORMATION

REGISTRATION NUMBER

02167843

OFFICES

Registered and corporate	Johannesburg
1 Catherine Place London, SW1E 6DX United Kingdom	1st Floor, Block B Sandton Place 100 West Street / 68 Wierda Road East Sandton, 2146 South Africa
	PO Box 78278 Sandton 2146 South Africa
Telephone: +44 (0)203 696 5470	+27 (0)11 883 9550/1
Facsimile: +44 (0)207 828 6905	+27 (0)11 883 9511

DIRECTORS AT 31 MARCH 2015:

Stuart Morris
Kalaa Mpinga
Yim Kwan
Yat Hoi Ning
Yuan Ching Hu
Johan Botha
Ngoni Kudenga
Herbert Mashanyare

GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Amilha Young
Appointed 1 June 2015

AUDITORS

KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

BANKERS

Barclays Bank PLC

NOMINATED ADVISER & CORPORATE BROKER

Until 24 July 2015:

Peel Hunt

Moor House
120 London Wall
London EC2Y 5ET
United Kingdom

NOMINATED ADVISOR

From 24 July 2015:

Grant Thornton UK LLP

30 Finsbury Square
London EC2P 2YU
United Kingdom

FINANCIAL ADVISER AND CORPORATE BROKER:

From 24 July 2015:

Cantor Fitzgerald Europe

1 Churchill Place, Canary Wharf
London, E14 5RB
United Kingdom

INVESTOR RELATIONS

Russell and Associates

42 Glenhove Road
Johannesburg 2196
South Africa

NOTES

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