

12 September 2007

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

Nikanor PLC (LSE: NKR), the AIM listed copper and cobalt mining company with world class assets based in the Democratic Republic of Congo ("DRC"), is pleased to announce its results for the six months ended 30 June 2007.

Highlights

- Independent report confirms project timetable and \$1.8 billion revised cost
- Successful £400 million (approx. \$800 million) cash placing increases total equity raised to \$1.2 billion; balance of funding to be raised through debt finance
- Glencore introduced as strategic investor; legally binding heads of terms for offtake agreement covering 100% of output
- \$1.0 billion cash on balance sheet at end June 2007
- Good project progress - \$620 million capex spend authorised, key long-lead items ordered
- Ramp up of mining at Tilwezembe and concentrate production from Kolwezi concentrator
- Concentrate sales volumes and inventories affected by bagging capacity, logistical constraints and a lengthy supply pipeline

Commenting on the results, Executive Chairman Jonathan Leslie said:

"Since the end of December we have achieved a number of crucial milestones, the most significant of which was securing the equity funding necessary to complete the KOV project. Our new shareholders include Glencore with whom we have entered into legally binding heads of terms for offtake arrangements covering 100% of our output. Major orders for long lead items including the mine fleet have been placed and the transformation of the site is underway. Output from the Kolwezi Concentrator has improved and we are making progress in accelerating the supply and despatch of concentrates. In short, we have increased the pace of development across the Group to meet our target of ramping up production through 2010."

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Notes to Editors

Nikanor is a mining group which owns assets in the heart of the African copperbelt in the Democratic Republic of Congo. The group's key mine is KOV, containing one of the world's largest high quality copper and cobalt ore bodies. Nikanor is rehabilitating this proven and well documented brownfield site and building a major state of the art refining plant to produce 250,000 tonnes per year of LME A-grade copper cathode and 27,500 tonnes per year of cobalt products.

Nikanor was admitted to the London Stock Exchange (AIM) on 17 July 2006.

Statement of Results For the Six Months Ended 30 June 2007

The period since the beginning of January has been very eventful, culminating in the successful \$800 million equity placement on 1 June. This placement completed the Group's equity financing requirement and allowed orders to be placed for significant long lead items in sufficient time for the project timeline to be maintained.

Two other significant steps during the period were the independent verification of revised project costs and the proposed schedule, and the negotiation of an offtake agreement with Glencore covering 100% of the Group's output.

With respect to our current operations which involve mining at Tilwezembe and processing at the Kolwezi Concentrator, ore mined and concentrate output increased. Valuable experience is being gained, particularly with respect to dealing with local conditions and shipping concentrate across multiple borders through to the port in South Africa. Insufficient bagging capacity, logistical constraints, and a lengthy pipeline for concentrate sales were the main reasons for low sales volumes in the period. We continue to target a major improvement in concentrate production by year-end and steps have been taken to improve bagging capacity and reduce logistical bottlenecks.

Funding

At the end of May 2007 the Group announced that it had received a revised direct capital cost estimate for the project of \$1.6 billion in nominal terms including expected escalation. This represented an increase of approximately \$300 million on the estimate made at the time of the Company's IPO in July 2006. A further \$200 million will be needed for working capital including costs such as pre-stripping, first fill costs and capitalised overheads. The revised total project cost of \$1.8 billion was reviewed by SRK Consulting and found to be realistic (see press release dated 25 May 2007). Due to this cost increase, the Group also announced that it would need to raise additional equity funding.

On 1 June 2007, the Company issued 66.7 million new shares at a price of £6.00 per share (total shares in issue is now 206.55 million). The net proceeds of this placement were \$777 million. 50 million of the new shares were issued to the diversified natural resources company Glencore, 50% of which were bought on behalf of Ruwenzori Limited ("Ruwenzori"), a special purpose vehicle managed by RP Capital. Approximately 4.8 million shares were issued to certain of Nikanor's founding shareholders, and approximately 11.9 million shares were issued to other participating institutions. The overall free float fell slightly from 28% prior to the placement to 25% after.

In conjunction with this placement, the Company and Glencore agreed legally binding heads of terms for offtake arrangements covering 100% of the Group's production.

At 30 June 2007, the Group had \$1.04 billion in cash or cash equivalents which should give sufficient liquidity to take the project forward and provide funding to the end of 2008. It is planned to raise the balance of funding through bank and agency debt supported by export credit guarantees and political risk insurance. The Group is in the process of mandating lead banks to support the fund raising to permit first draw down by the end of 2008.

KOV Project Progress

The KOV Project is composed of two main elements: the rehabilitation of the flooded KOV mine, one of the world's largest high quality copper and cobalt mines, and the construction of a state of the art SX-EW refinery.

First cathode production is scheduled to commence in just over two years' time (end 2009) and output is expected to approach design capacity by the end of 2010. As part of the independent project cost review undertaken by SRK Consulting in May 2007, the project schedule was also reviewed and these targets were affirmed.

Progress on the project has continued in line with the timetable, with the recent equity issue completed in time to allow the placement of orders with delivery times that support the project schedule. In total \$850 million of capex has either been approved or is under negotiation, and the Board has already approved \$620 million of this. Details of orders for major long-lead items are as follows:

- Mills – order placed with Polysius Krupp in July for one 6.1 meter ball mill and one 8.5 meter SAG mill. Delivery is expected in Q2 2009.
- Electro-winning equipment - order placed with Xstrata in August for cathodes, automatic cranes, and automatic stripping machines. Delivery is planned to commence in Q2 2009.
- Mine fleet - \$130 million order placed in July with Bartrac for primary mining equipment and support vehicles manufactured by Caterpillar and O&K. In total, 53 machines have been ordered. Some support equipment will be delivered in early 2008 and the first haul trucks and shovels will be delivered in mid-2008.
- Piling and civils - Letter of award given to China Zhongji Development Engineering. .
- Thickeners - order placed with Delkor in July for the manufacture, supply and erection of the high lift Thickeners for the process plant. Delivery is scheduled to commence in Q1 2009.

In addition to these long lead items, a \$30 million contract was signed in February with MCK for the earthworks for the new refinery. This work is ongoing with the emphasis to prepare the areas for access by the piling and civil contractor.

The implementation of the three-part dewatering plan continues, with several piezometer boreholes for monitoring subsurface water conditions and the refurbishment of four existing boreholes completed. Agitation and slurry pumps which will be used to remove both water and silt from the pit have been manufactured and are in transit to the site. The majority of the 17 kilometres of pipes needed for dewatering are also now on site. The process of assembling these components will begin in the fourth quarter of this year. Work on four decantation dams and the silt dam are well-underway. The rigs needed to drill 28 large diameter boreholes are in the DRC and in transit to the site.

The geotechnical drilling at KOV has been completed and a detailed life of mine plan is being produced. Major pre-stripping activity is scheduled to start in early 2009.

Infrastructure

Good progress has been made in a number of areas of infrastructure development:

- Electricity supply – as per the MOU signed with SNEL (the Congolese power utility) in late 2006, the refurbishment of Unit 3 at the Nzilo hydroelectric power station has been completed and units at Nseke and Mwadingusha are due to be completed in the first half of 2008. In total, this will provide more than half of the project's power requirement. A review of projected power consumption has also been carried out, resulting in a reduced capacity requirement of 180 MW. Revised negotiations with SNEL for the supply of the remainder of the power requirement are underway.
- Transport – the Gécamines barge that crosses the Lualaba River has been refurbished and now makes possible the transport of equipment too large and heavy to cross the existing bridge.
- Power reticulation - the KOV substation with a 32 MVA transformer was re-energised in April, and power was restored to the Lulu town by interconnecting 2 mini substations.
- Accommodation - the first units to house construction employees have been delivered to site. New management housing is now approaching completion and the water and sewage treatment plants have been delivered to the site. In the interim, 23 houses in Kolwezi have been refurbished and are occupied by the site staff.
- Telecoms / IT - two high masts for VSAT communications have been erected which now directly link the DCP office in Kolwezi and the Kolwezi concentrator into Nikanor's international network.

Operations Review – KTK (Kananga, Tilwezembe and Kolwezi concentrator)

The revised management structure put in place earlier this year has resulted in improved mining performance and rising output from the Kolwezi Concentrator.

Mining activity has been focused at Tilwezembe, with 434,000 tonnes of ore mined in the six months to June. Ore stockpiles are being built ahead of the upcoming rainy season.

No mining activity is currently taking place at Kananga following the decision in March to temporarily cease activity. 114,000 tonnes of ore were mined to the end of March. Mine costs of \$3.4 million have been taken directly to cost of sales following the suspension of mining.

Concentrate production has risen from approximately 1,000 tonnes in January to over 4,000 tonnes in June. Total concentrate production YTD June is 18,200 tonnes at an average grade of 12% copper and 6% cobalt. Production volumes have recently been constrained by mechanical failures, however, the startup of a refurbished flotation line and additional milling unit later in the year should allow us to reach our target of doubling monthly concentrate production by the end of the year.

Concentrate sales were constrained to 4,800 tonnes in the six months to June due primarily to insufficient bagging capacity and logistical constraints, which are being addressed. Concentrate stock levels therefore increased from 4,700 tonnes in December 2006 to 18,100 tonnes at the end of June 2007.

The average realised price of concentrate sold in the six months to June at \$1,444 per tonne (net of freight and handling costs) was depressed by poor initial grade quality. Grade quality has improved and net realisation on current sales is approximately \$2,000 per tonne. At these prices the concentrate stock held has a net realisable value in excess of \$36 million at current prices.

Exploration Drilling

From the inception of the exploration drilling programme, 150 diamond drillholes covering approximately 23,000 metres have been completed at the Kananga and Tilwezembe mines.

The results from Tilwezembe have been encouraging, and since April, resource drilling and mining activity has been focused on this site.

Snowden Mining Industry Consultants (Snowden) recently completed the first phase of Mineral Resource evaluation for the Tilwezembe mine in accordance with the SAMREC (2000) code. Tilwezembe now has an Inferred Mineral Resource of 13.1 million tonnes at a grade of 1.59% total copper and 0.65% total cobalt. This represents an increase of 6.6 million tonnes compared to the previous indicated resource evaluation of 6 million tonnes.

The deposit remains sub-vertical with increasing copper grades and decreasing cobalt grades at depth, where the mineralisation indicates increasing amounts of sulphides. This current evaluation is derived from 48 drill holes spaced on a 50x50 metre grid. A further 33 drill holes, which indicate strong mineralisation await assay and will be included along with subsequent drilling in the next Mineral Resource update. This suggests further significant upside potential. Drilling is continuing.

While the main focus of exploration has been at Tilwezembe, some drilling continued at Kananga. Exploration to the east has shown disappointing results with intersects for copper being below an economic mining cut-off. Consequently, exploration has focused on the western end of Kananga, of which part of the deposit has been mined out by Gécamines and latterly by DCP. Based on the current drilling campaign, Snowden estimate that the remaining Inferred Mineral Resource is 4 million tonnes at 1.44% copper and 0.74% cobalt. Additional drill holes have been completed but await assay due to our focus on Tilwezembe. These results, which show good mineralization, will be included in the next Mineral Resource update.

Results and Commitments

This is the first set of interim accounts since the IPO in July 2006. Information for the six months to July 2007 is therefore presented for the first time. Accounting policies for all periods presented are consistent with those adopted for the year ended 2006 and expected for 2007.

The Group held cash investments of \$1.042 billion at 30 June 2007, an increase of \$692 million since the start of the year. Cash investments were all held in a combination of AAA rated money market funds in accordance with Group treasury guidelines. The key movements in cash since 1 January 2007 were as follows:

- Receipt in June of net equity proceeds of \$777 million
- KTK operations with a net cash outflow of \$39 million, increasing the total investment since September 2006 of re-opening the mine and concentrator to over \$50 million. The outflow consisted of an operating loss of \$12 million, working capital of \$24 million, (which includes concentrate and inventory build up of \$14m) and capital expenditure of \$3 million.
- Investment in the KOV project of \$50 million, including capitalised overheads of \$11 million and working capital of \$10 million. Total invested since the IPO is \$75 million.

The Group incurred a loss in the 6 months of \$7.6 million compared to a loss of \$13 million in the first six months following listing.

	\$m
Revenue	9.8
DRC costs	(21.7)
Corporate costs	(6.6)
Share based payment charge	(1.7)
<u>Total costs</u>	<u>(30.0)</u>
Operating loss	(20.2)
<u>Net finance income</u>	<u>12.6</u>
Loss attributable to equity holders	(7.6)

The operating loss of \$20.2 million was due to sales of only \$9.8 million from KTK compared to DRC costs of \$21.7 million. DRC overheads in respect of the KOV Project are capitalised to fixed assets. Exploratory drilling costs at Tilwezembe of \$1.5 million have also been capitalised to fixed assets. Exploratory drilling costs at Kananga of \$1.6 million have been taken directly to other operating expenses due to the decision taken earlier in the year to cease mining activity.

Corporate costs including a share based payment charge totalled \$8.3 million. Net finance income, mostly interest income, totalled \$12.6 million.

In the 6 month period there was a \$13.7 million increase in the value of concentrate and ore pile stocks. They are stated at cost. Mining costs of \$3.4 million at Kananga have been taken directly to cost of sales and not included in inventory also due to the cessation of mining activity earlier this year. The respective values of concentrate and ore piles on balance sheet are \$8 million and \$8.5 million.

Net assets at 30 June 2007 rose to \$1.166 billion, due principally to the increased level of cash investments. Fixed assets more than doubled to \$88 million consisting KOV and KTK capital spending, capitalised overheads and the creation of a \$1.5 million asset in relation to the environmental provision set up under IAS37. Inventory increased by \$17 million to \$21.5 million, mostly the result of ore and concentrate buildup. Trade and other receivables rose \$23.5 million to \$33.9 million due mostly to higher levels of pre-payments in support of DRC purchase agreements.

DRC Government

Toward the end of March 2007, the DRC Ministry of Mines announced that it had suspended all negotiations relating to new mining agreements and would set up a commission to review all existing agreements. The review process, which focuses on the legality of each agreement and the verification of developments at each site, was originally expected to last until mid-July. Recent statements suggest that the review process may be extended to December 2007. We have responded to information requests from the commission and have hosted a visit to our operations and community projects.

Personnel

At the end of July DCP had approximately 1,400 employees, the majority of whom were former Gécamines workers. The Group's focus has shifted from hiring to education and training programmes in order that the transition from project to production in late 2009 is as smooth as possible.

There were several work stoppages by DCP employees in early August. This industrial action was linked to annual salary negotiations and changes to working practices.

In the period since December, Nikanor's operational and project management teams have also been substantially strengthened to cater for the rapid increase in ordering activity and material flowing into the DRC as well as increasing production volumes from KTK. These appointments include:

- Chief Operating Officer – Fernando Fernandez
- Project Oversight – Peter Watermeyer
- Project Director – Colin Healy
- Head of Sales and Marketing – Shaun McCurdy
- DCP Chief Financial Officer – Jackie Callaway

Board Changes

There was one change to the board during the period – on 27 June, Dr. Eric Lilford was replaced by Stephen Oke as the nominee of BSG Resources Ltd, acting through Oakey Invest Holdings Inc.

Corporate Social Responsibility (CSR)

Our primary goal with respect to CSR is that the social and economic benefits from our activities should endure beyond the life of the mine. The DCP Foundation, modelled on similar successful structures at other mining companies, is the main vehicle for achieving this goal. The four key areas of focus for the foundation are health, education, agriculture, and small business development.

Since January, the DCP Foundation has completed a number of important projects including:

- Refurbishing and restocking the pharmacy at the main Kolwezi State Hospital.
- Rebuilding broken sections of the Kolwezi Methodist School and refurbishing the classrooms
- Restoring electricity and water to the Luilu township
- Restoring and maintaining the water supply to the Musonoi village
- Implementing the malaria prevention programme including distributing mosquito nets to the families of all DCP workers and hosting malaria education classes for Kolwezi communities

Some of the current projects underway include:

- Providing water for the main Kolwezi hospital which includes drilling several boreholes and putting water pumping and storage infrastructure in place

- Refurbishing one of the wards at the main Kolwezi hospital
- Building a new school for Tilwezembe Village to serve approximately 1,000 students. This project is being undertaken using local labour and materials, including traditional hand-made bricks purchased from local suppliers
- Refurbishing of the state owned Athénée high school in Kolwezi

Outlook

In the almost 14 months since Nikanor's IPO, considerable progress has been achieved taking the KOV project forward in terms of engineering, placing of orders and early capital spending. In addition, KTK is up and running and current low sales are expected to improve. From this solid base which includes invaluable experience gained in dealing with local conditions, the pace of change is expected to visibly increase in the coming months as we move from planning to implementation.

The fresh equity raised in June means that some two-thirds of the project cost has been funded. This important step also meant that we could place orders for major long-lead items within a timeframe that supports our target of first cathode production by the end of 2009. With the added security expected to be provided by the offtake arrangements with Glencore, we are now making progress on arranging debt funding for completion during 2008.

Independent review report to Nikanor plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated interim balance sheet as at 30 June 2006 and the related consolidated interim statements of income, cash flows and changes in shareholders' equity for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the AIM rules.

The AIM rules require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the International Accounting Standard 34, 'Interim financial reporting'.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM rules and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 September 2007

CONSOLIDATED INCOME STATEMENT

	Notes	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Revenue	3	9,763	–	1,678
Cost of sales		(13,288)	–	(5,369)
Gross loss		(3,525)	–	(3,691)
Selling and distribution costs		(869)	–	(388)
Administration expenses		(11,217)	(850)	(13,398)
Other operating expenses		(4,442)	(69)	(6,619)
Operating loss		(20,053)	(919)	(24,096)
Finance income	5	13,589	24	10,412
Finance costs	5	(1,014)	(127)	(276)
Net finance income/(cost)		12,575	(103)	10,136
Loss before income tax		(7,478)	(1,022)	(13,960)
Income tax expense	6	(83)	–	(35)
Loss for the year		(7,561)	(1,022)	(13,995)
Attributable to:				
Equity holders of the Company		(7,561)	(1,022)	(13,995)
Minority interests		–	–	–
Loss per share for loss attributable to equity holders of the Company during the year (expressed US cents per share)				
Basic		(5)	(1)	(12)
Diluted		(5)	(1)	(12)

The notes on pages 15 to 19 are an integral part of the interim financial information.

CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2007 \$'000	At 30 June 2006 \$'000	At 31 December 2006 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	88,636	3,351	43,692
Intangible assets		–	19,198	–
		88,636	22,549	43,692
Current assets				
Inventories		21,526	36	4,590
Trade and other receivables		33,857	22	10,400
Cash and cash equivalents	8	1,041,659	2,241	349,710
		1,097,042	2,299	364,700
Total assets		1,185,678	24,848	408,392
LIABILITIES				
Current liabilities				
Trade and other payables		(18,069)	(4,184)	(13,149)
Shareholder loans		–	(25,220)	–
Current tax liabilities		(118)	–	(35)
		(18,187)	(29,404)	(13,184)
Net current assets/(liabilities)		1,078,855	(27,105)	351,516
Non current liabilities				
Provisions	11	(1,500)	–	–
		(1,500)	–	–
Total liabilities		(19,687)	(29,404)	(13,184)
Net assets/(liabilities)		1,165,991	(4,556)	395,208
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		2,066	1,000	1,399
Share premium		1,181,365	–	405,423
Share based payment reserve		2,521	–	786
Accumulated deficit		(19,961)	(5,555)	(12,400)
Total equity attributable to parent		1,165,991	(4,555)	395,208
Minority interest in equity		–	–	–
Total equity		1,165,991	(4,555)	395,208

The notes on pages 15 to 19 are an integral part of the interim financial information

The interim financial information on pages 11 to 19 was approved by the Board of Directors on 11 September 2007 and was signed on its behalf by:

JONATHAN LESLIE
EXECUTIVE CHAIRMAN

PETER SYDNEY-SMITH
FINANCE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Total \$'000	Minority interests \$'000	Total equity \$'000
	Share capital \$'000	Share premium \$'000	Share based	Accumulated			
			payment reserve \$'000	deficit \$'000			
Balance at 1 January 2006	1,000	–	–	(1,159)	(159)	–	(159)
Loss for the 6 months to June 2006	–	–	–	(1,022)	(1,022)	–	(1,022)
Transaction costs associated with issue of shares ^A	–	–	–	(3,374)	(3,374)	–	(3,374)
Balance at 30 June 2006	1,000	–	–	(5,555)	(4,555)	–	(4,555)
Shares issued pursuant to admission of the Company	396	433,661	–	–	434,057	–	434,057
Transaction costs associated with issue of shares ^A	–	(24,864)	–	–	(24,864)	–	(24,864)
Loss for the period	–	–	–	(12,973)	(12,973)	–	(12,973)
Share based payments	3	–	3,540	–	3,543	–	3,543
Transfers	–	(3,374)	(2,754)	6,128	–	–	–
Balance at 31 December 2006	1,399	405,423	786	(12,400)	395,208	–	395,208
Issue of ordinary shares	667	796,050	–	–	796,717	–	796,717
Transaction costs associated with issue of shares	–	(20,108)	–	–	(20,108)	–	(20,108)
Loss for the period	–	–	–	(7,561)	(7,561)	–	(7,561)
Share based payments	–	–	1,735	–	1,735	–	1,735
Balance at 30 June 2007	2,066	1,181,365	2,521	(19,961)	1,165,991	–	1,165,991

- A. The Group was successfully admitted to AIM on 17 July 2006. \$28,238,000 of attributable admission costs were capitalised to share premium against proceeds received. At 30 June 2006 \$3,374,000 of attributable costs were accrued. These were taken directly to retained earnings at 30 June 2006 and transferred to share premium on successful admission.

CONSOLIDATED CASH FLOW STATEMENT

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Cash flows from operating activities	10	(59,681)	(26,578)
Interest (paid)/received	–	–	(148)
Net cash flows used in operating activities	(59,681)	(342)	(26,726)
Cash flows from investing activities			
Interest received	10,733	24	8,683
Purchase of intangible assets	–	(4,516)	(5,744)
Purchase of property, plant and equipment	(37,499)	(3,111)	(19,014)
Net cash flows used in investing activities	(26,766)	(7,603)	(16,075)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	796,717	–	434,060
Transaction costs associated with issue of shares	(20,108)	–	(28,238)
Issue of shareholder loans	–	8,656	9,646
Repayment of shareholder loans	–	–	(26,083)
Net cash from financing activities	776,609	8,656	389,385
Net increase in cash and cash equivalents	690,162	711	346,584
Cash and cash equivalents at the beginning of the year	349,710	1,530	1,530
Exchange gains on cash	1,787	–	1,596
Cash and cash equivalents at end of the year	1,041,659	2,241	349,710

The notes on pages 15 to 19 are an integral part of the interim financial information.

In the period prior to the Company being admitted to AIM on 17 July, in addition to the cash loans from shareholders, certain expenditure was incurred by the shareholders on behalf of the Group. Such expenditure is not reflected in the Group's cash flows from investing activities or cash flows from financing activities but is reflected in the movements in borrowings from shareholders.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 General information

Nikanor PLC (the 'Company') is a public limited company incorporated in the Isle of Man. The Company's registered address is 15-19 Athol Street, Douglas, Isle of Man, IM1 1LB.

The Group's operations are primarily conducted through the Company's principal subsidiary, Democratic Republic of Congo Copper and Cobalt Project S.á.r.l ("DCP"). The purpose of DCP is to hold the mining and exploration permits issued by the Government of the Democratic Republic of Congo ("DRC") and to explore, reconstruct and develop the copper and cobalt mines of KOV, Kananga and Tilwezembe in accordance with the terms and conditions of the agreement entered into between Global Enterprises Corporate Ltd ("GEC") (a wholly owned subsidiary of the Company) and La Générale des Carrieres et des Mines ("Gécamines"). Under this agreement, GEC holds 75% of DCP while Gécamines holds 25% of DCP.

On 17 July 2006 the Company acquired a 100% interest in GEC as a result of a share exchange representing a combination of businesses under common control.

Accounting for the share exchange agreement relating to the acquisition of GEC

On 12 July 2006, the Company entered into a sale and purchase agreement with its shareholders, pursuant to which the shareholders agreed to transfer their shares in GEC to the Company in exchange for the issue and allotment by the Company conditional on, and with effect from Admission, of 999,999,990 ordinary shares to the shareholders, pro rata to the shareholders' shareholding in GEC.

As this transaction involved the combination of businesses under common control, merger accounting has been applied in the presentation of the consolidation financial statements for all periods presented which present the results of the Group as if the Company had always been the parent company of GEC

2 Basis of preparation

The financial information included in this report is unaudited and has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The financial information for the year ended 31 December 2006 does not constitute statutory accounts. This information was derived from the statutory accounts the year ended 31 December 2006, a copy of which has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified.

The interim financial information has been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the following new standards and interpretations adopted from the 1 January 2007:

- IFRIC 9 'Reassessment of Embedded Derivatives.'

There has been no material impact on the Group by adopting this standard.

In preparing the interim financial information the Group has adopted all the existing accounting standards issued by the IASB and all the existing interpretations issued by the IFRIC as at 30 June 2007 with the exception of:

- IFRS 7 'Financial Instruments: Disclosures' and consequential amendments to IAS 1 'Presentation of Financial Statements', effective from 1 January 2007
- IFRS 8 'Operating Segments' – effective from 1 January 2009

3 Revenue

All revenue is derived from the sale of copper and cobalt in concentrate form. At each reporting date open provisionally priced sales are marked-to-market based on London Metal Exchange ('LME') forward prices for copper and spot London Metals Bulletin ('LMB') prices for cobalt, with adjustments being recorded in revenue in the income statement and trade debtors in the balance sheet. The marked-to-market loss for the period was \$70,000, (prior period \$nil, year to December 2006, gain of \$120,000).

4 Segmental information

PRIMARY REPORTING FORMAT – BUSINESS SEGMENT

The Group's primary format for segment reporting is business segments. The operations of the Group which involve the production and processing of copper and cobalt are managed as one business. The products are subject to the same risks and returns, exhibit similar long-term financial performance and are sold through the same distribution channels. One business segment is therefore identified as a reportable segment.

GEOGRAPHIC SEGMENT

The Group's principal operations are in the Democratic Republic of Congo which is a single geographic segment.

Business and geographic segment disclosures are not provided here as they are not different from those presented in the primary financial statements and supporting notes.

The final destination of all Group sales is China.

5 Finance income and finance costs

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Finance income			
Interest receivable	10,733	24	8,683
Foreign exchange gains	2,856	–	1,729
Finance costs			
Interest payable	–	(127)	(148)
Foreign exchange losses	(1,014)	–	(128)
Net foreign exchange gains	1,842	–	1,601
Net finance income/ (cost)	12,575	(103)	10,136

Interest capitalised in the current year was \$nil, prior year \$nil.

6 INCOME TAX EXPENSE

Major components of income tax expense for the periods presented are:

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Current income tax			
Foreign tax	83	–	35
	83	–	35
Income tax expense	83	–	35
Effective tax rate	(1%)	(0%)	(0.25%)

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Loss before taxation	(7,478)	(1,022)	(13,960)
At statutory DRC rate of 30%	(2,243)	(307)	(4,188)
Expenses not deductible	225	95	494
Overseas rate differences	15	–	(2)
Other timing differences not recognised	(315)	16	11
Losses carried forward not recognised	5,746	196	4,574
Income taxed at a lower rate	(3,345)	–	(854)
At effective rate	83	–	35

7 PROPERTY, PLANT AND EQUIPMENT

	Mine development assets \$'000	Land and buildings \$'000	Motor vehicles \$'000	Fixtures and fittings \$'000	Plant and equipment \$'000	Work in progress \$'000	Closure & restoration provision \$'000	Total \$'000
At 1 January 2006	–	58	263	9	–	–	–	330
Additions at cost	14,213	591	654	338	3,804	3,547	–	23,147
Transfers from intangible assets	20,427	–	–	–	–	–	–	20,427
At 31 December 2006	34,640	649	917	347	3,804	3,547	–	43,904
Additions at cost	33,145	60	1,299	2,882	2,240	4,190	1,500	45,316
At 30 June 2007	67,785	709	2,216	3,229	6,044	7,737	1,500	89,220
Depreciation								
At 1 January 2006	–	–	32	4	–	–	–	36
Depreciation charge	–	7	140	29	–	–	–	176
At 31 December 2006	–	7	172	33	–	–	–	212
Depreciation charge	–	6	118	248	–	–	–	372
At 30 June 2007	–	13	291	281	–	–	–	584
Net book value								
At 1 January 2006	–	58	231	5	–	–	–	294
At 31 December 2006	34,640	642	745	314	3,804	3,547	–	43,692
At 30 June 2007	67,785	696	1,926	2,948	6,044	7,737	1,500	88,636

All Mine Development Assets relate to the KOV project. No depreciation has been charged to date as the project has not yet reached commercial production. Plant and equipment also includes \$2 million in relation to the KOV project which is not depreciated. Also included in Plant and equipment are KZC leasehold improvement costs of \$4 million, (\$1.5 million addition in the 6 month period to June 2007).

8 Cash and cash equivalents

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Cash at bank and in hand	1,041,659	2,241	349,710

On 6 June 2007 equity proceeds of £390 million (after professional costs) were received following the issuing of 66.7 million new ordinary shares. The majority of proceeds were exchanged into US Dollars, the currency in which the majority of the project and operating costs not yet committed will be in US Dollars. This reduced exposure to foreign exchange rate risk. Limited amounts of funds are held in Euros and Rand to match project costs in those currencies.

All funds are invested in AAA funds with a maximum in any fund of \$250 million.

9 Share capital

As described in note 1, merger accounting has been applied in the presentation of the consolidated financial information. This method presents the results of the Group as if the Company had always been the parent company. This has the effect that although the Company was not incorporated until 26 June 2006, the ordinary share capital shown throughout the periods of the consolidated financial statements is that of the Company resulting from the share exchange with the previous shareholders of Global Enterprises Corporate Ltd. The share exchange occurred on 11 July 2006.

On 17 July 2006 the Company issued 36 million ordinary shares at £6 pursuant to the Company listing on the Alternative Investment Market. On 11 August 2006 an over-allotment option was exercised in full and an additional 3.6 million shares were issued at £6.

On 1 June 2007 the Company issued 66.7 million ordinary shares at £6. Glencore International AG Limited was allocated 50 million shares, 50% of which were applied for on behalf of Ruwenzori Limited. Ruwenzori is a special purpose vehicle managed by RP Capital Partners in which a major shareholder is a discretionary trust, in which Dan Gertler is a potential ultimate beneficiary (the Dan Gertler Family Trust). The placing represents 32% of the enlarged share capital.

	Number	\$'000
Authorised (on incorporation on 26 June 2006)		
Ordinary shares of \$0.01 each	1,000,000,000	10,000
Ordinary shares issued and fully paid		
At 1 January 2006	100,000,000	1,000
Shares issued pursuant to the Company's admission	39,600,000	396
Issued under share scheme	250,000	3
At 31 December 2006	139,850,000	1,399
Shares issued in respect of equity financing	66,700,000	667
At 30 June 2007	206,550,000	2,066

10 Cash flow analysis

RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW FROM OPERATING ACTIVITIES

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Loss before income tax	(7,478)	(1,022)	(13,961)
<i>Adjusted for:</i>			
Interest received	(10,733)	(24)	(8,683)
Interest paid	–	127	148
Depreciation	372	54	176
Share option expense	1,735	–	3,540
Foreign exchange gains	(1,829)	–	(1,602)
Increase in inventories	(16,934)	(36)	(4,590)
Increase in debtors	(23,410)	(22)	(10,400)
Increase/(decrease) in creditors ^A	(1,404)	581	8,794
Cash outflow from operating activities	(59,681)	(342)	(26,578)

A. Accrued admission costs included at 30 June 2006 were taken straight to equity and are therefore not reflected in the income statement or working capital. See statement of changes in equity.

11 PROVISIONS FOR LIABILITIES AND CHARGES

The Group has an obligation to incur restoration, rehabilitation and environmental costs when environmental disturbance is caused by the development of a mining property. These costs are incurred at the end of the relevant operation.

A provision is recognised for the present value of such costs. Provision is not provided for additional obligations expected to arise from future disturbance. It is anticipated that these costs will be incurred over a period of 7-30 years. A provision of \$1,500,000 has been included in the 6 month period to 30 June 2007. The estimated provision has been discounted at approximately 5%, being an estimate of the risk free, pre-tax cost of borrowing.

12 CONTINGENT LIABILITIES

The Group receives various regulatory inspections and reviews from tax authorities in the DRC, some of which include claims for monies owed. The Group assesses these on a case by case basis. There are no material cases or contingent liabilities outstanding against the Group, prior periods \$nil.

13 RELATED PARTY DISCLOSURES

IDENTIFICATION OF RELATED PARTIES

The Group has related party relationships with its majority shareholders and some related companies.

On 1 June 2007 the Company issued 66.7 million shares at £6 million in respect of additional equity financing. Of these 66.7 million shares 3 million were issued to Oakey Investment Holdings Inc, a major shareholder. The value of this transaction was US \$6 million. 1.83 million were issued to Pitchely Properties Limited, a major shareholder. The value of this transaction was US\$ 3.7 million.

The Group was initially funded by founding shareholder loans which were repaid in full during the year ended December 2006, an amount of \$26,231,000 was repaid, including interest of \$148,000

The following companies provided services to the Group during the period and have been identified as related parties:

- **BSG Resources Transitional Service Agreement:** Oakey Investment Holdings, a major shareholder, is a subsidiary of BSG Resources, ('BSGR'). The Group and Resource Advisory Services Limited entered into a Transitional Services Agreement prior to admission on to AIM and six months post admission. This support has now ceased and no significant work was taken post August 2006.

- **Bateman Engineering N.V:** Rt Hon Earl of Balfour (non-executive director of the Group) is a non-executive director of Bateman Engineering N.V, a company in the BSG Resources Group. Bateman has been engaged to undertake certain projects.

- **DEM Mining:** Dan Gertler holds an interest in the shares in DEM mining and has a beneficial interest in the Company. DEM have been contracted to drill, mine and transport ore from the Tilwezembe mine to the crusher at the KZC plant.

- **Virtus Trust:** Rt Hon Earl of Balfour (non-executive director) holds an interest in the shares of Virtus Trust which provided accounting and treasury-related services to the Group. With the exception of some minor residual services, the accounting and treasury related services have ceased.

- **Gécamines:** Gécamines has a 25% minority interest in DCP, a Group subsidiary. DCP is required to make lease payments to Gécamines. In addition, DCP purchases goods and services from Gécamines in the normal course of business.

- **Glencore:** Glencore holds 12.6% in the Company. During the period, Glencore entered into a 100% offtake agreement with the Company. Sales under this offtake agreement will commence in the second half of 2007.

The following table provides the total amount of transactions entered into between related parties:

	6m ended June 2007 \$'000	6m ended June 2006 \$'000	12m ended December 2006 \$'000
Amounts owed to related parties			
Oakey Investment Holdings Inc.	–	23,741	–
Kennon Management Inc.	–	1,479	–
Bateman	–	–	1,921
	–	25,220	1,921
Purchases from related parties			
DEM Mining	11,511	–	590
Bateman	6,870	–	6,190
BSGR	238	455	605
Virtus Trust	89	–	122
Gécamines	342	–	25
	19,050	455	7,533

14 POST BALANCE SHEET EVENTS

There were no post balance sheet events.