ZCI Limited

Integrated Annual Report
for the year ended 31 March 2013

TABLE OF CONTENTS **PAGE**

ABOUT THIS REPORT

This second Integrated Annual Report (the "Integrated Report" or the "Report") covers the financial reporting period from 1 April 2012 to 31 March 2013 of ZCI Limited ("ZCI" or the "Company"). The Report covers the operations at a Group level to include the activities of African Copper plc ("ACU") in which ZCI holds a controlling interest, as well as the mining activity of the subsidiaries of ACU (collectively the "Group" or the "ZCI Group").

The objective of this Integrated Report is to present the risks and opportunities that the Company faces, together with disclosure of our environmental, social and governance responsibilities and issues. This Report allows us to emphasise the fundamental link between our financial and non-financial performance and how they are derived from and influence our business strategy. We have applied the following reporting principles and frameworks in the preparation of this Report:

Framework, codes, guidelines	Framework for the following sections
International Financial Reporting Standards ("IFRS")	Annual financial statements
Global Reporting Initiative G3 ("GRI")	Sustainable development information
SAMREC code	Mineral resources and reserves
JSE Limited ("JSE") listing requirements	Throughout the report
King Code of Governance Principles("King III")	Corporate governance

Following the changes made last year when the Group prepared its first integrated report, the principles of the 2013 report are consistent with that of 2012. To ensure ease of reference and comparability, the structure and content of this year's report are consistent with those presented last year. In line with our commitment to meaningful disclosure, we aim to provide a balanced and material assessment of ZCI's strategic position and performance to enable all our stakeholders to properly assess our Company.

We see this reporting as an evolving process and aim to enhance disclosure each year, as we deem appropriate. Management's interpretation of materiality has been applied in determining the financial and non-financial content and disclosure in this Report.

The navigation table below details the elements of integrated reporting and the sections where these elements are incorporated into the Report:

External assurance in this Report has been undertaken with respect to the consolidated group financial statements by ZCI's independent external auditor, KPMG Inc. (South Africa) ("KPMG" or the "External Auditor"). The Mining and Mineral Reserves section of the Report has been reviewed and approved by Mr David De'Ath, who is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC codes, and the Operations Manager of Messina Copper (Pty) Ltd.

It is the ZCI Board of Directors' (the "Board's") responsibility to ensure the integrity of the Integrated Report. Accordingly the Board applied its mind to the Integrated Report and in its opinion; the Integrated Report addresses all material issues, and presents fairly the integrated performance of the Group and its impacts.

In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome feedback from our stakeholders on the content and format of our reports. Please direct any feedback to the Company Secretary whose contact details can be found on our website at *www.zci.lu*. The Integrated Report has been prepared in line with best practice pursuant to the recommendations of King III (principle 9.1). The Board authorised the Integrated Report for release on 28 June 2013.

KEY HIGHLIGHTS OF THE 2013 INTEGRATED REPORT

Record production levels in March 2013
Read more on page 24

- Ore processed 801,901Mt (2012: 738,921 Mt)

Recovery rates increased by 37% year on year
Read more on page 24

- Recovery rates increased to 66.5% (2012: 48.4%)
- Highest ever recovery rate to date recorded in December 2012 at 95%

Copper produced in concentrate 37% higher than 2012
Read more on page 24

- Copper produced in concentrate of 9,496Mt (2012: 6,910 Mt)

Revenue increased to US$60.5 million (2012: US$42.8 million)
Read more on page 24

- Average recovery of 66.5% (2012: 48,4%)
- Payable copper sold 8,692Mt (2012: 6,245 Mt)

Gross profit from mining activities of US$15.1 million (2012: US$ 3.4 million loss)
Read more on page 24

- Revenue from mining activities increased 41% to US$ 60.5 million (2012: US$ 42.8 million)
- Cost of sales decrease 1.6% to US$ 45.4 million (2012: US$ 46.1 million)

Exceptional safety performance
Read more on page 15

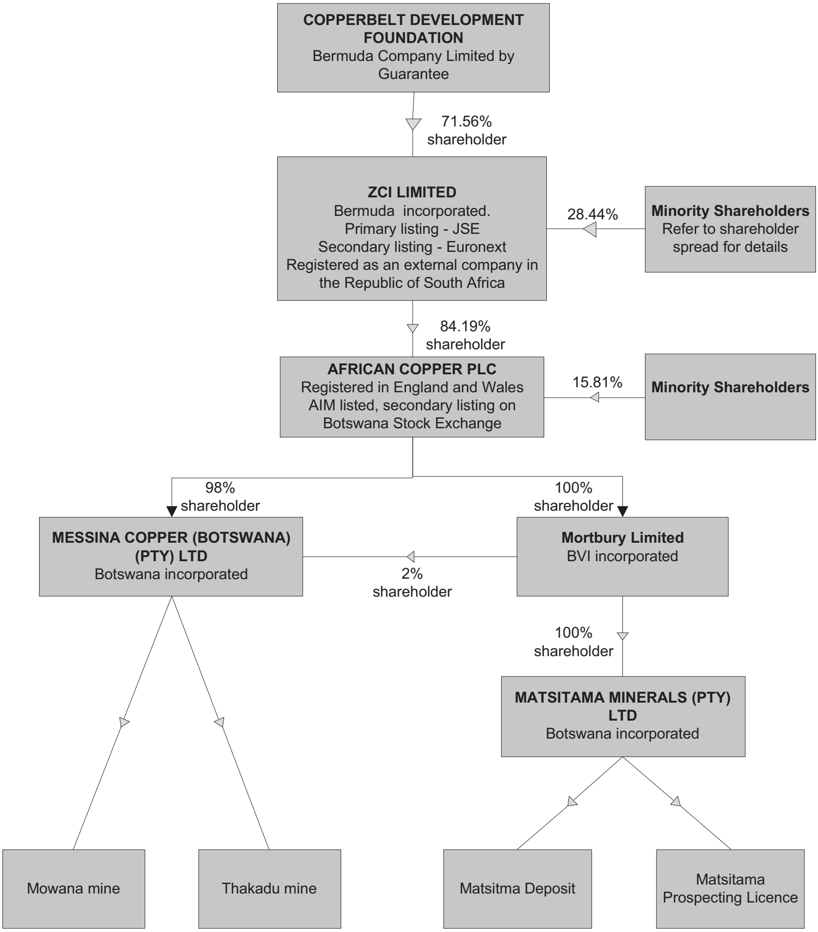
- Zero fatalities

Progress in areas of environmentaly sustainable operations and CSI
Read more on page 33

- Progress in development of environmental management standards and operating procedures
- Dialogue and workshops with community leaders key input into CSI programme

ORGANISATIONAL OVERVIEW

GROUP STRUCTURE



ZCI owns 84.19% of African Copper plc ("ACU") and has the option (at its election) to convert certain of its shareholder loans into additional ordinary shares in ACU in order to increase its shareholding to up to 90.1% of ACU.

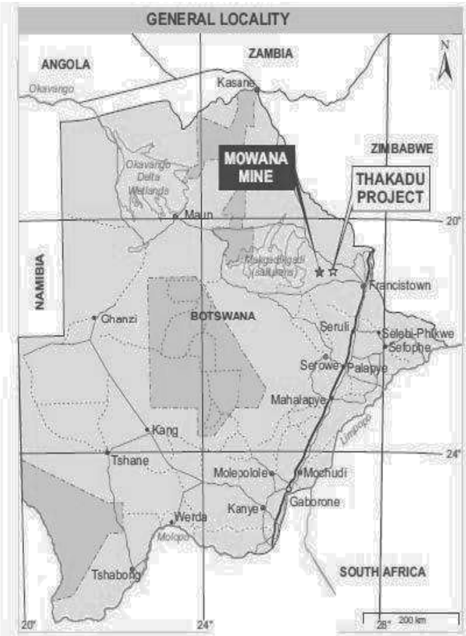
Both ZCI and ACU are investment holding companies and have no trading activities as such, other than providing financial and strategic support to the two operating subsidiaries.

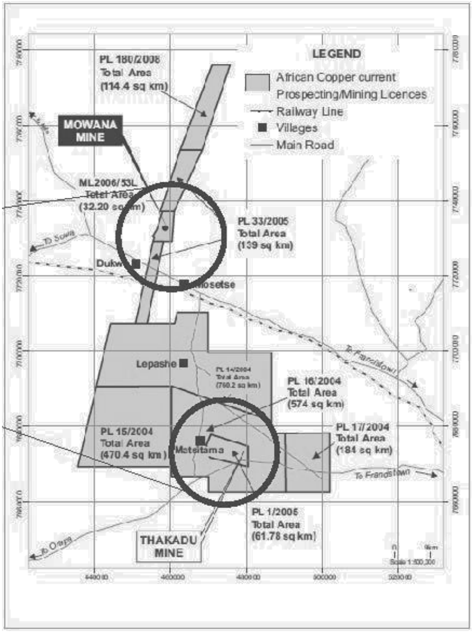
The Group's main project is the Mowana mine with copper-producing open pits at the Mowana pit and Thakadu pit, and the Mowana plant (collectively referred to as the "Mowana Mine"). The Group also, through its subsidiary Matsitama Minerals (Pty) Ltd ("Matsitama") own the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama project.

ORGANISATIONAL OVERVIEW

WHERE WE OPERATE

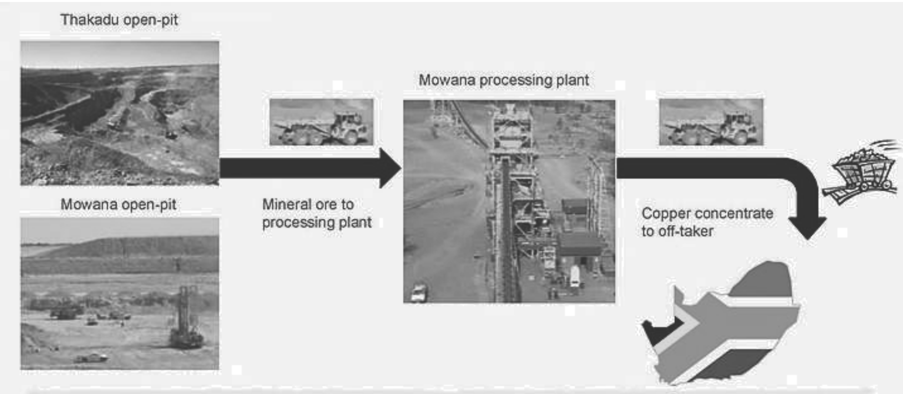
The Mowana Mine is located in the north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.



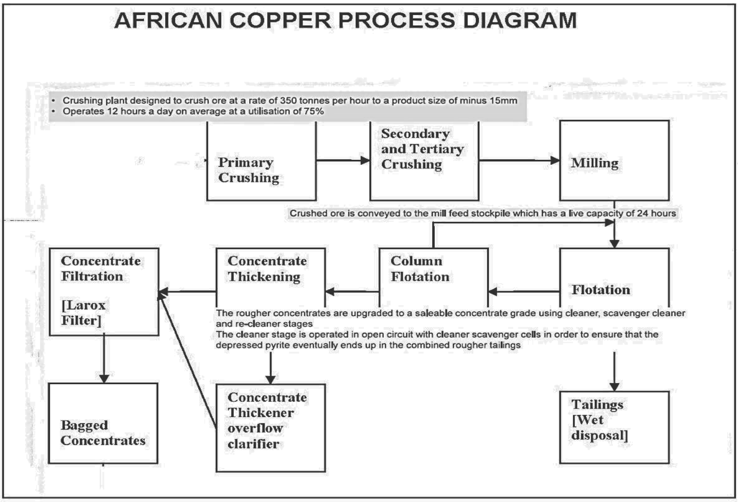


ORGANISATIONAL OVERVIEW

WHAT WE DO



- Produced copper concentrate is bagged in 2t bags
- Bagged copper concentrate is declared in 500t lots and provisionally invoiced and paid at 95% total value
- The concentrate for the declared lots is weighed and transported in trucks by road to either Durban or Richards Bay in South Africa (arrives 48 hours from departure)
- The off-taker, MRI Trading AG, takes responsibility of transportation for the copper concentrate and the risk on it, from Mowana Mine gate to final destination



IDENTIFICATION OF KEY STAKEHOLDERS AND STAKEHOLDER INTERESTS

The ZCI Group recognises its stakeholders as all being parties affected by the actions of the Company and the wider operations of the Group.

The Board appreciates that stakeholder perceptions affect the Group's reputation. Stakeholder relationships are seen as a fundamental and inseparable component of ZCI's strategic interests and objectives.

The key stakeholder groups of the Group are identified below.

Stakeholder	How we communicate with them	What matters to them	What concerns them	How we respond to their concerns
Shareholders	Annual reports Share market announcements Annual General Meeting Engage regarding matters of strategy and governance	Profit Sustainable growth Strategic direction	Escalating costs Capacity of ACU to repay loans from ZCI Liquidity Risk	Increased application of King III corporate governance principles Strategic Reviews Risk Management Regular feedback on management's execution of KPI's
Employees	General notices Safety, Health, Environment and Archaeology ("SHEA") topic of the month to focus on important issues Monthly staff briefings Newsletters Notice boards Performance reviews Management - Union Forums Departmental Consultative Forums	Fair remuneration and benefits Job security Training and development Health and Safety Community issues including housing and job creation Coaching and mentoring	Recruitment of scarce skills Opportunities for advancement Job security Incentives and bonus schemes HIV/AIDS Resolution of industrial relations issues	Targeted skills training programs Involvement in the Botswana Government internship program SHEA department, responsible for the day to day management of sustainability issues. Health clinic registered with Ministry of Health HIV/AIDS management and wellness program Hygiene monitoring Alcohol and drug testing procedures Adopted quality and safety standards subject to regular monitoring Engagement with union on matters affecting employee welfare

Stakeholder	How we communicate with them	What matters to them	What concerns them	How we respond to their concerns
Government	Networking and briefing sessions Press releases Telephonic and other interviews	Statutory and legal compliance Safety Local economic development Transparent disclosure Localization and training program	Safety Preservation of archaeological sites Non-compliance Default risk Job creation and security	Regular contact, briefings and networking sessions allows face to face interactions Written communications often used to answer questions
Communities	Interaction through a community liaison officer Meetings with local farmers Engagement with members of the 5 villages (Matsitama, Lepashe, Mosetse, Dukwi and Kutamogore) Interaction and visits to the 5 villages by management and the local government	Sustainable socio-economic development Corporate social investment initiatives Pollution, safety and health matters Significant changes to existing operations Protection of livestock	Low Corporate Social Investment Low employment numbers of people within catchment area Mine traffic through villages Dust Land rights Accidents and incidents involving their livestock and our mining activities	Obtained priority requirements from the five villages to be aware of needs and start to assist. Annual workshops are held with village leaders to ensure a focussed approach to CSI and the impact of mining around the villages. Annual donations to surrounding villages Short term unskilled labour is sourced within communities. Monthly analysis of water samples and recycling of water through wet tailings disposal facility. Constructed by-pass roads to direct ore haulage trucks away from village centres. Dust along the access roads being addressed

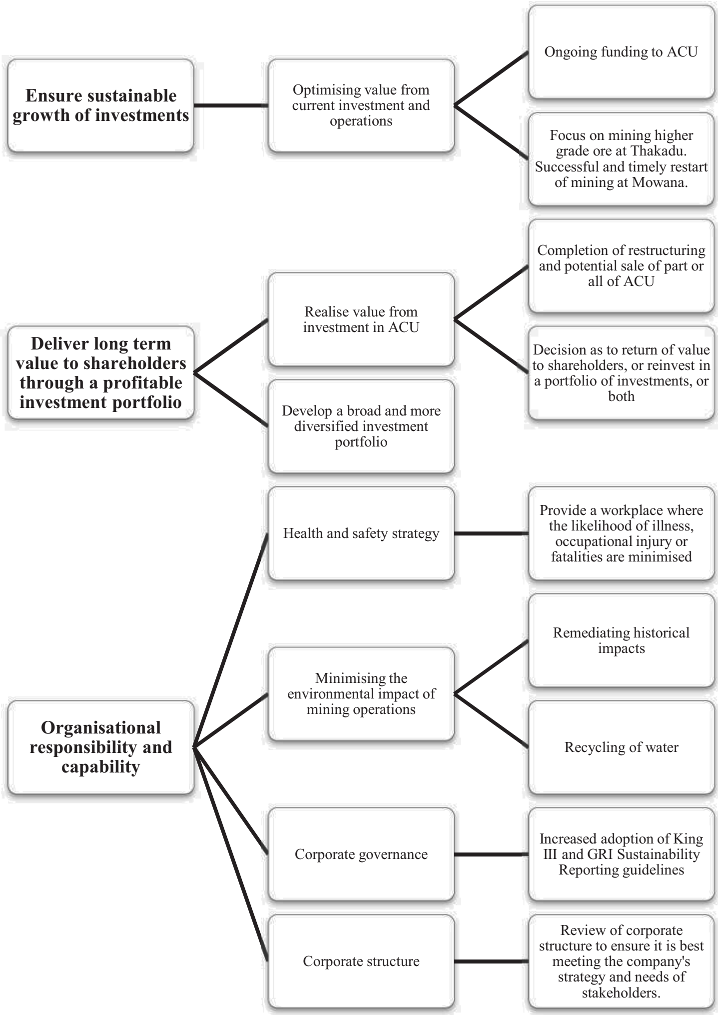
Stakeholder	How we communicate with them	What matters to them	What concerns them	How we respond to their concerns
Key service providers	Weekly meetings with contractor and operations management teams	Payment terms Duration of contracts Input costs	Late payments Short contract duration at Thakadu due to shorter life of mine	Provide technical support to the contractors to help them lower overhead costs to make them profitable at lower rates Transparency during contract negotiations.
Customers	Regular meetings Site visits	Quality products Timely deliveries Reliability	Product quality issues Availability of stock	Whenever product quality issues are raised, management respond by doing site investigations and also using third parties to investigate impurities or contaminants. Management closely interacts with the off-taker re production forecasts.

INTRODUCTION TO THE COMPANY'S STRATEGIC OBJECTIVES

The ultimate responsibility for the strategic direction of the Company lies with the Board of Directors. The Board of Directors delegates responsibility through the management structure to ensure that the day to day management of the Group is undertaken with a view to the achievement of the Company's strategic objectives.

ZCI defines stakeholder value as obtaining a healthy return on invested capital through a combination of sound financial management and sustainable investment principles.

The strategic themes of ZCI have remained unchanged from 2012, however a strategic review will take place after year end and expected completion thereof will be towards the latter half of 2013 calendar year. The strategic objectives are outlined and unpacked below and detailed further throughout this Integrated Report:



MATERIAL ISSUES AFFECTING STRATEGIC OBJECTIVES

The Global Reporting Initiative ("GRI") defines material issues as "topics and indicators that reflect the organization's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders". For the purposes of this Report, ZCI considers material issues as those which could have a significant impact on the performance of the Company and its investments in the next three to five year period.

Outlined below are some of the key risks identified by ZCI in the context of how they could impact on the achievement of the Company's strategic objectives. Also identified are some of the activities being undertaken to achieve the Company's strategic aims, mitigate identified risks and provide future opportunities. For further details regarding the approach to risk management, refer to the Chairman's and Chief Executive Officer's reports.

Material issue	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Plant reliability, efficiency and maintenance	The plant has undergone significant maintenance work in order to streamline processes and has shown improvement in production but has not yet achieved consistent and uninterrupted production. This adds to higher maintenance and operational costs.	Production remains below full capacity. Maintenance costs, caused by major component inefficiencies and design upgrades, were higher than originally anticipated. Productivity is dependent on removal of bottlenecks.	Staff training Capex to target identified bottlenecks Process upgrades Enhance internal controls Investigate alternative production processes	Training sessions for plant personnel on Milling and Flotation modules. Ensure key spares are kept in stock to minimise downtime. Capex spending on key areas to reach adequate levels.	Change processing strategy to focus on production of higher grade ore. Additional capex investment. Staff incentive program linked to production output. Enhanced monitoring of internal control structures and reporting on KPIs.	Average recovery: Cu grade Target 2.03% Planned output: Milled 703,101 tonnes Production Cu tonnes 9,828	Target 65.9% Actual 66.5% Cu grade 1.78%(2013) 1.93%(2012) Actual output: 801,901 tonnes milled Produced tonnes Cu 9,496

Material issue	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Attraction and retention of skilled employees	Retaining and motivating employees especially in the technical and engineering fields remains a concern.	Key knowledge and experience is being lost, fuelled by high global labour demand for technical expertise within the industry.	Employee value proposition and retention mechanism could be enhanced. Training programs to boost skill levels of existing staff.	Key members of staff have been identified and retention bonuses awarded to them. Identify and address staff concerns.	Create a safe and healthy environment for employees, as it is a key factor to retain the best people and knowledge. Incentive programs for key staff members.	No. of technical vacancies Total staff turnover Lost time injury frequency rate ("LTIFR") Fatalities	Beginning of the financial year: 10 End of the financial year: 5 2013: 29 employees (16 skilled) 2012: 53 employees (24 skilled) LTIFR 2013: 0.70 2012: 0.31 Zero fatalities

Material issue	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Shareholder returns and sustainable business	The Company currently has only one investment. The strategic investment plan for the Company included a diversified investment portfolio.	ACU has not been able to repay its loans to ZCI and the desired return on investment has not yet been achieved. The current investment portfolio does not provide other significant sources of income. Achieving consistently profitable production levels may require additional capital investment in the operations. Reliance on key service providers at the ZCI level.	Broadening the investment base will diversify risk. Continued exploration expenditure. Review of the Group structure to consider how the complexity of the structure can be reduced and compliance risk and costs can be minimised.	ZCI engaged Rand Merchant Bank ("RMB") to perform a potential sale process to realise shareholder value. The board is continuing to work towards realising the full value of its investment in ACU by exploring a number of alternative options. In addition, the Company continued to provide financial support to ACU. The CEO was re-appointed to be more actively involved with the Group's operations and to drive strategic direction.	The board of ZCI elected to terminate the engagement with RMB in light of the effect of adverse global market conditions on junior mining companies and the general increased risk aversion among investors as a result of economic uncertainty and volatility. The board continues to work towards realising the full value of its investment in ACU. Strategic reviews to consider simplifying the structure to best match the strategic goals of the Company. Review of board structure, reliance on key service providers and executive management team structure.	Net asset value per share ("NAV") Earnings per share Headline earnings per share	NAV 2013: US$1.38 per share NAV 2012: US$1.49 per share 2013: 5.16 US cents (profit) 2012: 52.21 US cents (loss) 2013: 7.42 US cents (profit) 2012: 14.48 US cents (loss)

Material issue	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's) *	Performance against KPI's *
Environmental impact of mining activities	Mining operations and potential impact on the environment ** As this is the first period in which ZCI reports on the environmental impact of mining activities as a material issue, it is not possible to provide comparative results for the prior year's performance against KPI's as these were not historically tracked for financial reporting purposes. Furthermore, as at the date of this report, the Board has yet to set fixed annual targets against KPIs. However, in the interest of transparency and providing meaningful information to its stakeholders, ZCI are reporting on those initiatives taken to date and its related performance. In future periods, information on targets where determined and comparative results where possible, will be provided.*	The impact of mining on the surrounding environment could have irrecoverable damage.	Remediate historical impacts. Increase Corporate Social Involvement ("CSI"). Preventative measures for future impacts.	Waste management strategy Corporate Social Investment initiatives initiated. Sewage, Water, Dust and Wildlife management Progressive rehabili-tation. Environ-mental Performance Reporting. Set aside financial resources to provide for rehabili-tation of the Mowana Mine sites.	Initiatives commenced around domestic waste, scrap metal removal, hydrocarbon waste and clinical waste management. Various forms of scrap were donated to institutions. Initiatives around sewage management, rainwater harvesting, use of waste water in agriculture, dust suppression on haulage roads and dust analysis. Progressive rehabilitation initiated with re-vegetation activities. Submit quarterly reports to Botswana Chamber of Mines. Set aside funds for rehabilitation at the rate of reserves depletion to meet estimate obligation.	Domestic waste removed Scrap metal removed Hydrocarbon waste removed No of direct CSI scrap donation beneficiaries & volume donated CSI projects completed and expenditure Sewage management projects completed & expenditure Performance reports submitted Annual contribution to desig-nated account at rate of reserves depletion	2013: 115m3 at cost of US$62k 2013: 338 tonnes, revenue of US$34k 2013: 34k litres of contaminated water & 22 drums of grease at cost of US$12k 2013: Two beneficiaries 2013: Two projects completed at cost of US16k 2013:Two projects completed at cost of US16k 2013: Quarterly reports submitted 2013: US$130k 2012: US$540k

CHAIRMAN'S REPORT

I am pleased to provide to all stakeholders of the Group my first report as Acting Chairman of the Board of Directors of ZCI Limited.

The period covered by this Report has been a difficult one for the junior mining industry and for ZCI it has again been a period of challenges and change. As in the prior year's Chairman's Report I have sought to include information to allow our stakeholders to get a clear picture of where we are, what we stand for and where we would like to be as a company. The elements were – and remain – effective running of the board; corporate governance and compliance achievements; risk and risk management; and our future outlook. I would like to take this opportunity to report on our progress with each of these elements.

Effective running of the board

One of the key responsibilities of the Chairman of the Board is to ensure that the Board takes full responsibility for the important issues facing the Group, that the Board has the right mix of skills and experience to meet the challenges that it faces, and that the Board understands the risks and challenges that its strategies must take into account.

The appointment of Tom Kamwendo as CEO during the 2012 financial year has greatly helped to ensure that the Board is well placed to meet all of our objectives. As a result Mr. Kamwendo has been re-appointed as CEO on 21 March 2013 for a further year. The Board appreciates his unrelenting commitment to the Company and I would like to express my gratitude for the renewed strategic focus he has brought to the Group and the outstanding leadership he has provided during the past financial year as the CEO of ZCI Limited.

The Board met regularly during the year to ensure that it was capable of fulfilling its charter and dealing with the many strategic and risk management issues that have arisen during this period of change. Continuing work has been put into ensuring the Company is adequately addressing risk and considering issues of strategic importance.

The Board welcomes feedback from CDF as its major shareholder and considers the interests of all stakeholders in formulating its policies and strategies.

Corporate governance and compliance

The Board is aware of the need to comply with the JSE Listing Requirements, and remains committed to best practice corporate governance principles appropriate for the size, type and activity of ZCI. During the year further progress in the area of governance and compliance was made, and the benefits of the increased implementation of King III principles made during the last reporting period has come to the fore. In line with the strategic objectives of ZCI, the Board will continue to ensure on-going compliance with regulatory requirements and improved corporate governance.

Risks and risk management

In line with King III requirements we have sought to provide our stakeholders with an increased amount of information on how risks are managed within the Group.

ZCI's investment in the mining operations of African Copper plc (ACU) has many risks, many of which are common to all mining enterprises. As the drive toward sustainable commercial production levels continues, our risk management focus has been on ensuring risks at an operational level are considered and action plans to combat them are implemented. While ZCI can exercise little control over world commodity prices and foreign exchange rates, we are confident that the risk management and internal controls in place at ZCI are addressing the key issues under our control.

During the prior year, the Company reported that we had initiated a process intended to unlock value from its investment in ACU. In March 2013 the Board elected to suspend this process in light of the effect of adverse global market conditions on junior mining companies and the general increased risk aversion among investors.

The Company received a number of proposals which the Board believed did not reflect the intrinsic value of its investment in ACU and accordingly chose not to proceed with any of those proposals. The Board is continuing to work towards realising the full value of its investment in ACU.

Global copper market

The major investment of ZCI is in the copper mining operations of the Group. The global copper market is therefore a key factor in the outlook of the Group as the demand for copper and the copper price are key to the revenues of the Group.

Commodity markets have been negatively impacted by the uncertainties and risks relating to the growth of the European, Chinese and American economies. Growth in global copper consumption continues to be closely linked to demand from China - the world's largest copper consumer - and the use of copper as an industrial metal in such applications as buildings, electronics, appliances and automobiles means that demand is sensitive to fluctuations in the global economy. Nevertheless, we continue to believe that the copper market has strong underlying fundamentals which should support demand for copper through the current period of global instability in world markets.

Early 2012 saw a strong rise in the price of copper which remained at these relatively high levels well into 2013. Market consensus is that estimated global stocks of copper are still below those of other base metals while visible terminal market stocks are also reasonably low. Many analysts have therefore, in the light of the relatively low levels of readily available stocks, the continued mine disruptions and supply under performance, taken a bullish viewpoint for the copper price continuing into the next year. A strong copper price for the coming period will have positive implications for the profitability of the Group's operations.

Botswana

The mining operations of the Group are undertaken in north eastern Botswana. The economic and political stability both of Botswana and its neighbouring countries are deeply relevant to the outlook of the Group.

Botswana continues to be a politically stable environment for the Group's mining activities when compared to other countries in the region, and Botswana consistently outperforms many of its peers in mining policy surveys and governance performance assessments.

The Botswana government has continued to emphasise its interest in promoting the non-diamond mining sector and is reported to be working on further incentives for this sector. This bodes well for the group's principal investments in Botswana.

The Botswana labour regime can be regarded as friendly with limited labour stoppages. Increased investment in Botswana by competitors has increased the demand for skilled labour. Incentive schemes and training plans are in place within the group to help reduce the impact of skilled labour being attracted to the mining operations of competitors.

Mining operations

Over the past years ZCI has undertaken significant investment in the Thakadu and Mowana mining operations with a view to obtaining self-sustaining levels of production and we continue to believe that our properties provide tremendous opportunities for growth. It is with great pleasure that I can report that this has been an overall strong year and despite the short term difficulties experienced in the early part of the current financial year, clear progress toward realising the full potential of the assets has been made.

ACU generated improvements in all of its key operating measures, production levels and recovery rates increased and we expect the generally more stable operating conditions to continue through the coming year. The Board and I remain excited and confident in the future of our mining operations and we expect to realise the benefits of our capital expenditure programme through the remainder of the year with continuing operating stability and consistent throughput and production levels.

Sustainable development

At the Mowana and Thakadu mines management has focussed on promoting and ensuring that a strong safety culture is developed and maintained. The Group again, similar to the prior reporting period, achieved a fatality free year. We are very proud of this achievement.

As a company, ZCI takes the environmental impact of mining activities and the mitigation thereof seriously, particularly prevention of contamination of a relatively scarce water supply and avoidance of damage of archaeological sites. During the year further strides have been taken to remediate historical impact, increase corporate social involvement and to implement preventative measures for future impacts, key of which was successful workshops with community leaders from the five villages in the surrounding area during the latter half of 2012, ensuring that we obtain direct input from the community with regards to their needs and expectations surrounding the environment and social responsibility, and enabling us to respond accordingly.

Outlook

A key driver in the Company's future direction is the need to create value for shareholders. The Group will also continue to strive to create value for its employees and the communities in which the Group operates. Sustainable growth is a key component of any future strategic direction of ZCI.

The Board is continuing to work towards realising the full value of its investment in ACU, and will pursue all relevant opportunities to unlock value and put the Group in a position to build a more diversified investment portfolio providing sustainable growth for its shareholders.

The re-appointment of the CEO will continue to provide a strong focus for moving forward with the Company's strategies and helps ensure that the interest and concerns of ZCI are well represented throughout the Group structure. We will shortly under the leadership and guidance from our CEO commence to undertake an end-to-end review of the Group's strategy and look forward to sharing the updated strategic direction with our stakeholders in the coming months.

Finally, I would like to thank my fellow Board members for their dedication and contribution throughout the year as well as the reliable and appreciated work done by our major service providers.

Prof. Stephen Simukanga

Acting Chairman - ZCI Limited

28 June 2013

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

I am pleased to present to all ZCI stakeholders the Integrated Annual Report for the year ended 31 March 2013. This Integrated Report details the activities of the Company during the previous period including details of financial and sustainability performance, as well as detailing the many challenges, issues and opportunities for the Company.

Operations

ZCI has continued its on-going financial support of the Group's mining activities. The short to medium term goal of this investment is to provide a platform on which mining operations can reach commercial production levels and become cash flow positive and self-supporting. Management has made significant progress towards achieving this objective, which is evident from the positive trend in copper produced.

One of the key drivers behind my role as CEO remains enabling ZCI to have a greater presence and influence over the mining operations to ensure that full value is being achieved for our stakeholders. I continue to work closely with our management team to help ensure they have the resources available and that production targets can be achieved. I am glad to report that we made clear progress toward realising the full potential of our assets, and we generated improvements in all of our key operating measures.

African Copper plc (ACU) continued to register improvements in its performance over the financial year and generated an operating profit from its mining operations, while significantly reducing its overall net loss. The improvement was as a result of a significant increase in the production of tonnes of copper in concentrate, mainly due to improved recovery rates achieved. This improvement was achieved despite a background of poor performance by ACU's mining contractors. A new drilling contractor as well as a new load and haul contractor both engaged in the last quarter of the current financial year are expected to perform better than their predecessors, which should result in further improved production. Optimal contractor performance is a key focus area for management in the coming period.

Exploration

The Group's continued exploration at Matsitama during the financial year focussed on the Nakalakwana area. An intensive review of all the geological data and a subsequent drilling programme showed very promising results with rock types and alteration intersected consistent with that seen in other iron-oxide-copper-gold (IOCG) type deposits.

We anticipate further encouraging progress from our exploration project at Matsitama during the periods ahead.

Safety, Environmental issues and Communities

The Group again achieved a fatality free year. The lost time injury frequency rate (LTIFR), measured as a ratio of lost time injuries per 200,000 man hours worked, increased from 0.31 in the previous year to 0.70 in the current year which, despite being higher than the previous year, is lower than historical average. While we are satisfied with our performance in this area we will be working to improve this further.

We have made significant progress in our development of environmental management standards and operating procedures. Key aspects of these standards and procedures are waste management, water management, dust management, progressive rehabilitation, wildlife management and the related environmental performance reporting to the Botswana Chamber of Mines. Among other things, we deployed more than 10,000m^3 of waste water for use in access road rehabilitation, saving both potable water and diesel fuel, and are currently investigating the potential to use waste water for agricultural purposes. We also carried out procedures to improve sewage management and are investigating means of suppressing dust production from different aspects of our operations, including the main Mowana access road.

We are seeing benefits from the more structured approach in developing our Corporate Social Investment programme and with the inputs obtained from the five villages in the surrounding area by means of a community workshop with the community leaders during the latter part of 2012, we now have a much greater understanding on their key needs and are much better placed to address these needs in a focused manner. We remain very positive about the interaction with the community and will continue to strive to be aware of and where possible meet their demands within the framework of environmentally sustainable operations.

Strategy

A common theme in both the 2011 Annual Report and the 2012 Integrated Annual Report was that ZCI is undertaking a period of transition in which the Company would seek to re-align its investment portfolio with its strategic objectives. This period is still continuing and the overall strategy for ZCI remains largely unchanged.

The engagement of Rand Merchant Bank Corporate Finance ("RMB") to realise value from the investment of ZCI in ACU was an important first step in that direction. ZCI received a number of proposals in this process, but the nature of these proposals were such that its board did not believe them to reflect the intrinsic value of ACU and accordingly chose not to proceed with any of those proposals. Consequently, and as a result of globally challenging market conditions and specifically that of the junior mining section, coupled with a marked increase in risk aversion among investors, ZCI elected to terminate the engagement with RMB. ZCI's board is continuing to work towards realising the full value of its investment in African Copper and we are considering a number of ways in which this can be achieved. With this in mind, the Board has begun to reassess the Company's strategy and determine key initiatives, activities and processes to achieve these goals.

Achieving production levels at which the operations of ACU can be financially self-sufficient remains an important goal for ZCI and considerable investments have been made by ZCI in the past to achieve this. With this objective in mind we continued to undertake and complete key capex projects during the year. These were all instrumental in achieving the results for the past financial year. Furthermore, in preparation for the likely depletion of the Thakadu ore during the next twelve months, drilling has commenced at the Mowana pit to ensure that there will be ore available from Mowana by April 2014. Further detailed information can be found in the Operational Review section of this Report.

Risks

Risk management is a key component of the decision making process within ZCI. Many of the risks faced by ZCI are common to all companies involved in mining operations and some of the risks are particular to the nature of ZCI's structure, operations and investment portfolio.

ZCI has defined material issues or risks as "topics and indicators that reflect the organisation's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders". This enabled the Board to identify material issues and risks faced by the Group as well as corresponding strategies.

A lack of diversity in the investment portfolio of ZCI and the risks that this can present remains one of the key risks faced by ZCI. ZCI currently has one major investment being debt and equity held in ACU. Considerable investment has been made by ZCI into achieving production levels at which the operations can be financially self-sufficient. Although there has been a significant improvement in the production levels in the year under review, this still represents a significant financial risk for ZCI and the Group. Overcoming the issues preventing the achievement of our production targets remains the key focus of management and all employees throughout the Group.

The RMB process to realise value from the investment in ACU was intended to help alleviate some of the immediate risks being faced by ZCI and the Group, but as mentioned previously, the desired results were not obtained by this process. Whilst the board of ZCI is continuing its efforts to realise the full value of its investment in ACU, the Group mining operations will require further investment to support the development of the resource to its maximum level.

From a Group mining perspective, the risk of running a single line plant continues to be the Company's main operational risk. This is being mitigated by the acquisition of critical spare parts which are expected to be delivered within the first half of the new financial year.

Only upon achievement of consistent cash flow positive production levels will the value from the investment and potential benefits to all stakeholders be obtained. The Board remains confident that these production levels can be achieved and the mining operations continue to have our full support.

Conclusion

While we remain cautious on commodity price forecasts and still face a number of challenges within the Group mining operations, we are encouraged by the positive trends seen in production and are optimistic that the more stable operating conditions will continue, allowing continuing improvement towards achieving our goals. The new financial year has commenced with record monthly production of tonnes of copper in concentrate which bodes well for the next financial year.

I would like to take this opportunity to extend my appreciation on behalf of the Company to the hard working and dedicated management and operations staff at the Mowana and Thakadu operations and at the Matsitama project that has enabled us to deliver good results. I would also like to acknowledge the efforts of the Finance Director and our administration team at Maitland. Finally, special thanks go to the Chairman and all of the Directors of ZCI for their support and guidance.

Thomas Kamwendo

CEO - ZCI Limited

28 June 2013

OPERATIONAL REVIEW – MINING AND EXPLORATION ACTIVITIES

Mowana Mine and Process Plant

During the period under review we continued our progress towards achieving stable operations at the Mowana Mine in north-east Botswana and have been active in implementing the capital expenditure programmes necessary to support this goal. For the year ended 31 March 2013, we produced copper in concentrate of 9,496 tonnes, 37% higher than the corresponding period last year, and we achieved record production levels in March 2013 of 1,314 tonnes of copper in concentrate.

This increased production was due to the following factors:

- Greater plant throughput as the plant became more stable – we processed 801,901 tonnes of ore in 2013 compared to 738,921 tonnes in 2012 – a 9% increase.
- All the ore processed during the current financial year came from the Thakadu pit with an average grade of 1.78%. In 2012, the average grade was 1.93% with 73% of the ore coming from the Thakadu pit and the balance from the Mowana pit.
- Recovery rates increased to 66.5% from 48% for the year as whole, with the latter months of the financial year recording substantially higher recoveries. During December 2012, we recorded our highest recovery rate to date at 95.6%. This reflects the decline in the relative percentage of oxide ore processed through our plant, and the increase in that of higher-recovery sulphide ore from the Thakadu open-pit.

We experienced some production issues subsequent to the end of the year, necessitating production delays for approximately 15 days in April 2013. We have ordered new mill gear critical spares which we expect to be available for installation in August 2013. On the whole however, we expect recovery rates to remain higher than 80% throughout the current year due to treatment of Thakadu sulphides. This shift will also correspondingly reduce our reliance on chemical reagents which was a significant expense during the period.

The following table summarizes the mine's performance during 2013 compared to 2012:

Description	Jan to March 2013	Jan to March 2012	FY[1] 2013	FY[2] 2012
Ore processed (Mt)	164,588	177,665	801,901	738,921
Cu grade (%)	1.67	2.06	1.78	1.93
Recovery (%)	88.2	45.8	66.5	48.4
Concentrate produced (Mt)	11,358	7,817	44,041	31,027
Copper produced in concentrate (Mt)	2,429	1,676	9,496	6,910

(1) 12 months ended 31 March 2013
(2) 12 months ended 31 March 2012

Our operating costs per tonne remained above budgeted levels. Maintenance costs, caused by major component inefficiencies and design upgrades throughout the plant, were higher than we originally anticipated. On average, the plant processed about 66,825 tonnes per month during the year compared to 61,577 tonnes in 2012, lower than its design capacity of 90,000 to 100,000 tonnes per month. While we have now addressed many of the past production bottlenecks, a change to a new mining contractor in January / February 2013 at Thakadu, contributed to ore delivery delays thereby increasing production-related costs.

During the year we spent approximately US$6.6 million on capital expenditure upgrades at the plant and capitalised deferred stripping costs at Thakadu. The major areas of expenditures at the plant, including expenditures on future projects were as follows:

- Primary crusher to increase throughput and plant availability – Fabrication is complete and installation is planned at the beginning of July 2013.
- Upgrades to conveyors and pumps – these are on-going and will help sustain stable plant operations.
- Automated bagging of concentrates to reduce cost – this is at design stage
- Treatment of tailings to recover copper locked in copper – this is at test-work stage.

As previously reported, in order to accelerate to higher grade Thakadu sulphides, mining activities at the Mowana open-pit were stopped during the prior year and the Mowana mining fleet moved to Thakadu. This was in line with our processing strategy, as described below, to maximise copper units through the plant by focusing production on higher grade ore. We plan to recommence full mining activities at the Mowana pit in October 2013 although a small fleet has been mobilised in June 2013 to prepare for full operations. Our mining schedule has been designed to provide sufficient time to perform the required waste stripping necessary to expose supergene ore for processing after the reserves at Thakadu are depleted, which we expect to be in mid-2014. At Mowana, oxide ores provide recoveries of approximately 60% whereas supergene ore recoveries are approximately 80%. We therefore plan to stockpile the oxide ore encountered at higher levels of the mine and process to supergene ore as a priority.

Thakadu Open-pit

Thakadu is the Group's high grade copper-silver deposit, lying about 70km from the Mowana processing infrastructure. Thakadu's ore is transported by road to the Mowana mine processing facility and shares the Mowana mine infrastructure and management.

During the year under review, mining operations reached below 60 metres depth in the Thakadu open pit, with a corresponding increase in the proportion of sulphide ore mined and processed. With the exception of April 2013 ore supplied to the plant since December 2012 has been primarily sulphides, generating monthly recoveries in excess of 85%. In December 2012 we established a record monthly recovery rate of 95.6%. In May 2013 we produced 1,408 Mt of copper in concentrate, our highest ever production, benefiting from both higher throughput and a recovery in excess of 89%.

From a mining perspective, operations at Thakadu performed below budget due to a change in mining contractor and to persistent equipment and efficiency problems with the drilling contractor. In addition, during the year we identified certain localized instability on the north eastern highwall of the Thakadu pit. To address this instability, the mine plan was re-designed including the development of a new ramping system on the hanging wall side (south west). As part of this re-design, haul road widths were also increased from 15m to 20m to accommodate larger capacity trucks. The impact of the budget shortfalls and re-design of the pit has caused the forecast strip ratio for the Thakadu pit to increase from 6.4 to 8.7 until it is depleted during 2014.

The change in mining and drilling contractors in February and March 2013 generated immediate production increases. We believe this enhanced performance will continue, putting us in a good position to achieve the objectives set out in the Thakadu mine plan.

Environmental activity

We place great emphasis on our responsibility to the environment and communities surrounding our properties in Botswana, and we submitted quarterly reports to the Botswana Chamber of Mines on our performance in this regard during the year. Among other things, we deployed more than 10,000m³ of waste water for use in access road rehabilitation, saving both potable water and diesel fuel, and are currently investigating the potential to use waste water for agricultural purposes. We also carried out procedures to improve sewage management and are investigating means of suppressing dust production from different aspects of our operations, including the main Mowana access road.

Exploration

During the current financial year, we focused our exploration activities primarily in the Nakalakwana area, within prospecting licence PL 17/2004.

We carried out an intensive review of all the geological data in the Nakalakwana area, resulting in an eight hole diamond drilling programme targeting iron oxide, copper and gold (IOCG) mineralization. Drilling results to date have been very promising with rock types and alteration intersected, as seen in other IOCG type deposits. The average footprint of an IOCG deposit worldwide is 10 hectares (500 x 200 metres). Given that the area being explored is greater than 30km2, we are currently assessing modern geophysical techniques to identify areas of high prospects before further drilling would be undertaken.

Exploration expenditure totalled US$2.2 million for the financial year.

We continue to enjoy a very productive relationship with the Botswana Government. In the normal course we have exploration and prospecting licences which come up for renewal from time to time. As at the date of this Integrated Report we have a prospecting license and an exploration licence to the north of our mining licence area which has expired but for which we have filed applications with the Government of Botswana for renewal. In addition we have a prospecting licence that falls due for renewal at 31 December 2013 and five more that fall due for renewal in 2014. We currently intend to seek renewal of all our existing licences since the work done to date has confirmed our interest in and potential of the underlying properties. We believe the likelihood of their renewal is supported by our strong relationship with the Government of Botswana and the past work and expenditures we have incurred. However, no assurance exists that any new licences will be granted on a timely basis, nor that all or any of our existing licences will be renewed for the same areas or with the same terms and conditions that currently apply. As at 31 March 2013 license numbers PL33/2005 and PL80/2008 situated within the Mowana tenements are post expiry date. Applications for renewal have been submitted but as at the date of this Integrated Report confirmation of renewal remain outstanding. As a result we have impaired exploration expenditure relating to these licences as described in note 12 to the consolidated financial statements for the year ended 31 March 2013 which forms part of this Integrated Report.

MINING AND MINERAL RESERVES

The Group has commissioned David De'Ath to undertake a review of the Group's Mineral Resources and Mineral Reserves and to provide updated estimations for 2013. Mr. De'Ath is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC codes and is recognised as a competent person to sign off on the mineral resources and reserves disclosure in the South African jurisdiction. This mining and mineral reserves statement is provided in compliance with the company's disclosure obligations as set out in 8.63(l) of the JSE's Listing Requirements.

The Company's disclosure in accordance with 8.63(l) complies with the South African Code for Reporting Mineral Resources and Mineral Reserves (the SAMREC Code).

ACU has legal entitlement to the minerals being reported on, by virtue of prospecting and mining licences held by Messina Copper and Matsitama Minerals; and there are no known impediments to the minerals being reported upon. There are currently no material risk factors affecting mineral resource / reserve statements.

The Directors of ZCI Limited, at the time of publishing of this report, were unaware of any legal proceeding or other material conditions that may impact on the Group's ability to continue mining or exploration activities.

Mr De'Ath is the Operations Manager of Messina Copper (Pty) Ltd. At the time of publication of this Report, Mr De'Ath holds options over 1,410,000 ACU shares but he does not have any other direct or indirect beneficial ownership in ACU or other Group companies.

Mowana Pit

The table below sets out estimates of proven and probable mineral reserves and additional inferred mineral resources at the Mowana Pit. These estimates were prepared for ZCI by Read, Swatman & Voigt (Pty) Ltd ("RSV") in connection with the preparation of a circular to ordinary shareholders of ZCI dated 17 December 2009, and appeared in a Competent Persons Report of RSV dated October 2009 (the "CPR").

In preparing the CPR, RSV reviewed the Company's existing Mineral Resource and Mineral Reserve models for the Mowana Pit, which were calculated on assumptions determined to be appropriate by African Copper (including a 0.10% Cu cut-off grade), and which have previously been disclosed by African Copper in an announcement dated 26 November 2007. RSV applied its own set of assumptions (including a higher cut-off grade of 0.25% Cu) and re-estimated certain values. These reserves were re-estimated allowing for depletions due to mining between the period August 2009 and 31 March 2012. No mining depletions have occurred at the Mowana Pit during the period under review. Find below the Mowana reserve tabulation.

Proven & Probable In-pit Mineral Reserves and In-pit Inferred Mineral Resources at a 0.25% Cu cut-off as at 31 March 2013:

Category	**Tonnage (Mt)***	**Copper (%)***	**Contained metal* (Tonnes Cu)**
Proven Reserves	7.29	1.27	92,640
Probable Reserves	3.09	1.61	49,683
Sub Total	10.39	1.37	142,503
In-pit Inferred Resources	2.44	1.22	29,738

**Rounding of figures may result in minor computational discrepancies*

The inferred material has been included at the bottom of the Mowana Mineral Reserve statement because it is incidental to the mine plan. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

No mining activities have taken place at the Mowana Pit since March 2012. At this time mining equipment was transferred to Thakadu Pit to facilitate access and mining of the higher grade sulphide ore available at this operation. Mining activities are currently expected to resume at Mowana during October 2013.

Thakadu Pit

The table below sets out the most recent estimates of probable mineral reserves at the Thakadu Pit. In preparing the original estimates, which appeared in the RSV CPR, RSV reviewed the Company's existing Mineral Resource models for the Thakadu Pit, which were calculated based on assumptions determined to be appropriate by African Copper (including a 0.5% Cu cut-off grade utilizing ordinary kriging), and which had previously been disclosed by the Company in its announcement dated 25 July 2007.

In converting the Resources to Probable Mineral Reserves RSV applied its own set of assumptions (including a higher cut-off grade of 0.5% Cu), to evaluate an economic pit-shell based on African Copper's existing proposed pit design. These reserves have been re-estimated allowing for mining depletions between the period August 2009 and 31 March 2013.

Probable In-pit Mineral Reserves at a 0.5% Cu cut-off as at 31 March 2013:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	Nil	-	-
Probable Reserves	1.07	1.95	20,828
Sub Total	1.07	1.95	20,828
In-pit Inferred Resources	Nil	-	-

**Rounding of figures may result in minor computational discrepancies*

Matsitama Minerals

Matsitama Minerals holds title to six prospecting licenses ("PL's") in east-central Botswana, 60km to 90km west of Francistown. The PL's are contiguous with the Mowana pit to the north and the Thakadu pit to the south and cover much of the highly prospective Matsitama Schist Belt ("MSB"), totalling 2,084.8km^2 in extent.

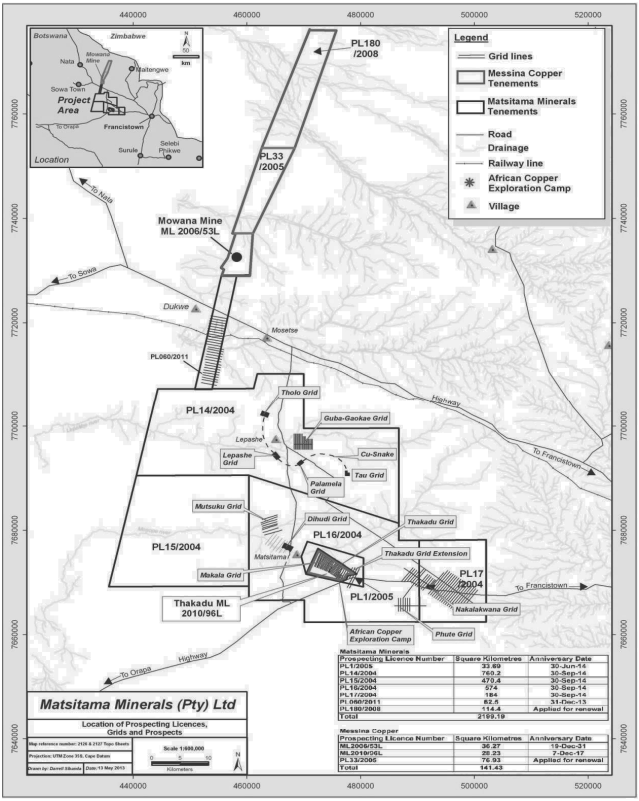


Figure 1: Location map of Matsitama Licenses.

Exploration activities continued in the MSB. The exploration team did further work on the 'IOCG' prospective Nakalakwana area in PL17/2004 and the Matsitama West area in PL16/2004; it also did extensive work around the Thakadu Pit within PL01/2005 and ML2010/96L as near mine exploration. (See Figure 2).

Following the extension of PL01/2005 for another 2 years ending June 2014, trenching activities and RC drilling of high copper anomalies was done to establish the presence of ore grade mineralization around the Thakadu Pit. Five diamond drill holes have also recently been completed in the vicinity of the Thakadu Pit (see Figure 3) Results of this exploration effort indicate that copper mineralization within the immediate area of the pit is much lower grade. The copper mineralization seen is sub economic due to the poor development of the quartz carbonate unit which hosts the high grade mineralization within the Thakadu Pit.

Exploration in the MSB continues to be focused on iron-oxide-copper-gold ("IOCG") mineralization. These deposits can be very large, capable of supporting mining operations for periods of 30 or more years. It has long been believed that the MSB may host IOCG mineralization but until recently no conclusive proof had been found to confirm the existence of this type of deposit in the belt. Age-dating from the previous reporting year, have revealed younger granite intrusions and therefore the affinity with IOCG-type deposits.

The initial funding in July 2010 of USD2.5 million resulted in drilled targets across the MSB which tested various priority targets and which later formed the basis for further work (Figure 5). As a result of this drilling, work was done in the Matsitama West area for 'IOCG' related mineralization but resulted in poor copper intersections and the target being abandoned. Work was also done on Nakalakwana Hill (Protore) deposit with an additional 31 drill holes to increase confidence and upgrade the inferred resource determined earlier by SRK Consultants. Follow up work was done in the Nakalakwana Tower area located immediately east of Nakalakwana Hill after drilling a few holes to test geophysical targets that were determined by induced polarisation ("IP") survey.

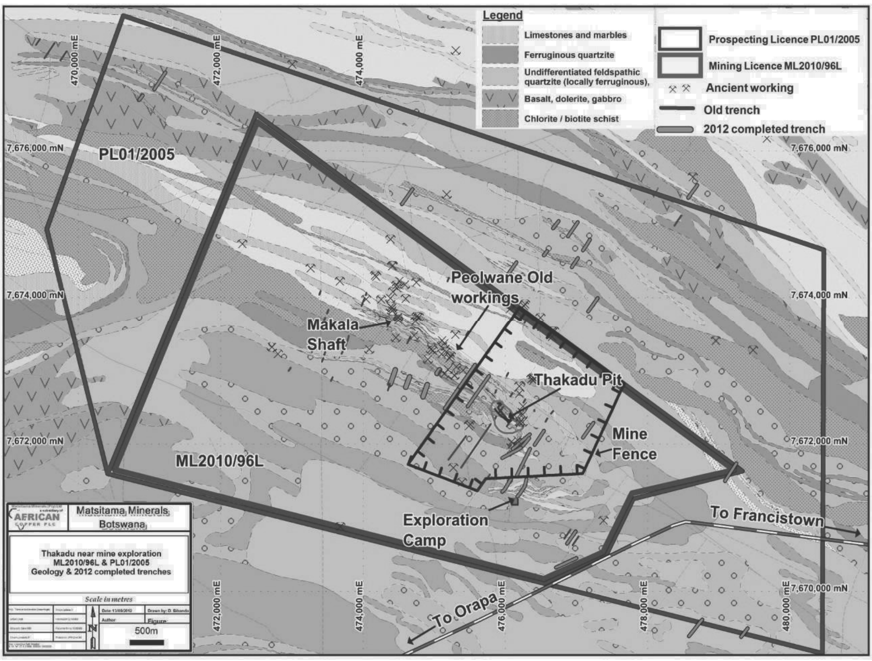


Figure 2: Map of Thakadu near mine exploration.

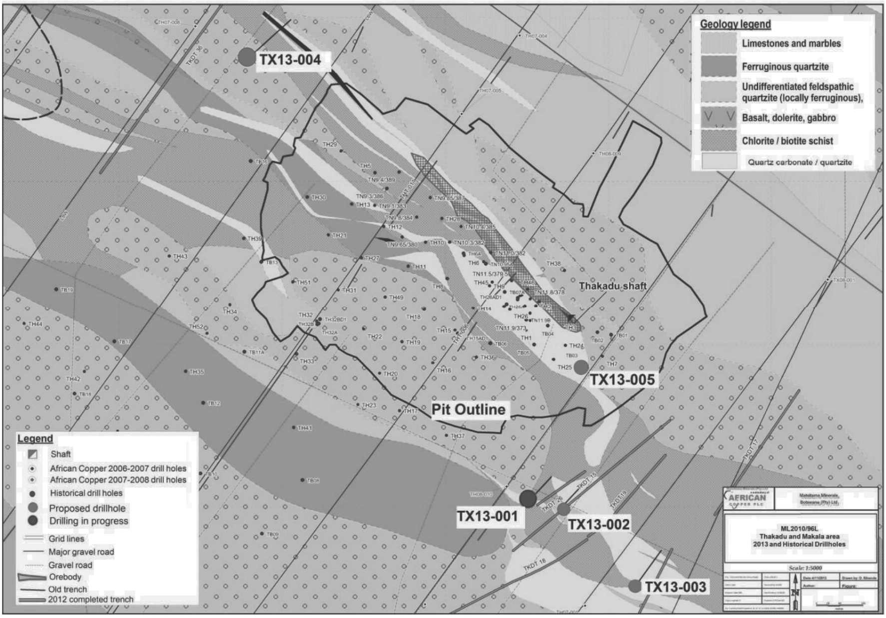


Figure 3: Thakadu near mine exploration drill targets.

The Matsitama West IOCG target was trenched and geologically mapped in detail. The review of the data collected in the area show that the conductive body is graphite. No significant mineralization that warrants further work in the area was identified and work was abandoned. A final geological report has been compiled for this area.

In September 2012, the geological data in the Nakalakwana area was reviewed, and a new drilling programme of 3000m was started in October 2012, to test eight proposed drill targets based on geology, geophysics, soil geochemistry and rock alteration (Figure 4). A total of 1976m has been drilled so far with six holes completed on the programme. Results of the drilling continue to be encouraging with some copper mineralization intersected, and has led to a better understanding of the area which will help to determine further follow up work.

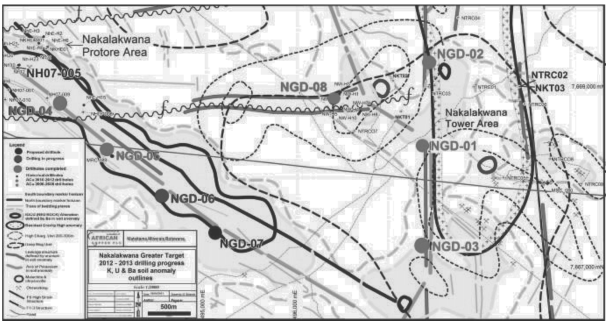


Figure 4: Map of Nakalakwana area showing drill sites.

The Lephase,IOCG target still remains a priority target in MSB and will only be committed for further work depending on final results from the Nakalakwana area (Figure 5).

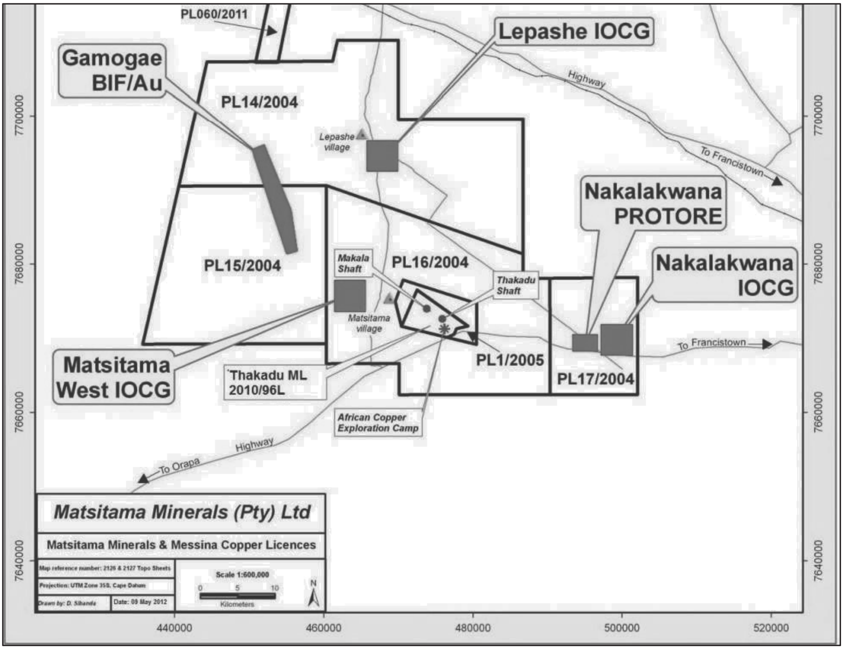


Figure 5: Location map of Matsitama Schist Belt targets.

In addition, the company continues to consider evaluation of banded iron formation ("BIF") exposures in the Gamogae prospects for both iron and gold. The BIF can be traced over a distance of 13km. Samples were submitted for metallurgical test work. The samples were found to contain more hematite than magnetite due to surface effects. It is anticipated that an increase in magnetite, which is more amenable to treatment for iron ore extraction, may be experienced at depth. Drilling of the target was attempted but was not carried out due to other priorities at the time. Assay values for deleterious elements were also very low.

The Nakalakwana target also hosts a pre-tectonic, copper-rich protore of possible basaltic affinity. Non code-compliant Mineral Resources for the protore have previously been estimated by the MSA Group, and subsequently audited by SRK. Code-compliant Inferred Mineral Resources have now been estimated for Nakalakwana Hill. The Mineral Resource estimate was completed in order to guide in-fill drilling at Nakalakwana, which should enable increase in confidence and a move from inferred resources to indicated resources. The in-fill drilling programme of 6440m was completed and assays obtained for further resource estimation. Resource estimation is currently being undertaken by SRK with the aim of assessing the oxide, down-dip and down-plunge potential.

Initial Nakalakwana protore resource estimate:

Description	Cut-off (%Cu)	Tonnage (Mt)	Cu (%)
Nakalakwana Hill *	0.1	18	0.45

* *Quality Assurance and Quality Control:*
Nakalakwana Hill resource estimate carried out by Mr V. Simposya. SRK Consulting, Johannesburg. South Africa.

Furthermore, metallurgical test work has been done on the protore. Dense Media Separation (DMS) was not recommended; however shaking tables yielded up to 80% recovery at a Cu grade of 1%. Flotation was found to work well and can yielded Cu concentrate at 9% and 91% Cu recovery using fine crushing. Further metallurgical test work has been undertaken in order to determine possible alternative methods to increase grade before flotation.

No further follow up work on the Phute prospect, south of Nakalakwana, was undertaken on highly anomalous Cu-Ag soil geochemistry targets. This still remains an area for future work.

Phute RC drilling results:

Borehole ID	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)
PRC04	4	43	39	0.29	0.29
PRC08	78	117	39	0.24	1.38
Includes:	99	117	18	0.36	1.98

Four key exploration licenses, namely PL's 14/2004, 15/2004, 16/2004 and 17/2004 which were to expire on 30 June 2013 have been extended for another one year to September 2014. Detailed exploration activities have been planned for the upcoming year and budgets have been determined accordingly.

Expenditures

Exploration expenditures for the period 1 April 2012 to 31 March 2013 are detailed below:

Exploration Activity	PL1/2005	PL14/2004	PL15/2004	PL16/2004	PL17/2004	ML2006/53L	Total
Expenditure (in USD)	73,672	184,678	112,563	266,457	670,119	969,317	2,276,806

The technical information has been reviewed and approved by David De 'Ath BSc (Hons), MSc, GDE Mining, MIMMM, and MAusimm, the Company's Geology Manager for the Mowana Mine (Mowana Pit and Thakadu Pit), who is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC Codes.

SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT

INTRODUCTION

Presented herein is the summary of activities undertaken by the Environmental section towards ensuring environmentally sustainable operations during financial year ended 31 March 2013. Information presented is applicable for Mowana Mine (including the Mowana Pit and Thakadu Pit) operations as well as Mosetse Housing Estate as an ancillary operational component. As this is the first year that we are presenting an Environmental Managent Report as part of our Integrated Report comparative figures for the 2012 financial year are not available.

DEVELOPMENT OF ENVIRONMENTAL MANAGEMENT STANDARDS AND OPERATING PROCEDURES

The operational procedures listed below were developed to guide various aspects of environmental management during the 2013 reporting period. They are expected to be finalized and implemented during the 2014 financial year.

- Waste management strategy
- Procedure for the management oil oils and greases
- Procedure for the disposal of fluorescent tubes
- Procedure for the management of clinical waste
- Procedure for the treatment of contaminated soils
- Radiation protection programme

WASTE MANAGEMENT

Domestic waste management

Due to unavailability of on-site landfills, domestic waste continued to be transferred to a local dumping site during the reporting period. Approximately 115m3 of solid waste were removed from the Mowana Mine (including Mowana and Thakadu pits), and approximately US$ 66,900 was spent in the transfer of this waste. The quoted figure is inclusive of expenditure on the rental and service of mobile toilets.

Scrap metal removal

The arrangement with Alman Metals (Pty) Ltd collecting scrap from the Mowana Mine operations continued into 2013. Approximately three hundred and thirty eight tonnes of scrap raised US$36,900 of revenue for the Group. The scrap sold consisted of conveyor belts, general scrap metal and metal drums.

Accumulation of recyclables

One hundred and eleven ink cartridges were accumulated during the reporting period but were not sent for recycling. The plan is to accumulate more and send off for recycling during the new financial year.

Clinical waste management

Six kilograms of expired drugs were disposed through incineration process at Masunga Landfill. The drugs were accumulated from 2008 at Mowana Clinic.

Hydrocarbon waste management

This waste comprises spent oils, greases, oil contaminated water, filters, rags, and sludge. At the end of the reporting year the following waste streams were sent out for final disposal whilst others were accumulated in the mine to obtain cost effective masses prior to shipment. Only carriers registered and licensed with national waste authority were used and final disposal certificates obtained.

Table of Hydrocarbon waste removal for 2013:

Hydrocarbon waste	Volume removed	Cost in US$
Used oil	-	US$ nil
Contaminated water	34 000 litres	US$ 6,200
Grease	22 Drums	US$ 6,700
Total		**US$ 12,900**

Corporate Social Investment initiatives

As part of the Corporate Social Investment (CSI) initiatives, various forms of scrap were donated to various institutions for use in various ways. The donations made are summarised below.

Table of Corporate Social Investment Initiatives for 2013:

Beneficiary	Type of scrap	Volume issued
Tutume Sub District Council	Mill ball drums	100 drums
Lepashe village	Wooden pallets	400 pallets
Lepashe village	Conveyor belts	100 metres

During the same reporting period a letter of request was received from local authority (Tutume Sub District Council) for assistance in the management of waste facilities in the nearby Dukwi, Mosetse, and Matsitama villages. Table one below indicates progress made towards assisting and the costs incurred.

Table of local authority disposal sites rehabilitation for 2013:

Activity	Cost in US$	Status
Rehabilitation of old dump site adjacent to Mosetse Estate and progressive rehabilitation of Dukwi dumping site.	US$ 9,800	Completed
Installation of signage at and along dumpsites routes.	US$ 4,500	Completed
Fencing of the dump sites	US$ 3,300	Outstanding
Total	**US$ 17,600**	

Several other requests for assistance in sponsoring environmental initiatives were received from the region; and will be considered in due course when finance becomes available.

Sewage management

Works were undertaken to improve sewage management at Mowana Mine. The specific works carried out are depicted in the table below.

Table of Local sewage management initiatives during 2013:

Activity	Responsible Department	Activity cost in USD	Status
Flushing of all sewer lines and raising of manhole	SHEA	US$ 3,600	Completed
Repair to the blower motor, dozing system, and supply of disinfectant	SHEA	US$ 7,500	Completed
Replacement of damaged main sewer pumps	Engineering	US$ 6,200	Outstanding
Total		**US$ 17,300**	

As part of fulfilling the obligation to the Memorandum of Understanding (MoU) entered into between ACU and Mosetse Brigade, monitoring activities were carried out on Mosetse Brigade Sewage ponds over the reporting period. The outcome of the exercise was positive and has helped to give assurance in the alternative usage of the waste water.

Waste Management facilities

Work towards the restoration of Mowana Salvage yard continued. The specific achievements attained included the following:

- Continued separation of waste to allow for sale of scrap and or safe disposal.
- Design of the salvage yard site as the basis for the development of the site and eventual registration and licensing with the Department of Waste Management & Pollution Control (DWMPC).

WATER MANAGEMENT

Waste water usage

As part of the on-going efforts to reduce usage of potable water sources, waste water generated from Mosetse Housing Estate (MHE) and disposed at Mosetse Brigade was identified as a good source for use during the rehabilitation of the Mosetse-Lepashe access road. Once permissions were obtained from management of Mosetse Brigade, more than 10 000m3 was obtained for usage on the road. This initiative helped to save potable water and diesel fuel.

The potential to use waste for agriculture is currently being investigated. If feasible, the initiative will go a long way to contributing to ZCI's Social Corporate Investment initiatives.

Rainwater harvesting

A concept project geared towards harvesting rain water from roof tops of 50 houses at Mosetse Housing Estate was drafted. The project aims at installation of water tanks in every household to harvest rain water during the rainy season.

Pit dewatering and Tailings Dam return water

Water from Mowana Pit and the tailings dam continued to be used to augment the allowed 2640m3/day abstraction from the Dukwe well-fields. The water recycled in this way plays an important role in minimizing reliance on groundwater from the well-fields.

DUST MANAGEMENT

Dust Suppression on haulage roads

The environmental section facilitated an overview and trial of some 'more sustainable' dust suppression products (dust wrap and calcium chloride) as mitigation measures that can be applied in different sections of operations where dust is a problem, including the main access road to Mowana Mine. Site visits to other operations where calcium chloride is used were undertaken as part of the overview. A decision on the method to be used should be taken at the start of the new financial year.

Dust Analysis

At the end of the 2013 reporting period the fallout dust monitoring units sourced in 2011 were not operational due to delays incurred in arranging for external laboratory analysis of the captured dust. The arrangements were finalized in April 2013. The first batches of the sampling results were being processed at the time of preparing this report.

PROGRESSIVE REHABILITATION

Arrangements for progressive rehabilitation were made in the form of stockpiling top soil stripped at Thakadu Pit where operations are currently focused. About 120 tonnes were stockpiled during the reporting period. Once the targeted height of the waste rock dumps is attained the top soil will be used for capping before re-vegetation activities commence.

WILDLIFE MANAGEMENT

In order to address the problems caused by elephants that usually enter the Mowana Mine area between the months of June to November, a specialist was brought to site during the reporting period to advise on possible solutions. The application of pepper has been selected as a deterrent method to be piloted during 2014 financial year.

Training for snake handling occurred in the reporting year targeting more than fifteen employees.

ENVIRONMENTAL PERFORMANCE REPORTING

Quarterly reports were submitted to Botswana Chamber of Mines during the reporting period.

CONCLUSION

Management takes the environmental impact of mining activities and the mitigation thereof seriously. We are committed to the continuous improvement in this area and in providing transparent reporting. The actions discussed above are on-going and further actions and initiatives will be considered during the coming financial year.

GOVERNANCE

GENERAL

ZCI is committed to sound and robust corporate governance standards which underpin the Group's operational and strategic success.

The Group's corporate governance structures and practices are reviewed and enhanced on an on-going basis in response to changes both within and external to the Group. In line with the "apply or explain" principle of King III and the JSE requirements the Company has made relevant disclosure, supported by an explanation, where a different practice has been adopted to achieve good governance in the instances where the Group has not applied a specific King III principle.

The Board of Directors takes ultimate responsibility for the Group's adherence to sound corporate governance standards, setting the strategy for the Group as well as organisational oversight and sees to it that all business judgements are made with reasonable care, skill and diligence. The Board has various Committees to which it has delegated specific responsibilities. All Committees operate with written terms of reference approved by the Board, which are reviewed by the Board annually.

Below is a summary of King III principles and recommended practices that the Company was not applying in previous periods but which have been addressed during the year under review:

King III Principle or Recommended Practice	Action taken during the year
2.17	Re-appointment of the CEO, effective 1 April 2013
2.22	Key Performance Indicators and procedures for the Annual Performance Review of the CEO were reviewed and updated by the Remuneration Committee
2.11	A formalised process has been put in place for the implementation of a Communication Policy for the Company
2.7	The Risk Committee reviewed and updated the Risk Register
2.23	Reviewed and updated the relevant Committee terms of reference in line with best practices
2.22	The Committees reviewed the King III recommendation in relation to the composition of their members
2.25	The Fees and Expenses policy was reviewed and updated
2.9	The Code of Conduct was reviewed and updated

Below is a summary of King III principles and recommended practices that the Company has not applied during the year:

Non-Application of King III	
Governance Element	**Explanation as to non-application**
1. Ethical leadership and corporate citizenship 1.2.5 - The board should ensure that measurable corporate citizenship processes are implemented.	While such policies as Corporate Social Responsibility at the mine level and a code of conduct at the Board level help to ensure that corporate citizenship processes are in place, the Board has not sought to implement a process whereby such corporate citizenship processes are measured. Such a policy is not seen as practical at this point in time given that the strategic review process in place will change the nature of the corporate citizenship processes within the Group.
1.3.3 – The board should ensure that adherence to ethical standards are measured. 1.3.8 - The board should ensure that the company's ethics performance should be assessed, monitored, reported and disclosed.	While actively seeking to provide ethical leadership in the Group, the ZCI Board has not sought to implement a program in which adherence to ethical standards are measured on an on-going basis. As with any policy initiative, the benefits of such a program must be measured against the cost of implementing and maintaining such a program. ZCI believes that, given its current structure and activity, the Board is capable of effectively monitoring the Company's ethics without the need for a formal program to monitor that process.
2. Boards and directors 2.16.2 The Chairman should be independent and free of conflict upon appointment.	ZCI's Chairman during the current financial year and up until 20 June 2013, Mr Edgar Hamuwele, is a non-executive director, who was not independent upon his appointment to the position of Chairman of the Board on 1 November 2011. Mr Hamuwele also acts as a non-executive director on the board of CDF, the majority shareholder of ZCI, and so does not meet the independence criteria outlined above. Mr Hamuwele was considered by the Board to be the board member with the skills and experience capable of best providing the effective leadership of the Board requires in the role of Chairman. The Board believed the value he brings to the position to be greater than any concerns that he would not be able to perform effectively in the role due to his non-independence. In line with King III Recommended Practice 2.16.3 and Section 3.84 (c) of the JSE Listing Requirements, the Board designated Professor Stephen Simukanga as the Lead Independent Director, to assist the Board in the event that any conflict of interest arises or when the chairman's performance is being evaluated. As such, the Board considered this a mitigating factor with regard to any concerns with potential or real conflicts of interest or objectivity stemming from the appointment of a non-independent director as chairman of the Board. As of 20 June 2013 and as at the date of this report, Mr. Hamuwele is unable to act as Chairman of the Board due to personal reasons. Effective 20 June 2013, the board of ZCI appointed Professor Stephen Simukanga as Acting Chairman of the Company.
2.25.4 Non-executive fees should comprise a base fee as well as an attendance fee per meeting.	The fees of the ZCI non-executive directors for the period under review comprised solely a base fee. Attendance fees were not paid to non-executive directors in addition to the base fee. The Board has determined that an attendance fee for non-executive directors is not a necessary component of an effective remuneration policy at this point in time. The Board reviews the remuneration paid to non-executive directors on an annual basis and will consider applying this King III recommended practice in the coming period if the Board determines that doing so will assist in the achievement of its strategic objectives and meeting is corporate obligations.

Non-Application of King III - continued	
Governance Element	**Explanation as to non-application**
3. Audit committees 3.4.3 The audit committee should recommend to the board to engage an external assurance provider on material sustainability issues.	The impact of sustainability issues within the Group occurs primarily at the subsidiary level. ZCI has one major investment being in the mining operations of ACU. ZCI has embarked upon a process which is expected to result in considerable changes to the composition of the Company's investment portfolio. For this reason, the Committee considered it impractical for the current financial year to seek external assurance on sustainability issues. Once the investment portfolio of ZCI is more developed and the breadth of sustainability issues is known, the Committee will re-consider this aspect.
5. The governance of information technology 5.1.5. The board should receive independent assurance on the effectiveness of the IT internal controls. 5.2.1. The board should ensure that the IT strategy is integrated with the company's strategic and business processes. 5.3.3. The CEO should appoint a Chief Information Officer responsible for the management of IT.	ZCI is an investment holding company in which the principle functions to which a formalised IT charter and policy relate, are undertaken by external service providers under the oversight of management. The service providers have detailed IT charters and policies capable of mitigating IT risk at the ZCI level. Assurance is provided by service providers that IT risk is being properly managed with respect to the services they provide to ZCI. IT related risks are considered by the Risk Committee and regularly reviewed as part of the risk management process. At the subsidiary level, policies have been initiated by the Board to address IT risk related issues. IT issues and adherence to IT policies are reported in the monthly management reports of the subsidiaries that are reviewed by the Board. For this reason, and taking into account the nature and size of the Group's current IT environment, the Board did not seek independent assurance over the effectiveness of the IT internal controls, nor was it considered necessary to appoint a Chief Information Officer.
7. Internal Audit	ZCI does not operate a formalised independent system of internal audit covering the scope of activities outlined in the recommended practices under Section 7 of King III. During the period under review the Audit & Finance Committee, was satisfied that there is an effective system of internal control capable of safe guarding the Company's assets from potential risk factors and that, based on an analysis of the costs and benefits, a formalised independent system of internal audit would not be pursued at the present time. At the ZCI level, the major functions which the internal audit function would oversee, are undertaken by Maitland Luxembourg S.A., Maitland (Mauritius) Limited and Maitland Investment Services (IOM), which are a regulated entities with internal audit functions. The nature of the Group's operations means that the key activities for which there is a potential for fraud, error and risk occur primarily at the operational level. A process of internal audit is underway at the operational level and the ZCI Board will review internal audit reports received and monitor follow up of recommended actions on areas of concern raised.

Non-Application of King III - continued	
Governance Element	**Explanation as to non-application**
8. Governing stakeholder relationships 8.6.1. The board should adopt formal dispute resolution processes for internal and external disputes.	ZCI handles disputes on a case by case basis and has not sought to instigate a formal dispute resolution process. Any dispute which arises is considered on its merits to determine whether a form of alternative dispute resolution can be applied. As disputes at the ZCI level are not a common occurrence, the ZCI Board does not currently believe it necessary to adopt a formalised process through which such disputes would be dealt with.

BOARD OF DIRECTORS

The highest governance structure of the Group, responsible for setting strategy, taking action as well as organisational oversight is the ZCI Board of Directors. The Board is thus the foundation of ZCI's governance systems and is accountable and responsible for the Group's performance.

The Board retains full and effective control over the Group and is comprised of a strong team of talented leaders with recognised relevant experience and skills, providing effective and ethical leadership of the Company. All directors are individuals of high calibre with diverse backgrounds and expertise, ensuring that their views carry significant weight in deliberations and decisions.

To fulfil their responsibilities, the Board has access to accurate, relevant and timely information. In addition, the directors are entitled to obtain independent professional advice at the Company's expense, should they deem this necessary. All decisions requiring consideration by the Board are debated openly and no director has unfettered powers of decision making. Board meetings are held at least quarterly with ad hoc meetings being called when necessary. Meetings of the Board during the year considered issues of operational strategy, capital expenditure, major projects and other matters having a material effect on the Group.

Current composition of the board and director independence

ZCI's Board for the financial year ended 31 March 2013 and up to the date of this report was comprised of six directors, presented in alphabetical order as follows.

DIRECTOR	**INDEPENDENCE**	**EXECUTIVE / NON-EXECUTIVE**
Wilhelmus Badenhorst (appointed 12 November 2012)	Non-independent	Executive (Finance Director)
Kathryn Bergkoetter (resigned 12 November 2012)	Non-independent	Executive (Finance Director)
Michel Clerc	Independent	Non-executive
Edgar Hamuwele	Non-independent	Non-executive (Chairman)
Thomas Kamwendo	Non - Independent	Executive (CEO)
Cyril O'Connor	Independent	Non-executive
Stephen Simukanga	Independent	Non-executive (Lead Independent Director, and since 20 June 2013 Acting Chairman)

Directors are categorised as executive or non-executive in accordance with Section 3.84 (f) of the JSE Listing Requirements. During the year the Board assessed the independence of the independent directors and was satisfied that they retained their independence. The independent directors of ZCI meet the definition of independence under King III. The role of CEO is separated from the role of the Chairman by a clearly stated division of responsibilities in accordance with Principle 2.17 of King III.

The non-executive directors provide advice to the Board that is independent of management or service providers. They also provide an additional layer of control through checks and balances. Non-executive directors are entitled to seek independent professional advice where deemed appropriate. The presence of the independent directors on the various committees helps to ensure that management and executives do not have unrestricted powers of decision making.

Certain of the directors of ZCI are also directors of ACU. ZCI recognises that those directors have fiduciary duties to the subsidiary and must act in its interests at all times.

In line with King III Recommended Practice 2.16.3 and Section 3.84 (c) of the JSE Listing Requirements, the Board designated Professor Stephen Simukanga as the Lead Independent Director, to assist the Board in the event that any conflict of interest arises or when the chairman's performance is being evaluated. The Board is confident that Professor Simukanga is eminently qualified and capable of fulfilling this role and is considered to be a suitable person for the position.

Board meeting attendance during the period and up to the date of this report

Director	29 May 2012	31 May 2012	19 June 2012	20 June 2012	10 July 2012	11 July 2012	17 September 2012	11 October 2012	4 December 2012	16 January 2013	20 March 2013	15 April 2013	20 June 2013
E Hamuwele	✓	✓	✓	x	✓	✓	x	✓	✓	✓	✓	x	N3
T Kamwendo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Simukanga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N3
M Clerc	✓	x	✓	✓	x	x	✓	✓	x	✓	x	✓	✓
K Bergkoetter	✓	✓	✓	✓	✓	✓	✓	✓	N1	N1	N1	N1	N1
C O'Connor	N2	N2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
W Badenhorst	N2	N2	N2	N2	N2	N2	N2	N2	✓	✓	✓	✓	✓

N1 - Katheryn Bergkoetter *resigned effective 12 November 2012.*

N2 – Cyril O'Connor and Wilhelmus Badenhorst joined the Board of Directors effective 15 June 2012 and 12 November 2012 respectively.

N3 – As of 20 June 2013 and as at the date of this report, Edgar Hamuwele is unable to act as Chairman of the Board due to personal reasons. Effective 20 June 2013, the board of ZCI appointed Professor Stephen Simukanga as Acting Chairman of the Company.

Company secretary

The Board makes use of the advice and assistance of an experienced and suitably qualified company secretary. The Board has considered and confirmed the independence, experience, competence and qualifications of the company secretary for the period ended. The company secretary is not a director of the company and an arms-length relationship exists between the company secretary and the board of directors. The company secretary contributes to the good governance strategy of the company by engaging in those activities outlined in Principle 2.21 of King III.

Shareholder relations

The Board undertakes considerable dialogue with its majority shareholder and engages in discussions on key matters of strategy and corporate governance.

All shareholders are encouraged to participate in the annual general meeting of the shareholders at which they may raise issues of concern. All board members of ZCI are expected to attend the AGM and engage with our shareholders.

Policy for appointment of new board members

In accordance with Section 3.84 (a) of the JSE listing requirements, the Board has approved a policy detailing the procedures for appointments to the Board. This is to ensure that appointments to the Board are formal and transparent and considered by the Board as a whole.

When deemed appropriate, the Board shall delegate authority to the Nominations Committee to undertake aspects of the process of appointing new board members. The independent non-executive directors of the Company sit on the Nominations Committee. The Nominations Committee will also, at the request of the Board, assess the current composition of the Board against the skills required to competently discharge the Board's duties, having regard for the strategic direction of the Company.

The shareholders elect the directors at the Annual General Meeting, having received appropriate notice of the persons being proposed to hold office as directors. The Board also has the power to fill a casual vacancy, but any Director so appointed can hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Training, induction and appraisal of the board and committees

ZCI has established guidelines for the on-going training and development of directors.

The Board has implemented an induction programme for new directors. The programme has been designed in accordance with the King III code to ensure that any new director will be familiar with the business and legal framework within which the Company operates.

The Chairman has evaluated the performance of the Board and the effectiveness of the Committees. It is the opinion of the Chairman that the Committees have performed their roles during the period covered by this report. The Board has also been effective in addressing the many issues and challenges that have been presented during this period.

Code of conduct

The Board sets the values of the Company and seeks to set standards of ethical leadership. ZCI requires that all directors and officers conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. The Company has implemented a formal code of conduct in order to manage the effective oversight of the Company's ethical behaviour.

Directors' interests

At 31 March 2013 the Directors held no shares in ZCI, either beneficially or non-beneficial, nor did they hold any direct or indirect beneficial interests in the Company.

There are no service contracts granted by ZCI, nor any of its subsidiaries, to any Director of ZCI for services as directors, nor were there any contracts or arrangements existing during the financial year which are required to be declared in terms of the JSE requirements.

Director biographies

THOMAS KAMWENDO Chief Executive Officer Non-independent	**Date of birth**: 14 May 1958 **Qualifications**: Bachelor of Science degree in Mechanical Engineering, Registered Engineer and Fellow of the Engineering Institution of Zambia **Previous experience:** 30 years of experience in the Zambian mining industry, CEO of three engineering companies and managing partner of his own multidisciplinary consulting firm; served on the boards many private and parastatal organisations including Ndola Lime Company, Konkola Copper Mines (KCM), the Environmental Council of Zambia, the Copperbelt University, the National Institute of Public Administration (NIPA), and the Zambia Association of Chambers of Commerce and Industry; also previously served on a Presidential Commission of Enquiry into university education in Zambia.
WILHELMUS BADENHORST Executive Financial Director Non-independent	**Date of birth**: 23 March 1980 **Qualifications**: Bachelors in Accounting, Post Graduate Diploma in Accounting, registered Chartered Accountant with the South African Institute of Chartered Accountants **Previous experience:** Completed audit traineeship with Horwath Zeller Karro in Cape Town. Subsequently an audit manager with Deloitte S.A. in Luxembourg where he gained wide ranging experience in the audit of regulated UCITS funds, offshore hedge funds and private equity funds investing in emerging market economies. Joined the Maitland Group in 2009, first in a consulting role and subsequently in a managerial capacity. Currently oversees Maitland's Private Client Accounting Services business area, and is responsible for all client accounting operations for all of Maitland's service locations across Europe, the Caribbean, the Indian Ocean and South Africa.
EDGAR HAMUWELE Chairman Non-executive	**Date of Birth**: 16 May 1963 **Qualifications**: Fellow of the Association of Chartered Certified Accountants of the United Kingdom, fellow of the Zambia Institute of Chartered Accountants. **Previous experience:** Formerly accountant with Zambia Consolidated Copper Mines Limited, and accountancy firms of Deloitte and Touche, and Coopers & Lybrand. Currently with Grant Thornton where he is now a Managing Partner. He has served as director on the boards of various entities in the past, and is currently a board member of the Copperbelt Development Foundation, Zambia Centre for Accountancy Studies as well as other various other companies.

STEPHEN SIMUKANGA Lead Independent Director Acting Chairman (since 20 June 2013) Non-executive	**Date of Birth**: 20 May 1957 **Qualifications**: Bachelor's degree (1982) and a Master's degree (1986), both in Metallurgy and Mineral Processing from the University of Zambia, and a doctorate (1990) in Process Metallurgy from the University of Strathclyde in the United Kingdom, United Kingdom Chartered Engineer and a Fellow of the Institute of Materials, Minerals and Mining and the Engineering Institution of Zambia. **Previous experience**: Professor of Metallurgy and Mineral Processing at the University of Zambia and was visiting professor at the University of Cape Town for 10 years, 26 years of experience in the mining industry and academia, Chief Executive Officer (Vice Chancellor) of the University of Zambia, chairs the boards of the National Institute for Scientific and Industrial Research and is a member of three other boards of directors.
MICHEL CLERC Independent Non-executive	**Date of Birth**: 27 June 1921 **Qualifications**: Degrees in Law and Political Science in France and in English literature at Cambridge **Previous experience:** Journalist by profession, specializing in financial issues and has had several books published, former editor of Paris-Match magazine and was manager of Radio Luxembourg, the founder and current president of AMZCI, an association of ZCI shareholders in France.
CYRIL O' CONNOR Independent Non-executive	**Date of Birth**: 4 May 1944 **Qualifications**: Ph.D. from the University of Cape Town and a D.Eng. in Metallurgical Engineering from Stellenbosch University **Previous experience**: Director of the Centre for Minerals Research at UCT, main area of research is flotation, President of the International Mineral Processing Council, holds the AngloPlatinum Chair in Minerals Processing, is a member of the Executive of the Academy of Engineering of South Africa, is CEO of the South African Minerals to Metals Research Institute, is a former Vice-President of the International Zeolite Association and was Chairman of the Organizing Committee for the XXII IMPC and the 14th International Zeolite Conference. Published over 200 papers in international journals and conferences and has supervised or co-supervised more than 30 PhD and 25 MSc graduates, Head of the Department of Chemical Engineering for 8 years, Dean of the Faculty of Engineering & the Built Environment for 10 years and served as Acting Deputy Vice-Chancellor from April 2008-May 2009. He is an Hon. Fellow of the Southern African Institute of Mining and Metallurgy, and a Fellow of, respectively, the Royal Society of South Africa, the University of Cape Town, the South African Academy of Engineering, the South African Institution of Chemical Engineering and IUPAC. He is a founder member of the Academy of Science of South Africa.

REAPPOINTMENT OF THE CHIEF EXECUTIVE OFFICER

Effective 1 April 2013, Mr Thomas Kamwendo was reappointed as CEO of the Company. The Board has approved the reappointment of the CEO and a list of matters reserved for the Board. It is the responsibility of the Board to consider the overall direction and management of the Group while day-to-day management is delegated to the CEO.

The re-appointment of the CEO will directly benefit ZCI and the achievement of its strategic goals, by such means as:

- Ensuring that the strategic decisions of the Board are implemented across the wider Group.
- Closely monitoring the day-to-day activities of the Group to ensure they are being managed in line with the expectations of the Board and shareholders.
- Ensuring that the consideration of sustainability issues is consistent throughout the Group structure and that the importance of sustainability issues is properly communicated.
- Serving as the chief spokesperson and representative for the Company.
- Building strong and lasting relationships with key stakeholders.
- Fostering new relationships and identifying new opportunities that will enable the Company to implement its strategic plans.
- Ensuring that the Board is better able to understand the expectations of shareholders and issues of significance to stakeholders so that ZCI may better factor these into decision making.

RISK COMMITTEE REPORT

Role of the committee and terms of reference

The role of the Risk Committee is to assist the Board in discharging its responsibilities for the governance of risk through a formal process and system of risk management. The Risk Committee has an independent role, operating as an overseer and making recommendations to the Board for its consideration and final approval.

The Committee seeks to ensure there is an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives and ensure timely and comprehensive disclosure of risk.

The Committee acts in terms of delegated authority from the Board as recorded in its terms of reference. The activities of the Committee include:

- Overseeing the development and annual review of a policy and plan for risk management to recommend for approval to the Board.
- Monitoring implementation of the policy and plan for risk management by means of risk management systems and processes.
- Overseeing the integration of the risk management plan in the day-to-day activities of the Group.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that management considers and implements appropriate risk responses.
- Ensuring that continuous risk monitoring by management takes place.
- Expressing the Risk Committee's formal opinion to the Board on the effectiveness of the system of internal control and process of risk management.
- Reviewing reporting concerning risk management and internal control that is to be included in the Integrated Report for it being timely, comprehensive and relevant.

Composition

The Board recognises that risks at all levels of the Group's operations can impact the long term viability of the Company. This recognition has resulted in the formation of a Group Risk Committee which includes ZCI Board members and representatives of the wider Group. This composition helps ensure that the Committee has a mix of skills, experience, strategic and operational knowledge encompassing the full scope of Group operations and capable of identifying and managing risk at all levels.

Risk Management Plan

The Risk Committee monitors and maintains a risk matrix in which risks identified across the Group are identified, classified, quantified, ranked, reviewed and monitored. Scores are attributed to each risk based on the impact the risk would have were it to crystallise, the likelihood of the risk occurring and the extent to which plans have been enacted to counter the risk. Such analysis allows the Risk Committee to report to the Board on areas of potential risk exposure and on-going monitoring of action plans to combat risk.

Risk Committee membership and attendance at meetings

Director	10 October 2012	20 March 2013	20 June 2013
S Simukanga	✓	✓	✓
K Bergkoetter	✓	N1	N1
E Hamuwele	✓	✓	x
C O'Connor	N3	✓	✓
W Badenhorst	N2	✓	✓

N1 - Kathryn Bergkoetter resigned from the Board effective12 November 2012.

N2 - Wilhelmus Badenhorst was elected to the Risk Committee effective 12 November 2012.

N3 – Cyril O'Conner was elected to the Risk Committee on 10 October 2012, effective going forward from that date.

Other members of the Board of Directors and members of the wider group regularly attend meetings by invitation.

REMUNERATION COMMITTEE REPORT

Roles of the committee and terms of reference

The Committee operates under delegated authority from the Board and its activities are governed by terms of reference approved by the Board.

The roles and responsibilities of the Remuneration Committee include, but are not limited to;

- Determining and recommending to the Board a policy for the remuneration of the Company's executive and non-executive directors.
- Reviewing the on-going appropriateness and relevance of the remuneration policy.
- Reviewing and noting annually the remuneration trends across the Company and Group.
- Agreeing the policy on travel costs and expenses, including the scale of cost recovery for extraordinary work performed or time dedicated on behalf of the Company, outside the normal scope of a non-executive director's duties.
- Obtaining reliable, up-to-date information about remuneration in other companies. The Committee has full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

The terms of reference were reviewed during the reporting period and updated to ensure they reflect best practices in corporate governance. The changes to the terms of reference were approved by the Board at the meeting held on 10 October 2012.

Issues and actions

One of the key issues dealt with by the Remuneration Committee during the year was to attend to the reappointment of the CEO with effect from 1 April 2013 and to review the Chief Executive Employment Contract which was approved by the Board at the meeting held on 20 March 2013.

The Remuneration Committee also reviewed the Fees & Expenses Policy of the Company to ensure that it provides a suitable policy on director's fees and the reimbursement of expenses incurred by directors. The Remuneration Committee will continue to actively monitor directors' expenses.

The Committee concluded that the Company has remunerated its directors fairly and responsibly. Details of the actual remuneration paid to the directors are contained in the annual financial statements section of the Integrated Report.

Remuneration Committee membership and attendance at meetings

Director	10 October 2012	20 March 2013	20 June 2013
S Simukanga	✓	✓	✓
C O'Connor	✓	✓	✓
M Clerc	✓	x	✓

The Chairman of the Board of Directors, Finance Director and the CEO all attend meetings of the Remuneration Committee by invitation.

AUDIT & FINANCE COMMITTEE REPORT

Roles of the committee and terms of reference

During the period under review, the Audit & Finance Committee complied with its legal, regulatory and additional responsibilities in line with the duties delegated to the Committee by the Board and the JSE Listing Requirements in relation to the operations of an audit committee.

During the period under review, the Finance Director Mrs Kathryn Bergkoetter, announced her departure as Finance Director and the Board welcomed Mr Wilhelmus Badenhorst as her replacement. The departure of Mrs Kathryn Bergkoetter and the appointment of Mr Wilhelmus Badenhorst as the new Finance Director was effective from 12 November 2012.

The Audit & Finance Committee reviewed and updated its terms of reference during the financial year to ensure that they remain in line with best practice corporate governance principles and properly reflect the many regulatory and other duties the Committee should attend to during a financial year. The overall function of the Audit & Finance Committee is to assist the Board in discharging its responsibilities relating to such matters as:

- The safeguarding of the Group's assets.
- The operation of adequate and effective systems and control processes.
- The preparation of financial statements that fairly and accurately present the financial affairs of the Group in compliance with all applicable legal and regulatory requirements as well as applicable accounting standards.
- The oversight of the audit function.

Statutory Duties

During the period under review, the Audit & Finance Committee undertook the following statutory duties:

1. Conducted a review and were satisfied that the external auditor is independent as per Recommended Practice 3.9.3 of King III.

2. Determined the fees to be paid and the terms of engagement of the auditor (Recommended Practice 3.9.2 of King III).

3. Determined that due to the on-going nature of the strategic review process being undertaken by the company, a formalised internal audit function would not be implemented and that such a need would be revisited following completion of the strategic review process.

4. In accordance with Section 3.84 (g) of the JSE's Listing Requirements and King III Recommended Practice 3.9.4, the Audit & Finance Committee has set a policy with regard to non-audit services provided by the external auditor which is reviewed on an annual basis. The policy is to ensure that non-audit services will not be obtained from the external auditors where the provision of such services could impair audit independence.

5. Reviewed the consolidated financial statements of the company and is satisfied that they comply with IFRS.

6. Undertaken a process of self-evaluation in accordance with King III Principle 2.22.

7. Considered and were satisfied in terms of 3.84(i) of the JSE's Listing Requirements, that Wilhelmus Badenhorst (Finance Director) possesses the necessary expertise and experience required of a Financial Director of a public listed company.

8. Ensured that the Committee consists of at least three members all of whom be independent non-executive directors.

9. Ensured that the Committee be chaired by an independent non-executive director.

10. Considered the non-audit services that may be rendered by the external auditor.

External auditor

The Audit & Finance Committee has nominated, for approval at the AGM, KPMG Inc. (South Africa) to continue as the external auditor and Mr Hendrik van Heerden as the designated auditor, for the 2013/2014 financial year. It has further satisfied itself that the audit firm and designated auditor are accredited by the JSE.

Audit & Finance Committee membership and attendance at meetings

Director	11 July 2012	14 September 2012	10 October 2012	4 December 2012	20 March 2013	19 June 2013
S. Simukanga	✓	✓	✓	✓	✓	✓
M. Clerc	x	✓	✓	✓	x	✓
C. O'Connor	✓	✓	✓	✓	✓	✓

Recommendation of the integrated annual report for approval by the Board

The Committee recommended the Integrated Report for approval by the Board of Directors on 20 June 2013

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of ZCI Limited, comprising the consolidated statement of financial position as at 31 March 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements

The consolidated annual financial statements of ZCI Limited, as identified in the first paragraph, were approved by the Board of Directors on 28 June 2013 and signed by:

Professor Stephen Simukanga

Acting Chairman

Wilhelmus Badenhorst

Financial Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ZCI Limited

We have audited the consolidated annual financial statements of ZCI Limited, which comprise the consolidated statement of financial position at 31 March 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 94.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of ZCI Limited at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 4 to the financial statements which indicates that the group incurred a net loss of US$1.6 million for the year ended 31 March 2013. This condition, along with other matters as set forth in the note, indicates the existence of a material uncertainty that may cast significant doubt on the ability of the company and its subsidiaries to continue as going concerns. Our opinion is not qualified in respect of this matter.

KPMG Inc.
Per H van Heerden
Chartered Accountant (SA)
Registered Auditor
Director
28 June 2013

85 Empire Road, Parktown, 2193, South Africa

ZCI Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2013

	Note	2013 USD'000	2012 USD'000
Revenue		**60,464**	42,772
Cost of sales	5	**(45,414)**	(46,133)
Gross profit/(loss) from mining activities		**15,050**	(3,361)
Administrative expenses		**(8,070)**	(7,926)
Other expenses		**(7,970)**	(31,116)
Foreign exchange gains		**616**	4,093
Loss before net finance expense	6	**(374)**	(38,310)
Finance income	7	**41**	725
Finance expense	8	**(2,040)**	(2,352)
Loss before tax		**(2,373)**	(39,937)
Income tax	9	**749**	4,141
Loss for the year		**(1,624)**	(35,796)
Other comprehensive income:			
Exchange differences on translation of foreign operations		**(4,638)**	(7,944)
Total comprehensive income for the year		**(6,262)**	(43,740)
Profit/(loss) attributable to:			
Equity holders of the parent		**2,871**	(29,068)
Non-controlling interest		**(4,495)**	(6,728)
Total comprehensive income attributable to:			
Equity holders of the parent		**(1,033)**	(35,756)
Non-controlling interest		**(5,229)**	(7,984)
Basic earnings/ (loss) per ordinary share (US cents)	10	**5.16**	(52.21)
Diluted earnings/(loss) per ordinary share (US cents)	10	**1.63**	(56.73)

ZCI Limited
Consolidated Statement of Financial Position
As at 31 March 2013

	Note	2013 USD'000	2012 USD'000
ASSETS			
Property, plant and equipment	11	**40,609**	41,248
Intangible assets	12	**39,844**	44,463
Other financial assets		**270**	423
Total non-current assets		**80,723**	86,134
Inventories	13	**8,891**	8,792
Trade and other receivables	14	**5,253**	4,132
Cash and cash equivalents		**9,197**	18,441
Total current assets		**23,341**	31,365
Total assets		**104,064**	117,499
EQUITY			
Share capital	15	**102,688**	102,688
Foreign currency translation reserve		**(6,891)**	(2,987)
Accumulated losses		**(10,831)**	(13,865)
Equity attributable to owners of the Company		**84,966**	85,836
Non-controlling interest		**(7,952)**	(2,723)
Total equity		**77,014**	83,113
LIABILITIES			
Interest bearing debt	17	**712**	1,611
Deferred tax	18	**2,297**	3,046
Environmental rehabilitation provision	19	**6,766**	7,065
Total non-current liabilities		**9,775**	11,722
Trade and other payables	20	**16,073**	18,067
Current portion of interest bearing debt	17	**1,171**	1,293
Bank overdraft		**31**	3,304
Total current liabilities		**17,275**	22,664
Total equity and liabilities		**104,064**	117,499

ZCI Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2013

	Share capital	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Attributable to equity holders of the parent	Non-controlling interest	Total equity
	USD'000	USD'000	US'000	USD'000	USD'000	USD'000
Balance as at 31 March 2011	**102,688**	**3,701**	**14,701**	**121,090**	**5,260**	**126,350**
Transactions with owners recorded directly in equity						
Share option reserve	-	-	502	**502**	-	**502**
Loss for the year	-	-	(29,068)	**(29,068)**	(6,728)	**(35,796)**
Other comprehensive income						
- foreign currency translation differences	-	(6,688)	-	**(6,688)**	(1,256)	**(7,944)**
Total comprehensive income for the year	-	(6,688)	(29,068)	**(35,756)**	(7,984)	**(43,740)**
Balance as at 31 March 2012	**102,688**	**(2,987)**	**(13,865)**	**85,836**	**(2,723)**	**83,113**
Transaction with owners recorded directly in equity						
Share option reserve	-	-	163	**163**	-	**163**
Profit/(loss) for the year	-	-	2,871	**2,871**	(4,495)	**(1,624)**
Other comprehensive income						
- foreign currency translation differences	-	(3,904)	-	**(3,904)**	(734)	**(4,638)**
Total comprehensive loss for the year	-	(3,904)	2,871	**(1,033)**	(5,229)	**(6,262)**
Balance as at 31 March 2013	**102,688**	**(6,891)**	**(10,831)**	**84,966**	**(7,952)**	**77,014**

ZCI Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2013

	Note	2013 USD'000	2012 USD'000
Cash flows from operating activities			
Cash generated/(utilised) by operations	26	**3,877**	(1,091)
Interest received		**41**	679
Interest paid		**(613)**	(906)
Cash inflow/(outflow) from operating activities		**3,305**	(1,318)
Cash flows from investing activities			
Additions to maintain operations			
- Property, plant and equipment		**(6,072)**	(16,862)
Additions to expand operations			
- Intangible assets		**(2,403)**	(7,065)
Proceeds from sale of assets		**171**	429
Repayment of long term receivable		**-**	10,048
Cash outflow from investing activities		**(8,304)**	(13,450)
Cash flow from financing activities			
(Repayment)/drawdown on interest bearing debt	17	**(1,021)**	2,904
Cash outflow from financing activities		**(1,021)**	2,904
Effect of foreign currency translation		**49**	583
Net decrease in cash and cash equivalents		**(5,971)**	(11,280)
Cash and cash equivalents at the beginning of the year		**15,137**	26,417
Cash and cash equivalents at the end of the year	27	**9,166**	15,137

1. Reporting entity

ZCI is a public company incorporated and domiciled in Bermuda. It has a primary listing on the Johannesburg Stock Exchange and a secondary listing on the Euronext.

The Company's business is not affected by any Government protection or investment encouragement laws.

ZCI is a holding company of a copper producing and mineral exploration and development group of companies (the "Group"). The Group's main project is the Mowana Mine which consists of a 3,000 Mt per day copper processing facility and the copper producing Mowana open pit. The Group also owns the rights to the adjacent high grade copper-silver Thakadu open-pit and holds permits in exploration properties at the Matsitama Project. The Mowana Mine and processing infrastructure is located in the north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

The address of ZCI's registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda.

The consolidated financial statements of the Company as at and for the year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issue by the Directors on 28 June 2013.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements of ZCI have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c) Functional and presentation currency

The consolidated financial statements are presented in United States Dollars ("USD" or "US$") which is the Company's functional currency. All financial information presented in US$ has been rounded to the nearest thousand.

d) Critical accounting estimates and judgements

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

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

2. Basis of preparation – Continued

d) Critical accounting estimates and judgements (continued)

Information about such judgements and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements, and the key areas are summarised below. Areas of judgement that have the most significant effect on the amounts recognised in the consolidated financial statements and that have a significant risk of resulting in a material adjustment in the next financial year are:

- Key assumptions used in discounted cash flow projections (Notes 4, 11, and 12)
- Estimation of environmental rehabilitation provision (Note 19)
- Contingent liability (Note 25)

e) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(ii) Other non-derivative financial liabilities

The fair value of trade and other payables (for disclosure purposes) is calculated on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

f) Changes in accounting policies

The accounting policies applied are consistent with those applied for the year ended 31 March 2012, with the exception of the following standards, interpretations and amendments, effective for the first time for the current financial year, that have been applied from 1 April 2012:

- IFRS 7 amendment – *Disclosures-Transfer of Financial Assets*
- IAS 1 – *Presentation of Financial Statements*

None of the above resulted in a change in accounting policy nor did it have any impact on earnings per share.

A number of new standards, amendments to standards and interpretations that could be relevant to the Group, are not yet effective for the year ended 31 March 2013, and have not been applied in preparing these financial statements:

- IAS 1 amendment – Presentation of financial statements: Presentation of items of other comprehensive income. This amendment requires that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. It does not change the existing option to present profit or loss and other comprehensive income in two statements. The title of the statement of comprehensive income changes to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendment does not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRS continue to apply in this regard.

2. Basis of preparation - Continued

f) Changes in accounting policies (continued)

- IFRS 10 – Consolidated Financial Statements, effective for annual periods beginning on or after1 January 2013. IFRS 10 is a new standard which will replace IAS 27 and SIC-12. The standard identifies the concept of control as the determining factor for inclusion in consolidated financial statements and provides additional guidance on determining control in cases where this is difficult to assess.
- IFRS 12 – Disclosure of Interests in Other Entities, effective for annual periods beginning on or after 1 January 2013. IFRS 12 is a new standard addressing the disclosure requirements of all forms of interests in other entities including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The standard relates to disclosures to enable users to evaluate the nature of, and risks associated with, an entity's interest in other entities; and the effect of those interest on the entity's financial position, financial performance and cash flows.
- IFRS 13 – Fair Value Measurement, effective for annual periods beginning on or after 1 January 2013. IFRS 13 is a new standard which defines fair value, establishes a single framework for measuring fair value and requires disclosure related to fair value.
- IFRIC 20 – Stripping costs in the Production Phase of a Surface Mine, effective for annual periods beginning on or after 1 January 2013. The interpretation requires production stripping costs in a surface mine to be capitalised if certain criteria are met.
- IFRS 7 amendment – Disclosures – Offsetting financial assets and liabilities, effective for annual periods beginning on or after 1 January 2013. The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position, or are subject to enforceable master netting arrangements or similar agreements.
- IFRS 9 (2010) – Financial Instruments, effective for annual periods beginning on or after 1 January 2015. IFRS 9 adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009; and includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.
- IAS 19 (amendments) – Employee Benefits: Defined benefit plans , effective for annual periods beginning on or after 1 January 2013. The amendments to IAS 19 introduce changes to accounting for current and future obligations resulting from defined-benefit plans and amended disclosure requirements. The accounting changes relate to the recognition of re-measurements in other comprehensive income and not in the income statement and the recognition of a net interest income or expense, which is based on the discount rate used for a plan, instead of recognising interest cost on the liabilities and expected return on plan assets.
- Annual improvements to IFRS's 2009-2011 Cycle (various standards), effective for annual periods beginning on or after 1 January 2013.
- IFRS 10, IFRS 11 and IFRS 12 amendment – Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance.

With the exception of IFRIC 20, these standards and interpretations are not expected to have a significant effect on the consolidated financial statements of the Group. IFRIC 20 provides further guidance with regards to the recognition of production stripping in surface mining activities. The Group does not plan to adopt these standards or interpretations early.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been applied consistently by the Group companies.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved were the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the day that control commences until the day that control ceases. In assessing control, the Group takes into account potential voting rights that currently are exercisable. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Business combinations

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.
Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity instruments issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.
A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

For each business combination, the Group elects to measure any non-controlling interest in the acquire either:

- at fair value or
- at their proportionate share of the acquiree's identifiable, net assets, which are generally at fair value.

Acquisitions between 1 January 2004 and 1 January 2010:
For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

3. Significant accounting policies – Continued

(iv) Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.
Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

b) Foreign currency translation

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations with functional currencies different to that of the Company, including goodwill and fair value adjustments arising on acquisition, are translated to US$ at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is reattributed to non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

3. Significant accounting policies – Continued

c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises 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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 method, less any impairment losses. Loans and receivables comprise other financial asset, long term receivable and trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group's non-derivative financial liabilities are loans and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3. Significant accounting policies – Continued

d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Pre-production expenditure relating to testing and commissioning is capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value and is recognised in profit or loss. Depreciation methods and rates are applied consistently within each asset class except where significant individual assets have been identified which have different economic useful lives. Residual values, depreciation methods and useful lives are reviewed at least annually. Depreciation is not adjusted retrospectively for changes in the residual amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

(i) Mine development and infrastructure

Individual mining assets and deferred stripping costs are depreciated using the units-of-production method based on the estimated economically recoverable metal during the life of mine plan. Mining costs incurred on development activities comprising the removal of waste rock to initially expose ore at the Mowana open pit mine, commonly referred to as "deferred stripping costs," are capitalised.

Land is shown at cost and not depreciated.

(ii) Mine plant and equipment

Individual mining plant and equipment assets are depreciated using the units-of-production method based on the estimated economically recoverable value during the life of mine plan.

(iii) Other assets

These assets are depreciated using the straight-line method over the useful life of the asset as follows:

- Vehicles - 4 years
- Information technology - 3 years
- Furniture & equipment - 5 years
- Non-mining plant and equipment - 10 years

3. Significant accounting policies – Continued

e) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognised in the Group's statement of financial position.

f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3(a)(iii).

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

(ii) Mine development and infrastructure

Mine development and infrastructure represents mineral and surface rights for parcels of land, owned by the Group.

Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right represents its fair value at the time it was acquired, as part of a business combination, and is recorded as cost of acquisition.

The Group's mineral use rights are enforceable regardless of whether proven or probable reserves have been established.

Mineral and surface rights are subsequently measured at cost less accumulated amortisation and impairment losses.

(iii) Exploration and evaluation assets

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads. Capitalised exploration costs are carried at historical cost less any impairment losses recognised.

Upon demonstration of the technical and commercial feasibility of a project, any past capitalised exploration and evaluation costs related to that project will be reclassified as intangible mine development and infrastructure.

Capitalised exploration expenditures are reviewed for impairment losses (see accounting policy note below) in line with requirement of IFRS 6, *Exploration for and Evaluation of Mineral Resources*. In the case of undeveloped properties, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Group's intentions for development of the undeveloped property.

3. Significant accounting policies – Continued

f) Intangible assets – Continued

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Mineral rights associated with production phase mineral interests are amortised over the life of mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows. Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

Exploration and evaluation assets are not amortised.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Amortisation of intangible assets is included as part of other expenses in the Statement of Comprehensive Income.

g) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value ("NRV"). NRV is the estimate selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost.

Obsolete or damaged inventories are valued at NRV. An on-going review is undertaken to establish the extent of surplus items, and an allowance for impairment is raised for any potential loss on their disposal.

3. Significant accounting policies – Continued

h) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

3. Significant accounting policies – Continued

h) Impairment - Continued

(ii) Non-financial assets (Continued)

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

Impairment reviews for capitalised exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single CGU. Typically, the following circumstances will indicate a possible impairment:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to the asset compromised;
- Variations in metal prices that render the project uneconomic; and
- Variations in the currency of the operation.

i) Leases

Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. Significant accounting policies – Continued

i) Leases - Continued

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at 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 expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

Environmental rehabilitation provisions
Estimated long term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets.

The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset, is recognised against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset, are charged to profit or loss.

k) Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

l) Share-based payments

Certain Group employees and consultants are rewarded with equity settled share-based instruments. These are measured at fair value at the date of grant and either expensed to profit and loss or capitalised to deferred exploration costs, based on the activity of the employee or consultant, over the vesting period of the instrument.

Fair value is estimated using the Black-Scholes valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

3. Significant accounting policies – Continued

l) Share-based payments - Continued

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

m) Revenue recognition and measurement

Revenue from sales of copper concentrate is recorded net of smelter treatment charges and deductions. Copper concentrate is sold under-pricing arrangements whereby revenue is recognised at the time of shipment (delivery of the products at the mine gate), at which time legal title and risk pass to the customer and provisional revenue is recorded at current month average price. The quoted period established for each sale contract to finalise the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in copper market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is closely related to the host contract and is therefore not separated.

Changes in the estimate of concentrate copper content resulting from the final independent analysis of the concentrate are recognised at the point at which such analysis is agreed.

n) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and foreign withholding taxes.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies – Continued

o) Income tax – Continued

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

p) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

q) Group segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group's only operating segment is the exploration for, and the development and mining of copper and other base metal deposits. All the Group's activities are related to the exploration for, and the development and mining of copper and other base metals in Botswana with the support provided from ACU and it is reviewed as a whole by the Board (who is considered the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. All mining revenue derives from a single customer.

As such, no segmental report has been prepared.

4. Going concern

The Directors have prepared the financial statements on the going concern basis having considered the status of current operations, the current funding position and the projected funding requirements of the business for, at least, 12 months from the date of approval of these financial statements as detailed below:

Current operations and performance

The Group incurred a loss after tax for the year ended 31 March 2013 of US$1.6 million (2012: US$35.8 million loss).

The Company's direct subsidiary, ACU, realised a significant increase in revenue, up from US$42.8 million in the prior year to US$60.5 million in 2013, as a result of the favourable increase in tonnes of copper concentrate sold, from 6,245 tonnes in 2012 to 8,692 tonnes during the 2013 financial year. A further positive development was the decrease in cost of sales, down from US$46.1 million in 2012 to US$45.4 million in 2013, resulting in a decrease in the average unit cost of copper concentrate produced per ton from US$31.86 in 2012 to US$23.21 during the 2013 financial year. During 2013, consolidated administration and other costs (excluding impairment losses) remained relatively stable, and net consolidated foreign exchange losses also decreased. Additionally, during the prior year US$ 25.8 million of impairment losses were recorded, which contributed to the loss reported in the fiscal year 2012. The Group did not identify any further impairment indicators during the fiscal year 2013 and no further impairment losses were recorded which contributed to the favourable decrease in the loss after tax for the 2013 year.

The average copper produced in concentrate for the year amounted to 791 tonnes per month, with the highest and lowest months' production yielding 1314 tonnes and 270 tonnes respectively. As a result of record production highs, the mass of copper produced in concentrate enabled the business to generate positive cash flows from operating activities over the year of US$3.3 million. There have been significant investing activities with additions to property, plant and equipment to maintain and expand operations resulting in a cash outflow from investing activities of US$8.3 million. In addition, cash outflow as a result of net repayment of interest bearing debt amounted to US$1.02 million during the year. Overall there has been a positive trend with a net decrease in consolidated cash and cash equivalents of US$6 million during 2013 compared to a decrease of US$11.3 million in the prior year.

Subsequent performance

Since the year end, copper produced in concentrate for the months of April and May was 540 and 1,408 tonnes of copper in concentrate respectively. April's production figures were slightly disappointing and arose as a result of production issues around the performance of the mill, which has been subject to some vibrations following a production halt for three days for mill relining. In May production returned to more normal levels with mill throughput of 81,000 tonnes achieved. The source of the before mentioned vibrations have been identified and new mill gear mechanisms have been ordered. These are expected to be available for installation in September 2013, which would result in necessary mill downtime.

Cash flow forecast – key assumptions and uncertainties

The cash flow projections, which have been drawn up on a monthly basis, are based on a number of inputs and assumptions which include mined tonnage, all associated mining and processing costs, extraction and yield rates for production of the copper concentrate and the price of copper. The Group's approved capital expenditure is also included in the cash flows.

4. Going concern – Continued

In the opinion of the Directors, the key assumptions to which the projections are most sensitive are the tonnage of produced copper concentrate and the copper price. The tonnage of produced copper concentrate is itself a function of mining output and recovery achieved in the processing operations. Key assumptions (12 months to June 2014):

Average copper price per tonne	US$7,390
Average monthly production	1,289 tonnes
Average throughput	83,385 tonnes

The average price per tonne achieved during the financial year was US$7,839 (2012: US$8,505).

The average monthly production is a 62.9% increase over average production in fiscal 2013, however, the 2013 average is significantly impacted by the low production in May 2012. The low production in May 2012 was as a result of a mechanical failure in the processing plant and a resulting shutdown from 20 May until 5 June 2012. The lower production in January and February 2013 were as a result of the mining contractor at Thakadu giving notice of termination of contract, exiting from the mine during January 2013. The assumed production is a 43% increase over the average production for the fiscal year 2013 excluding the months of May 2012, January and February 2013.

The forecast average throughput of 83,385 tonnes is only 24% higher than the 66,825 average throughput achieved during the year ended 31 March 2013 and 11% higher should the months of May 2012, January and February 2013 be excluded from the comparison.

Although the Group has demonstrated its ability to produce at a sustainable monthly level during the second half of the financial year being reported on, the Thakadu pit will be depleted within the next 12 months and the Group's future cash generation beyond 2014 is entirely reliant on a successful and timely restart of mining operations at the Mowana pit and associated processing of the supergene ore. If there is a material slippage in the timetable for bringing the Mowana pit back into production, the Group may not have sufficient funds to meet its costs.

Projected funding requirements

The Directors believe that the projections for at least the twelve months to August 2014 are achievable, based on the higher grade and recovery profile of the Thakadu ore anticipated to be mined and processed until May 2014 and a planned switch to Mowana ore in June 2014, a conservative view on consensus analyst projections for the copper price, the production targets, and the cost factors used in the forecast.

The projections show that if the key operational and pricing assumptions are achieved, the existing loan facilities will be sufficient to provide the necessary funding for the Company and its subsidiaries for at least the next twelve months from the date of approval of these financial statements.
By way of illustrating other downside sensitivities in the projection, a combination of:

- average copper price for the period 1 June 2013 to 31 December 2013 lowered to the spot price of $3.28 per pound at the time of performing the sensitivity analysis;
- shortfalls in the average copper price of up to 5%;
- shortfalls in production throughput of up to 5%; and
- shortfalls in average recoveries of up to 5%;

would result in an additional funding requirement of up to US$1.47 million (all other assumptions unchanged); and additionally

- a possible shutdown of operations for approximately 30 days in the event of a critical equipment failure;

would result in an additional funding requirement of up to US$4.3 million (all other assumptions unchanged).

4. Going concern – Continued

In light of the above sensitivities, the Directors of ZCI extended a letter of financial support to ACU, confirming that ZCI will continue to make sufficient financial resources available to allow ACU to meet its liabilities as they fall due in the course of normal operations. Furthermore, to ensure that ZCI has the ability to provide such support based on existing and any additional funding requirements, subsequent to year end, the Company obtained an extension on a letter of financial support from its controlling shareholder, to the value of US$7 million.

Conclusion

Uncertainties surrounding the switchover of mining operations and processing of ore from the Thakadu pit to the Mowana pit, together with the volatility of the copper price, may have a significant impact on the Directors' use of the going concern assumption. Should the projected production levels and key financial assumptions not be achieved, the Company and its subsidiaries will have to source additional external funding in order to realise their assets and discharge their liabilities in the normal course of business. In the event that additional funding is not forthcoming, these conditions may cast significant doubt about the ability of the Company and its subsidiaries to continue as going concerns and therefore to continue realising their assets and discharging their liabilities in the normal course of business.

5. Cost of sales

	2013 **USD'000**	2012 USD'000
Productions costs	**34,401**	34,579
Depreciation	**2,515**	2,722
Salaries and professional costs	**8,498**	8,832
	45,414	46,133

6. Loss before net finance expense

as stated includes the following:

	2013 **USD'000**	2012 USD'000
Auditor's remuneration		
- Audit fees	**376**	361
- other fees relating to tax	**-**	17
	376	378
Impairment losses		
- Property, plant and equipment	**-**	15,000
- Intangible assets	**(2,025)**	10,740
	(2,025)	25,740

7. Finance income

	2013	2012
	USD'000	USD'000
Interest received:		
Bank	**41**	205
Long term receivable	**-**	520
	41	725

8. Finance expense

	2013	2012
	USD'000	USD'000
Interest paid:		
Bank	**572**	830
Other	**57**	88
Withholding tax	**1,411**	1,434
	2,040	2,352

9. Income tax

	2013	2012
	USD'000	USD'000
Income tax expense		
Current	**-**	-
Deferred	**749**	4,141
	749	4,141
Tax rate reconciliation (aggregate per jurisdiction)		
Tax at the domestic rates applicable to profits in country concerned	**3,507**	9,422
Tax effect of expenses that are not deductible for tax purposes	**(3,369)**	(88)
Tax not raised on losses carried forward	**(138)**	(9,334)
Unwinding of deferred taxes raised at acquisition	**749**	2,581
Prior year overprovision on above	**-**	1,560
	749	4,141

ZCI is exempt from tax in Bermuda. ACU is subject to corporation tax in the United Kingdom at 24% (2012: 26%). The Botswana entities are subject to a tax rate of 22%.

As all entities in the Group are in a tax loss situation, no provision was raised for current tax.

10. Earnings per share

	2013	2012
Basic earnings/(loss) per ordinary share (US cents)	**5.16**	(52.21)
Diluted earnings/(loss) per ordinary share (US cents)	**1.63**	(56.73)
Headline earnings/(loss) per ordinary share (US cents)	**7.42**	(14.48)
Diluted headline earnings/(loss) per ordinary share (US cents)	**3.89**	(17.41)
Number of ordinary shares in issue	**55,677,643**	55,677,643
Weighted average and diluted number of ordinary shares in issue	**55,677,643**	55,677,643

The following adjustments to loss attributable to ordinary shareholders were taken into account in the calculation of diluted loss, headline loss and diluted headline loss per share:

	2013 USD'000	2012 USD'000
Profit/(loss) attributable to equity holders of the parent	**2,871**	(29,068)
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(1,962)**	(2,520)
Diluted profit/(loss) attributable to equity holders of the parent	**909**	(31,588)
Profit/(loss) attributable to equity holders of the parent	**2,871**	(29,068)
Impairment loss	**2,025**	25,740
Deferred tax on impairment loss	**(446)**	(2,363)
Non-controlling interest in impairment loss	**(320)**	(2,372)
Headline profit/(loss) attributable to equity holders of the parent	**4,130**	(8,063)
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(1,962)**	(1,632)
Diluted headline profit/(loss) attributable to equity holders of the parent	**2,168**	(9,695)

The options granted by ACU were excluded from the diluted earnings per share calculation as their effect would have been anti-dilutive.

11. Property, plant and equipment

2013	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Cost				
Balance at 1 April 2012	30,604	28,536	4,041	63,181
Additions	5,014	514	544	6,072
Disposals	-	(86)	(241)	(327)
Reclassifications/Transfers	(1,948)	1,948	-	-
Exchange adjustments	(4,120)	(3,816)	(539)	(8,475)
Balance at 31 March 2013	**29,550**	**27,096**	**3,805**	**60,451**
Depreciation and impairment losses				
Balance at 1 April 2012	(17,210)	(3,483)	(1,240)	(21,933)
Depreciation charge for the year	(1,058)	(1,294)	(387)	(2,739)
Disposals	-	17	208	225
Transfer	1,640	-	-	1,640
Exchange adjustments	2,277	518	170	2,965
Balance at 31 March 2013	**(14,351)**	**(4,242)**	**(1,249)**	**(19,842)**
Carrying value				
Balance at 1 April 2012	13,394	25,053	2,801	41,248
Balance at 31 March 2013	**15,199**	**22,854**	**2,556**	**40,609**

11. Property, plant and equipment - Continued

2012	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Cost				
Balance at 1 April 2011	20,667	29,411	2,944	53,022
Additions	16,367	316	177	16,860
Disposals	-	(80)	(580)	(660)
Reclassifications/Transfers	(3,824)	1,969	1,855	-
Exchange adjustments	(2,606)	(3,080)	(355)	(6,041)
Balance at 31 March 2012	30,604	28,536	4,041	63,181
Depreciation and impairment losses				
Balance at 1 April 2011	(1,380)	(2,502)	(1,174)	(5,056)
Depreciation charge for the year	(1,011)	(1,291)	(421)	(2,723)
Disposals	-	4	228	232
Impairment	(15,000)	-	-	(15,000)
Exchange adjustments	181	306	127	614
Balance at 31 March 2012	(17,210)	(3,483)	(1,240)	(21,933)
Carrying value				
Balance at 1 April 2011	19,287	26,909	1,770	47,966
Balance at 31 March 2012	13,394	25,053	2,801	41,248

Included in mine development and infrastructure is capital work in progress with a value of US$ 0.184 million (2012: US$ 2.8 million).

Mine plant and equipment with a carrying value of US$ 1.3 million (2012: US$ 2.2 million) represent assets under finance lease (17).

Impairment review

The Group performed an impairment test with respect to the carrying value of property, plant and equipment as well as intangible assets relating to the operations where mining is currently taking place (this is considered to be one cash generating unit together). Key assumptions include the following:

- A revised 6.5 year mine plan based on processing 5 million tonnes of the Mowana mine's proven and probable reserves and 1 million tonnes of the Thakadu Pit's probable reserves
- Discount rate of 11%
- Average production through-put levels of 80,324 tonnes per month to March 2014 with average production levels of approximately 81,000 tonnes thereafter
- Copper sales prices forecasted at end of May spot price of US$3.28 per lb until December 2013 and by selected analyst estimates thereafter, with the average copper price over the life of mine from January 2014 of approximately US$3.20 per lb

11. Property, plant and equipment – Continued

Impairment review - Continued

- Grade assumptions based on a 10% reduction of the Mowana and Thakadu resource model grades, which experience has shown to be reasonably predictive of the actual grades mined, averaging 1.47% and 1.77% respectively
- Recovery rates based on historical independent metallurgy and plant test-work
- Operating and capital costs based on historical costs and approved budget costs.

As required by IAS 36, no benefit has been recognised for any additional value that could be generated from the assets through improving the performance of the assets through additional cash outflows, from the development of underground workings or from production beyond the five year mine plan.

The outcome of the value-in-use calculation did not indicate any further impairment of the carrying value of property, plant and equipment or the intangible assets relating to the operations where mining is currently taking place.

During the prior year an impairment loss of US$25.7 million (US$15 million relating to property, plant and equipment and US$10.7 million relating to intangible assets) was recognised as part of other expenses in the consolidated Statement of Comprehensive Income. The Directors are of the opinion that the results of the value in use calculation did not support the reversal of impairment losses recognised in past periods.

12. Intangible assets

The Group's intangible assets consist of mining rights and resources and exploration and evaluation assets.

2013	Exploration and Evaluation assets (a) USD'000	Mine development and Infrastructure (b) USD'000	Total USD'000
Cost			
Balance at 31 March 2011	13,605	40,199	53,804
Additions	2,650	4,415	7,065
Effect of translation	(229)	(176)	(405)
Balance at 31 March 2012	16,026	44,438	60,464
Additions	1,302	1,101	2,403
Effect of translation	(68)	(58)	(126)
Balance as at 31 March 2013	**17,260**	**45,481**	**62,741**
Accumulated amortisation and impairment losses			
Balance at 31 March 2011	-	(2,379)	(2,379)
Amortisation	-	(2,882)	(2,882)
Impairment	-	(10,740)	(10,740)
Balance at 31 March 2012	-	(16,001)	(16,001)
Amortisation	-	(3,317)	(3,317)
Impairment	(2,025)	-	(2,025)
Transfer	-	(1,640)	(1,640)
Effect of translation	-	86	86
Balance at 31 March 2013	(2,025)	**(20,872)**	**(22,897)**
Carrying value			
Balance at 31 March 2012	16,026	28,437	44,463
Balance at 31 March 2013	**15,235**	**24,609**	**39,844**

(a) Comprise licence numbers PL33/2005, PL180/2008, PL14/2004, PL15/2004, PL16/2004, PL17/2004 and PL60/2011

(b) Comprise licence numbers ML2006/53L and PL1/2005

12. Intangible assets - Continued

For purposes of impairment testing, the Directors consider each of the Group's exploration and development assets on a project-by-project basis. Currently there are two projects that are separately identifiable cash generating units:

- Exploration expenditures on areas within the Mowana tenements but which have not yet been exploited and do not form part of the current declared resources (Mowana underground resources)
- Exploration expenditures on the Matsitama tenements.

As at 31 March 2013 license numbers PL33/2005 and PL80/2008 situated within the Mowana tenements are post expiry date. It is the Directors intention to retain the licenses and applications for renewal have been submitted. As at the date of these consolidated financial statements confirmation of renewal remain outstanding and as a result management considers this to be an impairment indicator. Consequently, exploration expenditures of US$2.025 million has been impaired in the current period, and recognised as part of other expenses in the consolidated statement of comprehensive income.

No impairment indicators were identified for exploration expenditures relating to the Matsitama project.

Mine development and infrastructure includes pre-operating cost, mining rights and exploration expenditures related to Mowana and Thakadu open pits. These are considered as part of the mining operations for purposes of impairment testing. For details, assumptions used and outcome, refer to note 11.

The amortisation of intangible assets is included as part of other expenses in the Statement of Comprehensive Income.

The table below shows a summary of the mining and exploration licenses and to which intangible assets they relate to:

	Mining / exploration licenses	**Expiry Dates**
Mowana Mining rights	ML 2006/53L	19 December 2031
Thakadu Mining right	ML 2010/96L and PL1/2005	7 December 2017
Mowana resources	PL33/2005 and PL180/2008	30 June 2012 and 31 March 2011[a]
Matsitama projects	PL14/2004-17/2004 and PL060/2011	30 September 2014 and 31 December 2013

[a] Application for prospecting licence renewals have been made as required. As at the date of these consolidated financial statements the renewal process is yet to be concluded. These licenses have been impaired to nil (refer note above).

13. Inventories

	2013 USD'000	2012 USD'000
Stockpile inventories	**5,416**	5,834
Consumables	**3,475**	2,958
	8,891	8,792

Stockpile inventories were valued at net realisable value.

14. Trade and other receivables

	2013 USD'000	2012 USD'000
Financial assets		
Trade receivables	**2,605**	1,227
Non-financial assets		
Prepayments and other receivables	**1,453**	1,274
VAT receivables	**1,195**	1,631
	5,253	4,132

Trade receivables represents sale of concentrate to MRI Trading Ag in terms of a concentrate off-take agreement. The Group has no collateral against these receivables and all balances are current. No impairment losses have been recognised during the year (2012: nil).

15. Share capital

	No. of shares	USD'000
Authorised at 31 March 2013 and 2012		
Ordinary shares of BD$ 0.24 each (US$ 0.24 each)	**130,000,000**	**31,200**
Deferred shares of BD$ 0.24 each (US$ 0.24 each)	**50,000**	**12**
Issued at 31 March 2013 and 2012		
Ordinary shares	**55,677,643**	**102,676**
Deferred shares	**50,000**	**12**
Balance at 31 March 2013 and 2012	**55,727,643**	**102,688**

Ordinary shares
The ordinary shares have full voting rights and rights to dividends, and will be entitled on a winding up to a distribution equal to their par value and share premium created on their issue.

Deferred shares
The deferred shares do not have any voting rights or right to participate in the profits or assets of the Company, other than the right to receive on the winding up of the Company the amount paid up, up to the amount of 24 US cents only, which rank pari passu with the ordinary shares.

16. Share based payment schemes

Subsidiary scheme

The subsidiary, African Copper, has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p. On 14 July 2011 17,150,000 options were granted at 3.13p.

Of the 2011 grant, 40% are exercisable immediately with the balance of 20% exercisable on each of the next three annual anniversaries of the awards.

	Weighted average exercise price in £ per share	**Options**
At 1 April 2010	77.3p	2,935,000
Forfeited	77.5p	(750,000)
At 31 March 2011	77.2p	2,185,000
Granted	3.13p	17,150,000
Cancelled	3.13p	(500,000)
Forfeited	-	-
At 31 March 2012	**11.7p**	**18,835,000**
Exercisable at the end of the year	16.0p	12,175,000

The weighted average remaining contractual life of the outstanding options at 31 March 2013 was 7.67 years (2012: 8.67 years).

No options were granted, cancelled or forfeited during the current financial year ended 31 March 2013.

Expected volatility was determined by calculating the historical volatility of the Company's share price since it was listed on the AIM market of the London Stock Exchange in November 2004. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

As a result of the revaluation of the fair value of the options at 31 March 2013, an expense of US$162,985 (2012: US$200,897) in respect of share-based payments for the year was recorded in the statement of comprehensive income.

16. Share based payment schemes – Continued

Subsidiary scheme - Continued

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		Shares	
Expiry date	**Exercise price in £ per share**	**31 March 2013**	**31 March 2012**
2014	76p	375,000	375,000
2015	76p	60,000	60,000
2016	77.5p	1,750,000	1,750,000
2021	3.13p	16,650,000	16,650,000
	11.7p	18,835,000	18,835,000

No options were exercised or forfeited during the year.

17. Interest bearing debt

During the 2012 financial year, an equipment facility of US$3.1 million was obtained from Banc ABC, a Botswana based lending institution. The equipment facility is a 36 month US$ denominated facility that has a fixed interest rate of 9% per annum and is secured by the underlying assets. This facility is repayable in monthly instalments over a period of 36 months. As at 31 March 2013, US$1.9 million from this facility had been drawn.

The Group is not in breach of any covenants relating to this facility.

	2013 USD'000	2012 USD'000
Current portion	**1,171**	1,293
Non-current portion	**712**	1,611
	1,883	2,904

18. Deferred tax

The movement in the net deferred tax liability recognised in the consolidated statement of financial position is as follows:

	2013 USD'000	2012 USD'000
Balance at the beginning of the year	**3,046**	7,187
Prior year overprovision	**-**	(1,560)
Current year	**(749)**	(2,581)
Balance at the end of the year	**2,297**	3,046

18. Deferred tax - Continued

Deferred tax liabilities and assets in the consolidated statement of financial position relate to the following:

	2013	2012
	USD'000	USD'000
Deferred tax liabilities		
Intangible assets	**6,877**	8,053
Deferred tax assets		
Property, plant and equipment	**(4,580)**	(5,006)
Net deferred tax liabilities	**2,297**	3,046

As at 31 March, the Group had not recognised net deferred tax assets of US$ 37,661,000 (2012: US$ 39,122,000) in respect of losses because there is insufficient evidence of the timing of future taxable profits, against which they can be recovered.

The Group's tax losses have no fixed expiry date.

19. Environmental rehabilitation provision

The Group estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 March 2013 is US$ 6,765,844 (2012: US$ 7,064,736). Although, the ultimate amount to be incurred is uncertain, the undiscounted cost estimate of $US6.0 million is based on the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006 and updated by GeoFlux (Pty) Limited in 2011 to take into account the escalation of Mowana estimate and the new estimate for Thakadu open pit.

During the year the Group set aside an additional US$0.13 million to provide for rehabilitation of the Mowana Mine (including the Mowana and Thakadu open pits) site at closure (2012: US$0.54 million was set aside based on initial provision). The cash provision is set aside on the rate of reserves depletion basis. The Group will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned cover the anticipated costs.

Although the cash is not disclosed as restricted cash, it is the Group's intention to utilise this cash to fund the future rehabilitation. The provision was calculated using a pre-tax discount rate of 10% and inflation of 7.4%.

	2013	2012
	USD'000	USD'000
Balance at the beginning of the year	**7,065**	7,150
Unwinding of interest	**649**	642
Foreign exchange on translation	**(948)**	(727)
Balance at the end of the year	**6,766**	7,065

20. Trade and other payables

Financial liabilities	**2013**	2012
	USD'000	USD'000
Trade payables	**5,292**	8,920
Accrued expenses and other payables	**736**	2,199
Non-financial liabilities		
Withholding tax	**3,317**	1,917
Salary and wage-related accruals	**1,703**	1,960
Accrual for royalties	**4,695**	2,923
Other liabilities	**330**	148
	16,073	18,067

21. Related parties

The Group, in the ordinary course of business, and similar to last year, entered into various consulting arrangements with related parties on an arm's length basis at market related rates.

Identity of related parties

The Company's ultimate controlling party is Copperbelt Development Foundation.
The shareholders (as listed in Shareholders' Analysis on page 99) and subsidiaries of ZCI (as listed in note 23) are considered to be related parties. The Directors are listed in note 22.

Key management is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Directors of ZCI, as well as the directors of ACU and certain mine managers, are considered key management.

Transactions during the year

ZCI provides financing to Messina Copper, with the terms and conditions as below:

Balance outstanding	**Terms and conditions**
US$ 32,412,000	Tranche A (convertible) - US$ 8 379 100, interest rate 12% per annum
	Tranche B (not convertible) -US$ 24 032 900, interest rate 14% per annum
US$ 10,000,000	Interest 6% per annum, repayable 31 March 2012 with the option to renew
US$ 7,500,000	Interest 12% per annum, repayable 30 November 2014 with the option to renew
US$ 12,500,000	Interest 9% per annum, repayable in January 2014
US$ 2,000,000	Interest 9% per annum, repayable in March 2013
US$ 5,000,000	Interest 9% per annum, repayable in March 2013
US$ 6,000,000	Convertible, Interest 7% per annum, repayable in March 2014

Key management compensation and Directors' remuneration are disclosed in note 22. At year end US$ 65,050 of the director's fees of ZCI was outstanding; this was paid subsequent to year end.

21. Related parties - Continued

Transactions during the year - continued

The Company incurred professional fees amounting to US$1 million to iCapital (Mauritius) Limited (“iCapital”) in relation to settlement of the fixed fee portion of an Investment Advisory and Management agreement (“IAMA”) which is currently in dispute. During 2012 the Company paid US$0.833 million for the provision of certain technical and operational support to the Company. J Soko, a director of ACU, is also a director of iCapital. African Copper PLC also paid professional fees amounting to approximately US$0.3 million (2012: US$0.36 million) to iCapital. The Company remains involved in a dispute with iCapital relating to the termination of the IAMA as disclosed in the 31 March 2012 annual report and the interim financial statements for the period ended 30 September 2012. Refer to note 25 Contingent liability for further detail.

The Company paid fees amounting US$0.636 million (2012: US$0.612 million) to Maitland Trustees Limited, Maitland Advisory LLP and Maitland Investment Services (IOM). These fees relates to administration, accounting, professional and wealth management services. At year end the amount outstanding for these fees was US$56,592. The finance director of ZCI, W Badenhorst, is employed by Maitland.

The subsidiary paid fees amounting to approximately US$6,000 (2012: US$31,000) to Aegis Instruments, Micro Mine, MGE and Quantec, these companies are controlled by a director of the subsidiary. These fees relates to geophysical and geological consulting, administration services and reimbursed expenses. At the year end the amount outstanding for these fees was US$nil (2012:US$4,000).

The subsidiary paid fees amounting to approximately US$49,000 (2012: US$nil) to Dikgaka Mining and Management Consultants, a company controlled by a director of a subsidiary. These fees relate to operations management services, at year end no amount was outstanding to them (2012: US$nil).

During the year the Company’s ultimate controlling party provided a letter of support to the Group, up to a maximum amount of US$ 7 million. Subsequent to year end this letter of support was extended.

22. Remuneration of Directors and other key management personnel

	Directors' fees	Short term benefits and expenses	Basic annual remuneration	Share based payments *	Total remuneration
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
2013					
Directors – ZCI					
T. Kamwendo	**34**	**33**	**240**	**-**	**307**
M. Clerc	**34**	**8**	**-**	**-**	**42**
Prof S. Simukanga	**34**	**6**	**-**	**-**	**40**
E. Hamuwele	**44**	**6**	**-**	**-**	**50**
K. L. Bergkoetter #	**21**	**11**	**-**	**-**	**32**
W. Badenhorst #	**13**	**10**	**-**	**-**	**23**
C. O'Connor	**27**	**7**	**-**	**-**	**34**

W Badenhorst appointed and KL Bergkoetter resigned during November 2012.

Directors – ACU					
R. D. Corrans	**44**	**-**	**-**	**-**	**44**
J. Soko	**32**	**-**	**-**	**-**	**32**
D. Rodier	**49**	**-**	**-**	**-**	**49**
Prof S. Simukanga	**39**	**-**	**-**	**-**	**39**
S. Georgala	**30**	**-**	**-**	**-**	**30**
B. R. Kipp	**-**	**-**	**180**	**-**	**180**
Key management	**-**	**1,122**	**1,591**	**-**	**2,713**
Total	**401**	**1,203**	**2,011**	**-**	**3,615**

* No share based payments was made during the current financial year, refer to note 16.

2012					
Directors – ZCI					
T. Kamwendo	40	26	100	-	166
D. Rodier	17	18	-	-	35
M. Clerc	34	5	-	-	39
S. Georgala	17	19	-	-	36
Prof S. Simukanga	34	20	-	-	54
M. M. du Toit	34	21	-	-	55
E. Hamuwele	38	10	-	-	48
K. L. Bergkoetter	34	12	-	-	46
Directors – ACU					
R. D. Corrans	45	-	-	15	60
J. Soko	33	-	-	75	108
D. Rodier	51	-	-	15	66
Prof S. Simukanga	41	-	-	-	41
S. Georgala	6	-	-	-	6
B. R. Kipp	-	-	171	75	246
Key management	-	44	1,739	-	1,783
Total	424	175	2,010	180	2,789

23. Subsidiary undertakings

	Country of incorporation and operation	Physical activity	Holding of equity shares 2013	Holding of equity shares 2012
African Copper Plc	England	Investment	**84.19%**	84.19%
Mortbury Limited*	British Virgin Islands	Investment	**84.19%**	84.19%
Messina Copper (Botswana) (Pty) Limited*	Botswana	Mining	**84.19%**	84.19%
Matsitama Minerals (Pty) Limited *	Botswana	Exploration	**84.19%**	84.19%

* indirectly held

24. Commitments

Contractual obligations	**Total**	**2013** [d]	**2014**[d]	**2015**[d]	**2016**[d] **and thereafter**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Goods, services and equipment [a]	**9,127**	**9,127**	**-**	**-**	**-**
Exploration licences [b]	**3,064**	**2,066**	**998**	**-**	**-**
Lease agreements [c]	**200**	**156**	**10**	**10**	**24**
	12,391	**11,349**	**1,008**	**10**	**24**

a) The Group has a number of agreements with third parties who provide a wide range of goods and services and equipment. This includes commitments for capital expenditure.
b) Under the terms of ACU's prospecting licences, Matsitama is obliged to incur certain minimum expenditures.
c) ACU has entered into agreements to lease premises for various periods.
d) The period refers to the calendar year ended.

25. Contingent liability

As disclosed in the 31 March 2012 annual report and interim financial statements for the period ended 30 September 2012, the Company previously entered into an Investment Advisory and Management agreement (the "IAMA") with iCapital (Mauritius) Limited ("iCapital"). The contract was terminated with effect from 1 January 2012. As at 31 March 2013 the dispute with regards to the interpretation of certain clauses was still ongoing.

During the 2013 year an Advance Payment Deed was executed by the parties in relation to the Fixed Fee claims under the IAMA resulting in a payment of US$1 million by the Company to iCapital and recognised as part of other expenses in the consolidated statement of comprehensive income.

25. Contingent liability - Continued

Subsequent to the year end the Company and iCapital reached a settlement and relating settlement deeds have been signed and placed in escrow. The terms of the settlement in respect of the performance fees are summarised as follows:

- a payment of US$2 million in relation to the performance fee for the period from 1 January 2009 to 31 March 2011 in terms of the IAMA; and
- a settlement deed in relation to the performance fee for the period from 1 April 2011 to the date of termination of the contract, which applies in the event that no disposal of any of the Company shareholding in its subsidiary, ACU, is completed by 1 June 2013 in which case iCapital is compensated by a transfer of 18.5% of the ACU shares held by the Company ("Share Transfer Deed"); and
- the Share Transfer Deed includes tag along and drag rights provisions which allows the Company flexibility should a future disposal of its shareholding in ACU be considered.

Settlement and payment of US$2 million in relation to the initial performance fee has been completed subsequent to the financial year end.

Given that iCapital is a related party (refer note 21) the terms of the settlement are subject to a fair and reasonableness opinion as per the Listing Requirements of the JSE and are conditional upon the approval of ZCI's shareholders. In terms of the Listings Requirements of the JSE, a related party transaction requires that an independent professional expert, acceptable to the JSE, must conclude that the terms and conditions of the proposed settlement are fair and reasonable as far as the shareholders of the Company are concerned. Accordingly, the Directors have commenced the process to retain counsel and initiate the process to obtain necessary shareholder approval. As a result of the required approval process, no liability have been recognised in the 2013 financial year for neither the cash payment nor settlement in shares as the outcome of this process is still uncertain.

If the Company's shareholders do not approve the terms of the settlement, as the case may be, by 31 October 2013, the dispute will not be settled and the parties will, in effect, revert to the procedure set out in the IAMA. In this case, any performance fee that the Company might be required to pay under the IAMA will be adjusted to take into account the US$2 million payment that the Company has already paid to iCapital (contingent asset).

26. Cash utilised by operations

	2013 USD'000	2012 USD'000
Loss for the year adjusted for:	**(1,624)**	(35,796)
Interest income	**(41)**	(725)
Interest expense	**2,040**	2,352
Income tax	**(749)**	(4,141)
	(374)	(38,310)
Non-cash items		
Depreciation	**2,739**	**2,722**
Amortisation of intangible assets	**3,317**	**2,882**
Foreign currency gains	**(563)**	**(3,792)**
Share option expense	**163**	**201**
Environmental rehabilitation provision	**(299)**	**(85)**
Profit on disposal of assets	**(70)**	**-**
Impairment losses	**2,025**	**25,740**
	6,938	**(10,642)**
Working capital changes		
Increase in trade and other receivables	**(1,121)**	(285)
(Decrease)/ increase in trade and other payables	**(1,994)**	8,223
(Increase)/decrease in inventory	**(99)**	1,691
Decrease/(increase) in other financial assets	**153**	(78)
Cash generated/ (utilised) by operations	**3,877**	(1,091)

27. Cash and cash equivalents

	2013 USD'000	2012 USD'000
Bank balances	**9,197**	18,441
Bank overdraft	**(31)**	(3,304)
Cash and cash equivalents at the end of the year	**9,166**	15,137

28. Financial instruments

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are market risk (including interest rate risk, foreign exchange risk and commodity price risk) and liquidity risk each of which is discussed below.

The Group's principal financial liabilities comprise an interest bearing debt, trade and other payables and a bank overdraft. The Group's financial assets comprise cash and cash equivalents, trade and other receivables and other financial assets.

All of the Group's financial liabilities are classified as other financial liabilities and are measured at amortised cost and all of the Group's financial assets are classified as loans and receivables, carried at amortised cost less impairment losses.

The fair value of the Group's financial instruments approximates their carrying value as shown in the statement of financial position.

The Group's activities are exposed to a variety of financial risks, which include interest rate risk, foreign currency risk, commodity price risk, credit risk, liquidity risk and capital risk. There were no changes during the year with regards to the Group's objectives, policies and processes for managing these risks.

a) Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise of fixed-rate receivables and cash and cash equivalents which are considered to be short-term liquid assets.

The Group generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances.

Interest bearing instruments:	**2013**	2012
	USD'000	USD'000
Fixed rate		
Interest bearing debt	**(1,883)**	(2,904)
Variable rate		
Cash and cash equivalents	**9,197**	18,441
Bank overdraft	**(31)**	(3,304)

As at 31 March 2013, with other variables unchanged, a plus or minus 1% change in interest rates, on investments and borrowings whose interest rates are not fixed, would affect the loss and equity for the year by approximately US$ 91,660 (2012: US$ 151,370).

28. Financial instruments – Continued

a) Market Risk (continued)

(ii) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk as a result of financial assets and liabilities of the Company and its subsidiaries determined in currencies other than their functional currency. The Group has not used forward exchange contracts to manage this risk.

The table below shows the currency profiles of cash and cash equivalents:

	2013 USD'000	2012 USD'000
Pound Sterling	**152**	227
South African Rand	**40**	156
US Dollar	**7,581**	16,481
Botswana Pula	**1,419**	(2,020)
Euro	**5**	293
	9,197	15,137

As a result of the Group's main assets and subsidiaries being held in Botswana and having a functional currency different than the presentation currency (Note 3(b)), the Group's balance sheet can be affected significantly by movements in the US Dollar to the Botswana Pula. The Group does not hedge its exposure of foreign investments held in foreign currencies.
The table below shows the net foreign currency exposure (asset/ (liability)) on other financial assets and liabilities, by functional currency, of the Group companies:

	2013 USD'000 *Functional currency*			2012 USD'000 *Functional currency*		
Foreign currency	US Dollar	Pound	Pula	US Dollar	Pound	Pula
Pound Sterling	(33)	-	-	-	-	-
South African Rand	(138)	-	(334)	-	-	(954)
Canadian dollars	-	(80)	-	-	(22)	(110)
US Dollars	-	(100)	2,127	-	(12)	(3,429)
Euro	(53)	-	-	-	-	(2)
Zambian Kwacha	(5)	-	-	-	-	-
Pula	-	-	-	-	(15)	-
Mauritius Rupee	(4)	-	-	-	-	-
	(233)	(180)	1,793	-	(49)	(4,495)

28. Financial instruments – Continued

A 10% strengthening or weakening of the various functional currencies against the relevant foreign currencies listed will have the following impact on profit or loss:

	2013			2012		
	USD'000			USD'000		
	Functional currency			*Functional currency*		
	US Dollar	Pound	Pula	US Dollar	Pound	Pula
10% strengthening	(23)	(18)	179	-	(5)	(450)
10% weakening	23	18	(179)	-	5	450

The analysis assumes that all other variables, in particular interest rates, remain constant.

(iii) Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk, as it sells its copper concentrate under-pricing arrangements whereby the quoted period established for each sale contract to finalise the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in copper market prices result in the existence of an embedded derivative in the trade receivable.

From time to time the Group may manage its exposure to commodity price risk by entering into put contracts or metal forward sales contracts with the goal of preserving its future revenue streams. No such contracts were entered into during the year. As at 31 March 2013, with other variables unchanged, a plus or minus 1% change in commodity prices, on sales revenue, would affect the loss for the year by plus or minus US$627,333 for the year (2012: US$536,515).

b) 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.

The Group is exposed to credit risk on its cash and cash equivalents and trade and other receivables (Note 14), which also represent the maximum exposure to credit risk. The Group deposits surplus cash only with well-established financial institutions of high quality credit standing.

Credit risk exposure is further managed through the off take agreement with its customers as upfront payment for 95% of each invoice amount is required. The Group has been transacting with this customer for more than two years and no impairment losses have ever been recognised against the customer.

28. Financial instruments – Continued

c) Liquidity Risk

As at 31 March 2013 the Group had US$9.20 million (2012: US$18.44 million) in cash and cash equivalents, US$5.25 million (2012: US$4.13 million) in trade and other receivables, US$16.07 million (2012: US$18.07 million) in trade and other payables and US$1.91 million (2012: US$6.21 million) due to Banc ABC.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of committed credit facilities. Further analysis around the risks and uncertainties relating to the going concern basis of preparation is provided in Note 4. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

	2013		2012	
Contractual maturity profile of Financial liabilities	**Due or due in less than 1 year USD'000**	**Due between 1 to 5 years USD'000**	Due or due in less than 1 year USD'000	Due between 1 to 5 years USD'000
Trade and other payables	6,028	-	11,119	-
Due to Banc ABC	1,202	712	4,597	1,611

d) Capital risk management

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding and operating requirements of the Group in a way that optimises the cost of capital, maximizes shareholders' returns, matches the strategic business plan and ensures that the Group remains in a sound financial position.

Capital consists of issued share capital and reserves. Should more capital be required, the Group will consider raising additional equity, market or bank debt or hybrids thereof.

There were no changes to the Group's approach to capital management during the year.

29. Ultimate controlling entity

The Company's ultimate controlling party is the Copperbelt Development Foundation.

30. Events after the reporting period

No event, material to the understanding of these financial statements, has occurred between the reporting date and the date of approval of the financial statements *except* for the settlement agreement reached with iCapital as described in note 25 Contingent Liability, and the Company obtaining an extension on a letter of support from its controlling shareholder, to the value of US$7 million as described in note 4.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the forty-third Annual General Meeting of the shareholders of ZCI Limited ("ZCI" or the "Company") will be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünewald, Luxembourg on Thursday, 26 September 2013 at 14.30 CET (13.30 BST, 14.30 SAST) to pass the following resolutions with or without modification:

1. To consider the financial statements and the reports of the directors and auditors for the year ended 31 March 2013.

2. To propose the re-election of the following directors:

2.1 T Kamwendo

2.2 W Badenhorst

2.3 S Simukanga

2.4 E Hamuwele

2.5 C O'Connor

2.6 M Clerc

who retire in terms of the By-Laws of the Company, and being eligible, recommended and available, have offered themselves for re-election.

A brief Curriculum Vitae of each director standing for re-election at the Annual General Meeting appears on pages [43-44] of the Integrated Report.

3. To elect the following directors of the Company as the members of the Audit &Finance Committee of the Company until the conclusion of the next AGM of the Company:

3.1 S Simukanga

3.2 M Clerc

3.3 C O'Connor

Refer to pages 43-44 for a biography of each director. As evident from the biographies of these directors, each of them has relevant academic qualifications and experience. The Board recommends the election of these directors as members of the Audit & Finance Committee of the Company.

4. To ratify and approve all actions taken by the directors of ZCI to the date of this Annual General Meeting .

5. To approve the remuneration of the directors for the period ended 31 March 2013 as disclosed in the Company's annual financial statements and the Integrated Report.

6. To reappoint the auditors, to fix their remuneration, and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2014 is Mr Hendrik van Heerden.

7. Special Resolution 1:

To resolve that, as contemplated in section 42A of the Bermudian Companies Act, the acquisitions by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, be and is hereby authorised, but subject to the Bye-Laws of the Company, the provisions of the Bermudian Companies Act and the JSE Limited Listings Requirements ("Listings Requirements") from time to time, when applicable, and the following limitations, namely that:

- the repurchase of securities being effected through the order books operated by the JSE and/or the Paris Euronext trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company. The JSE should be consulted for a ruling if the applicant's securities have not traded in such 5 business day period;
- acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty per cent) of the Company's issued ordinary share capital as at the beginning of the financial year;
- the Company or its subsidiaries may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- when the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the Company may only appoint one agent to effect any repurchase(s) on its behalf.

The directors undertake that they will not effect a general repurchase of shares and as contemplated above unless the following can be met:

- the Company and the Group are in a position to repay their debt in the ordinary course of business for a period of twelve months after the date of the general repurchase;
- the assets of the Company and the Group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the Group for a period of twelve months after the date of the general repurchase;
- the share capital and reserves of the Company and the Group are adequate for ordinary business purposes for the next twelve months following the date of the general repurchase;
- the available working capital of the Company and the Group will be adequate for ordinary business purposes for a period of twelve months after the date of the general repurchase;
- the Company will provide its Sponsor with all documentation required in terms of Schedule 25 of the Listings Requirements, and will not commence any general repurchase programme until the Sponsor has signed off on the adequacy of its working capital and advised the JSE accordingly.

Other disclosure in terms of the Listings Requirements Section 11.26

The Listings Requirements require the following disclosure, some of which are set out elsewhere in the Integrated Report of which this notice forms part as set out below:

- Directors and management – page 43-44;
- Major shareholders of the Company – page 99;
- Directors' interests in securities – page 43; and
- Share capital of the Company – page 81.

Litigation statement

The directors, whose names are given on page 40 of the Integrated Report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 40 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the Listings Requirements.

Material change or no material changes to report

Other than the facts and developments reported on in the Integrated Report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Reason and effect

The reason for and effect of special resolution no. 1 is to authorise the Company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

Statement of Board's intention

The directors of the Company have no specific intention to effect the provisions of special resolution number no.1 but will however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number no.1.

Voting and Proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration on the South African register and all shareholders on the UK register are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member.

To be valid, Forms of Proxy should be completed in accordance with the instructions printed thereon and returned so as to be received by the Company's Transfer Secretaries by no later than 14.30 CET (13.30 BST, 14.30 SAST) on Tuesday, 24 September 2013.

Shareholders registered on the United Kingdom Share Register should send their Forms of Proxy to:

Computershare Investor Services Plc
The Pavilions, Bridgwater Road
Bristol, United Kingdom, BS99 6ZY

Shareholders registered on the South African Share Register should send their Forms of Proxy to:

Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street,
Johannesburg, 2001
South Africa (P O Box 61051, Marshalltown, 2107)

Proxy forms should only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

A form of proxy is enclosed with this Integrated Report.

By order of the Board of Directors

John Kleynhans
Company Secretary
28 June 2013

SHAREHOLDERS' ANALYSIS

Shareholders at 31 March 2013

Pursuant to the listing requirements of the JSE, to the best knowledge of the Directors, and after reasonable enquiry, the spread of shareholders at 31 March 2013 was:

	Number of ordinary shares	Percentage holding
Non-public shareholders		
Copperbelt Development Foundation	39,845,017	71,56%
Directors' indirect beneficial interest	0	0%
Public shareholders	15,832,626	28,44%
Total	55,677,643	100.00%

At 31 March 2013, the number of public shareholders of the Company was 2,603, and the number of non-public shareholders was 1.

According to the information available to the Directors, the following are the only registered shareholders holding, directly or indirectly, more than 5% of ZCI's issued ordinary shares:

	Number of ordinary shares	Percentage holding
Copperbelt Development Foundation	39,845,017	71,56%
Euroclear France S.A.	12,063,361	21.67%
Total	51,908,378	100.00%

ZCI Limited
Administration

Company details Bermudian registration number 661:1969 South African registration number 1970/000023/10 JSE code: ZCI ISIN: BMG9887P1068 Euronext share code: BMG9887P1068	**South African Sponsor** Bridge Capital Advisors (Pty) Limited 2nd Floor, 27 Fricker Road Illovo, 2196 South Africa
Directors T. Kamwendo (Chief Executive Officer) Wilhelmus Badenhorst (Financial Director) E. Hamuwele (Chairman) S. Simukanga (Lead Independent Director) M. Clerc C O'Connor	**Company Secretary** J Kleynhans
Registered Office Clarendon House 2 Church Street, Hamilton, Bermuda	**Website** www.zci.lu
Transfer Secretary – South Africa Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg 2001 South Africa	**Transfer Secretary – United Kingdom** Computershare Investor Services PLC The Pavilions, Bridgwater Road (P O Box 61051Bristol BS99 6ZY Marshalltown 2107) United Kingdom
French Listing agent Caceis Corporate Trust 14, rue Rouget de Lisle F-92862 Issy-Les-Moulineaux Paris, France	**Auditors** KPMG Inc. 85 Empire Road Parktown 2193 South Africa