ZCI Limited

Annual Report

for the year ended 31 March 2011

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ABOUT THIS REPORT

The reporting organization is ZCI Limited ("ZCI" or the "Company"). The annual 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").

In line with the recommendations of the King Code of Governance Principles for South Africa ("King III"), the Group seeks to demonstrate how economic, environmental, social and financial considerations impact on its strategic growth drivers. In order to create long term sustained value for stakeholders, these issues are being incorporated into the Group's core strategy and throughout its sphere of influence.

In this report, ZCI acknowledges the fundamental relevance of sustainability to the organisation in order to achieve its strategic objectives. Only if the Group is able to meet the economic, social and environmental challenges of sustainability will it be able to achieve its strategic objectives.

Through a process of evaluation and analysis, this report details these strategic objectives as follows:

- Ensure sustainable earnings growth for shareholders, thereby attracting new investment to fund the Group's growth projects and sustainable development. The strategic objective of broadening the investment portfolio of ZCI is aimed at producing long term benefits for the shareholders of the company. ZCI recognises sustainable growth can only be achieved through a long term focus and recognition of sustainability issues.

- Implementation of a solid framework of Corporate Governance. ZCI recognises that adherence to sound corporate governance principles will help ensure the company can maintain the stakeholder relationships that drive its long term success. The company seeks to implement King III principles in all aspects of its operations where benefit from such implementation will be obtained. This report will detail areas in which King III principles have been applied and provide explanations as to why certain principles have not been applied in other areas. A solid framework of Corporate Governance will help attract new investment to fund the Group's growth projects and help achieve sustainable development into the future.

- Operate in an informed, responsive and responsible manner to develop relationships based on trust and integrity with stakeholders in the areas in which the Group's operations have a material impact. This will involve achieving recognition as a key partner in regional resource development with the objective of delivering long-term sustainable returns to all stakeholders. The Group acknowledges the symbiotic relationship between its investments and the community. Any significant social issue present in the community will have a direct impact on the Group's business, while the way in which the Group operates and the performance of the business directly influence the livelihoods of these local communities.

- Specifically in terms of the ACU investment: Secure and maintain mining licences at the subsidiary level through engagement of local government and communities. Mining licences are critical to the performance of the investments of ZCI. The Group must continue to engage these stakeholders in its strategic planning processes to ensure that mining licences can be secured and maintained, thereby ensuring the profitability of mining operations.

Integrated reporting principles

ZCI recognises that it has an obligation to all stakeholders to ensure the long term viability of the company. This involves the development of strategies and business practices that not only deliver acceptable returns to shareholders, but also that the development of strategy considers the environments and communities in which the Group operates.

The directors of ZCI receive and review monthly reports on the operations of the Group. These reports reflect not only balance sheet issues but also sustainability issues including factors relating to the local workforce, environment and communities affected by the Group's operations.

Sustainability issues have been incorporated into the risk management policy of the company. This has included a process of identifying the economic, social and environmental issues that are material to the operations of the Group. These issues are reviewed by the Risk Committee on a quarterly basis.

ZCI is currently undergoing a process of strategic change and development. These changes will be undertaken with the recognition of the need to incorporate social responsibility and environmental sustainability issues into the process of formulating and implementing new strategies.

In keeping with the overarching principles of King III, the ZCI Board initiated a review of its strategy and business model. In the second half of the financial year, it appointed a firm of management and business consultants to engage with its key stakeholders and moderate at an intensive strategy session.

As a result of the strategy meeting the ZCI board has been able to recognise and appreciate its growth drivers, and better understand its material impacts and the issues facing its sustainable growth.

During the year under review the Company did not apply the under-mentioned principle of King III;

- *Sustainability reporting and disclosures should be integrated with the company's financial reporting*

ZCI did not undertake the full levels of sustainability reporting and disclosures, as well as the levels of reporting integration contemplated by King III.

Nonetheless, the Group has made great progress towards achieving this objective and endeavours to continue to increase the integrated reporting of financial economic, social and environmental issues.

What will stakeholders find in the report

This annual report covers the financial reporting period from 1 April 2010 to 31 March 2011. The report includes those entities over which the Company exercises control or significant influence with regard to financial and operating policies and practices.

In the Organisational Overview section, details of the structure of the ZCI Group can be found. This includes the structure through which the mining operations of the Group are undertaken. Detail of the controlling interest in ZCI is also contained in the Organisational Overview.

The Governance section of this report outlines the role of the ZCI Board of Directors. Detail as to the application of King III principles in relation to the structure of the Board of Directors is contained in this section.

The Mining and Mineral Reserves section of the report includes considerable detail relating to the mining operations of the Group as required by the Johannesburg Stock Exchange ("JSE"). The information detailed in this 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.

ZCI views the adoption of the principles of Integrated Reporting as an ongoing process. This report has identified and highlighted some of the areas of integrated reporting which have not been applied at this point in time. Future reports will see an increase in the adoption of the principles of Integrated Reporting and consideration as to how the recommended practices of King III are implemented. As a result, the 2011 annual report has not been labelled an integrated report.

Once the core strategy of ZCI is finalised, ZCI will be in a position to formulate appropriate performance measures and targets to monitor performance in terms of the core strategy. As a result, ZCI has not set performance targets in the Annual Report for the year ended 31 March 2011.

The report has drawn on the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative ("GRI" - G3) for general guidance purposes. The GRI Sustainability Reporting Framework provides guidance as to how a company can disclose their sustainability performance.

ZCI intends to adopt the GRI framework incrementally. In coming periods the Group will endeavour to increase adherence to the framework. It is anticipated that significant progress will have been made in the area of the setting of GRI performance targets in the coming 12 month period.

Assurance

King III introduced combined assurance as a recommended practice of good corporate governance. This process involves the Board of Directors ensuring the integrity of the integrated report and delegating to the audit committee the evaluation of sustainability disclosures.

ZCI intends to formulate a combined assurance model over the integrated report by assessing all internal and external assurance already in place (internal controls, internal audit, external audit) and ensuring that it is in line with the group's risk management. This will form part of ZCI's long term implementation plan for integrated reporting.

The integrated report of ZCI for the year ended 31 March 2011 has as a result not been independently assured, save for the annual financial statements. The process of developing a combined assurance model so as to provide a co-ordinated approach to assurance activities will be one of the challenges facing the audit committee and Board of Directors in the next reporting period.

ORGANISATIONAL OVERVIEW

ZCI is an investment holding company incorporated in Bermuda, in accordance with the Bermuda Companies Act of 1981 (as amended, 2008) and has its primary listing on the Johannesburg Stock Exchange (“JSE”) and secondary listing on the Euronext in Paris, France. It is regulated by the JSE’s Listing Requirements and the provisions of the King Code of Governance Principles for South Africa (“King III”).

ZCI holds a significant controlling interest in the issued share capital of ACU, an international copper producer and exploration company incorporated in England and Wales, with registered office in Pall Mall Street in London. ACU’s ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM") and the Botswana Stock Exchange ("BSE”).

ACU holds a controlling interest in the share capital of Messina Copper (Botswana) (Proprietary) Limited (“Messina Copper”) that in turn holds a 100% interest in the rights to the Mowana Project, a mineral property encompassing the Mowana Mine and its associated mining and prospecting licences, situated in Botswana.

ACU’s other indirectly-held, wholly-owned subsidiary Matsitama Minerals (Proprietary) Limited (“Matsitama Minerals”) holds the Thakadu Project, which is comprised of the Matsitama mining and prospecting licences that lie contiguous to the southern boundary of the Mowana Mine.

ZCI’s ultimate controlling party is the Copperbelt Development Foundation (“CDF”), a charitable company limited by guarantee. CDF holds a 71.56 % interest in ZCI and is incorporated under section 14 of the Company’s Act 1981 in accordance with laws of Bermuda.

GOVERNANCE

The highest governance structure of the Group, responsible for taking action, setting strategy 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 who have provided effective and ethical leadership of the company during the year. 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 of Directors has access to accurate, relevant and timely information. The Board also has access to the advice and assistance of an experienced and suitably qualified company secretary, who is responsible to the Board for ensuring that the Board's procedures are followed in fulfilling its mandate. In addition, the directors are entitled to obtain independent professional advice at the Group'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. The ZCI Board met on several occasions during the year to consider issues of operational strategy, capital expenditure, major projects and other matters having a material effect on the Group.

Board Meetings	7 April 2010	16 June 2010	30 June 201	3 Aug 201	27 Aug 2010	22 Sept 2010	6 Oct 2010	22 Oct 2010	2 Nov 2010	23 Nov 2010	29 Nov 2010	7 Dec 2010	14 Jan 2011	21 Feb 2011	14 April 2011	23 June 2011	4 Aug 2011	25 Aug 2011
T. Kamwendo	✔	✔	✔	✔	✔	✔				✔	✔		✔	✔	✔	✔	✔	✔
S. Georgala	✔	✔	✔	✔		✔	✔	✔	✔		✔		✔		✔	✔	✔	
T. du Toit	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔	✔	✔		✔	✔	✔	✔
S. Simukanga	✔	✔	✔	✔	✔	✔	✔				✔		✔	✔	✔	✔	✔	✔
D. Rodier	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔	✔	✔	✔	
K. Bergkoetter	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
M. Clerc		✔			✔	✔	✔	✔			✔					✔	✔	
E. Hamuwele		✔		✔	✔	✔			✔				✔	✔	✔	✔	✔	✔

During the year the Group did not apply all of the principles of King III. In relation to Boards and Directors, these included:

The Board should elect a chairman of the Board who is an independent non-executive director

ZCI's chairman is a non-executive director, who is not independent. However, in line with King III recommendations and 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 imminently qualified and capable of fulfilling this role and is considered to be a suitable person for the position.

The Board should comprise a balance of power with a majority of non-executive directors. The majority of non-executive directors should be independent non-executive directors.

ZCI's board as at the financial year end 31 March 2011 was comprised of eight directors. Seven of the directors are non-executive directors (three of whom are independent). The Financial Director was the only executive director of ZCI at 31 March 2011. An independent director is understood by the board to be a director who has no financial interest in the organisation or other potential benefits that could create a conflict of interest. During the year the Board assessed the independence of the independent directors and was satisfied that they retained their independence. The responsibilities of executive and non-executive directors are strictly separated to ensure that no director can exercise unrestricted powers of decision making.

The changes to the Board of Directors detailed below will assist ZCI in applying the requirements of King III in relation to the balance of power of the Board of Directors.

The Board should appoint the Chief Executive Officer ("CEO") and establish the framework for the delegation of authority.

The JSE Listing Requirements require all issuers to appoint a CEO. In accordance with a temporary dispensation granted by the JSE, ZCI was required to settle this issue by 31 March 2011. The Company was unable to resolve this issue by the stipulated date and accordingly made application for and was granted an extension to 30 September 2011 to resolve the question of the appointment.

In the second half of the financial year, in accordance with the overarching principles of the Code, the Board initiated a review of its strategy and business model. The objective of the review was to integrate the need to appoint a CEO and realign the composition of its board and its corporate governance bodies with the need to make informed strategic decisions regarding the Group.

The Board is continuing to make progress toward the appointment of a CEO and has provided monthly updates to the JSE on progress made. ZCI had been in the advanced stages of negotiations with a preferred candidate. With this appointment now less likely to proceed, professional executive recruitment firms have been engaged to help ensure ZCI identify suitable candidates from a wide range of backgrounds.

Director appointments and resignations

It is expected that Mr David Rodier and Mr Steven Georgala will not seek re-election to the Board at the next Annual General Meeting of the shareholders. Both directors have provided exemplary service to ZCI over many years.

The retirement of Mr Rodier and Mr Georgala from the Board of Directors of ZCI, along with the appointment of a CEO will result in the Board comprising a balance of power with a majority of non-executive directors, who will be independent.

Appointment of new board members, training and appraisal of board and committees

The Company's by-laws provide a formal and transparent process for the appointment and retirement of directors.

In summary, 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 Directors also have 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.

During the year the Board established guidelines for the on-going training and development of directors. The guidelines include direction regarding training on risk management. These procedures will be extended to cover induction training for newly appointed directors after September 2011.

The Chairman has evaluated the performance of the Board of Directors and the effectiveness of the committees. It is the opinion of the Chairman that the committees have performed their roles to a high standard during the period covered by this report. The Board of Directors has also been effective in addressing the many issues and challenges that have been presented during this period.
ZCI intends to introduce a more formalised process of evaluating the performance of committees in the coming period. Under this process, there will be individual assessments of committee members as well as a formalised evaluation of the performance of the committees as a whole. By doing so, ZCI will not only more closely align its process of appraisal with the guidelines of King III, but also more adequately ensure that sufficient resources, structures and systems are available to the committees to help ensure they can effectively perform their functions.

Code of conduct

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. In accordance with this objective and to ensure effective management of the Company's ethics, ZCI is in the process of adopting a Code of Conduct to provide a clear guide as to the behaviour expected of directors and officers. Upon completion, the Code of Conduct will be available on the Company's website.

Board Committees

In order to enable the Board to properly discharge its responsibilities and duties, the Directors have formed three board committees, which operate within defined terms of reference laid down by the Board. The Committees meet at least quarterly, although additional ad hoc meetings are scheduled as and when required. The members of the committees are suitably qualified and experienced and are able to make meaningful contributions to the workings of the committees on which they serve. All committees report to the Board.
Due to the anticipated retirement of Board members, the Board will review the composition of its Committees in September 2011 and if considered to be in the best interest of the Group, will change the composition of the Committees in line with King III recommendations.

The terms of references of all committees will also be reviewed on an annual basis and the effectiveness of each committee reviewed as per the recommendations of King III.

Current Composition of the Board of Directors and Committees

Thomas Kamwendo (non-executive, non-independent)
Thomas Kamwendo is the chairman of the company. He was born on 14 May 1958 in Mpika Zambia. He has a Bachelor of Science degree in Mechanical Engineering obtained from Brighton Polytechnic in the United Kingdom in 1983.

He has more than 20 years of experience in the Zambian mining industry having started his professional career as an engineer in what is today KCM's Nchanga Division. He has been CEO of three engineering companies and is currently managing Partner of his own multidisciplinary consulting firm. He has served on the boards of directors of several companies, is the current chairman of two development financing institutions, and is chairman of the Copperbelt Development Foundation.

He served on a Presidential Commission of Enquiry into university education in Zambia. He has previously chaired the Environmental Council of Zambia and was, until December 2005, President of the Engineering Institution of Zambia.

David Rodier (non-executive, non-independent)
David Rodier was born in Montreal, Canada, on 26 June 1943. He obtained a Bachelor's degree in Metallurgical Engineering from McGill University, Montreal, in 1966.

He gained his extensive working experience in the non-ferrous industry, starting with Cominco in British Columbia, (now Teck-Cominco) and later for Noranda Inc., where he was employed for 35 years and where he was involved with zinc and copper recycling. His experience includes a wide group of technical and managerial positions in zinc and copper businesses. His most recent positions were: Senior Vice President, Environment Safety and Health at Noranda between 1998 and 2002; Senior Vice President, Copper & Recycling at Noranda between 1995 and 1997; and President of Canadian Electrolytic Zinc between 1992 and 1995.

Mr. Rodier was Noranda's delegate to the World Business Council for Sustainable Development, the International Council for Mining and Metals, the International Zinc Association, the International Copper Association, the Mining Association of Canada and the Canadian Chemical Producers Association. From 2002 to 2007 he worked as a Senior Consultant, Sustainability for Hatch Associates, a global engineering company located in Ontario, Canada, which is devoted to the support of the Mining and Metallurgical industries.
Retiring in 2002 he then split his time consulting for Noranda Inc. in external outreach and Sustainable Development until 2005 and for Hatch Associates to further develop their work on Sustainable Development, until 2007.

Mr Rodier is a Life Member of CIMM, joining the McGill student Branch in 1963 and served as Chairman of the Hydrometallurgical Section of Metsoc and was named a CIMM Distinguished Lecturer for 2010-11.

He is currently active on the Board of Copperbelt Development Foundation in Zambia, and is the Chairman of African Copper plc since 2009.

Steven Georgala (non-executive, non-independent)
Steven Georgala was born in Nelspruit, South Africa on 26 April 1957. He obtained a Bachelor of Commerce degree from the University of Stellenbosch in 1979 and a LL.B. degree from the same University in 1981. He completed his Articles with Webber Wentzel Bowens and was admitted as an Attorney and Notary in June 1984. In 1984 he obtained a Higher Diploma in Company Law from the University of the Witwatersrand. In December 1984, he was posted to the Luxembourg office of Webber Wentzel Bowens (now Maitland Group) where he became a partner of the firm in 1987. In 1995 Mr Georgala was admitted as a Solicitor of the High Court of England and Wales. Mr Georgala, who resides in London, is now the Chief Executive Officer of Maitland Group.

Michel Clerc (non-executive, independent)
Michel Clerc was born in Vernon, France on 27 June 1921. He obtained degrees in Law and Political Science in France and in English literature at Cambridge. Mr Clerc is a journalist by profession, specializing in financial issues and has had several books published. He is also the former editor of Paris-Match magazine and was manager of Radio Luxembourg. Mr Clerc was a founder of AMZCI in 1999, an association of ZCI shareholders in France and is currently the president of this association.

Stephen Simukanga (non-executive, Lead Independent Director)
Stephen Simukanga was born in Mufulira, Zambia on 20 May 1957. He is Professor of Metallurgy and Mineral Processing at the University of Zambia and was visiting professor at the University of Cape Town for 10 years. He is also Chief Executive Officer (Vice Chancellor) of the University of Zambia and has a 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. He is a United Kingdom Chartered Engineer and a Fellow of the Institute of Materials, Minerals and Mining and the Engineering Institution of Zambia.

He has 26 years of experience in the mining industry and academia having started his working life in the Luanshya mine of Zambia Consolidated Copper Mines Limited in 1982. He has been involved in consultancy and research in the areas of mine and quarry evaluation, mineral processing and the environment.

He chairs the boards of the National Institute for Scientific and Industrial Research and is a member of three other boards of directors.

Edgar Hamuwele (non-executive, non-independent)
Edgar Hamuwele was born on 16 May 1963 in Mazabuka, Zambia. He is a fellow of the Association of Chartered Certified Accountants of the United Kingdom and also a fellow of the Zambia Institute of Chartered Accountants (“ZICA”).

He qualified as an accountant in 1986 at the London School of Accountancy. He trained as an accountant under a scholarship from Zambia Consolidated Copper Mines Limited (“ZCCM”) and remained with ZCCM from 1981 to 1987.

From 1987 to date Mr Hamuwele has worked for the accountancy firms of Deloitte and Touche, Coopers & Lybrand and now Grant Thornton. He has been a partner in the last two firms from 1994. He is currently the Senior Partner of Grant Thornton Zambia. His work has at times previously involved being an auditor on mining companies and various prospecting companies.

He has been actively involved in the development of the accountancy profession in Zambia and is the immediate past president of ZICA.

He has served on the boards of directors of several companies. He is currently a board member of the Copperbelt Development Foundation, Zambia Centre for Accountancy Studies and various other companies.

Thys du Toit (non-executive, independent)
Thys du Toit was born on 22 December 1958 in Warden, South Africa. In 1980 he graduated with a Bachelor of Science degree. Thereafter he completed a MBA, cum laude in 1982. His working career started in 1984 at George Huysamer & Partners (stockbrokers) and in 1985 was admitted as a member to the Johannesburg Stock Exchange. He became a partner in 1986 aged 28 and continued until 1990.

In 1990 he joined Syfrets Managed Assets (SMA) as a portfolio manager. In 1993 he and four colleagues broke away to form a new fund management business – Coronation Fund Managers ("Coronation"). Mr du Toit was CEO of Coronation for 10 years from April 1997 until November 2007. Under Mr du Toit's leadership Coronation grew from a small fund management business to the second largest independent fund manager in South Africa and was listed on the Johannesburg Stock Exchange in June 2003. He has extensive industry involvement and initiated the formation of the Investment Management Association of South Africa.
Mr du Toit serves on the boards of a number of companies and runs an investment management business for family offices, Rootstock Investment Management.

Kathryn Bergkoetter (Financial Director) (executive, non-independent)
Kathryn Bergkoetter was born in Belleville, Illinois, in the United States of America on 25 March 1964. She obtained a Bachelor of Science Degree with a double major in Accounting and Finance from the Southern Illinois University at Carbondale, Illinois, USA in 1985. She has completed the following professional certifications: Certified Public Accountant in 1985, Certified Management Accountant in 1988, Certified Bank Auditor in 1993, Certified Internal Auditor in 1997 and Certified Financial Manager in 1997.

From 1985 to 1988, Kathryn was employed with Ernst and Young as a senior auditor and public accountant and became a member of the American Institute of Certified Public Accountants and the Institute of Management Accountants. From 1988 to 1995, Kathryn occupied senior internal auditing positions with a leading American financial institution and was the controller for an independent banking institution. In 1995, Kathryn moved into operational and compliance auditing for aerospace and energy companies. In 1998, Kathryn relocated to Luxembourg, where she took up a senior managerial and financial advisory appointment with the Maitland Group, an international firm that provides cross-border advisory, fiduciary and asset management services to commercial entities and high net worth individuals. In this capacity, since 2002, she has effectively been responsible for the financial reporting of ZCI.

Audit Committee

Date of meeting	3 June 2010	15 June 2010	30 June 2011	18 Aug 2010	22 Sept 2010	27 Aug 2010	29 Nov 2010	14 Jan 2011	12 April 2011	22 June 2011	25 August 2011
S. Georgala	✔	✔		✔	✔	✔	✔	✔	✔	✔	
S. Simukanga	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
D. Rodier	✔	✔	✔		✔	✔	✔	✔	✔	✔	
E. Hamuwele (Chairman)		✔		✔	✔	✔		✔	✔	✔	✔

The audit committee has written terms of reference and its responsibilities include, but are not limited to;

- monitoring the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance;
- keeping under review the effectiveness of the company's internal controls and risk management systems;
- overseeing the relationship with the external auditor.

The audit committee determines the nature and extent of non-audit services which may be provided by the external auditors and pre-approves the terms for the provision of non-audit services by the external auditors.

In terms of para 3.84(h) of the JSE's Listing Requirements the Audit Committee has satisfied itself that Kathryn Bergkoetter, Financial Director, possesses the necessary expertise and experience required of a Financial Director of a public listed company.

During the year the Company did not apply the under-mentioned principles of the Code in relation to the composition and chairmanship of the Audit Committee.

- *The Audit Committee should consist of at least three members all of whom should be independent non-executive directors*

- *The Audit Committee should be chaired by an independent non-executive director*

ZCI's Audit Committee is comprised of four non-executive directors, only one of whom is independent. Moreover, the Chairman of the Audit Committee is not independent. The Board reviewed Mr Hamuwele's appointment as Chairman of the Audit Committee in line with the recommendations of the Code. In light of Mr Hamuwele's experience, skill and expertise and his proven record of integrity and independence of judgement, the Board believes that continued appointment as Chairman of the Audit Committee is in the best interests of the company.

The internal controls and governance structure of the Group is enhanced by the membership of ZCI Audit Committee members David Rodier and Professor Stephen Simukanga on the Audit Committee of ACU.

Risk Committee

Date of meeting	30 Sept 2010	14 Jan 2011	12 April 2011	23 June 2011
S. Georgala	✔	✔	✔	✔
D. Rodier		✔	✔	
E. Hamuwele (Chairman)		✔	✔	✔
J. Soko		✔	✔	✔
K. Bergkoetter	✔	✔	✔	✔
B. Kipp	✔	✔		
K. Muyangwa	✔	✔	✔	✔

During the financial year under review, the Board of Directors established a Risk Committee to assist it in carrying out its responsibilities in terms of risk management. Recognition that risks at all Group levels affect the long term viability of ZCI has resulted in the composition of the Group Risk Committee including ZCI board members and representatives of the wider group. This ensures that the Committee has a mix of skills and experience throughout the Group to help identify and manage risk.

The Risk Committee has written terms of reference and its responsibilities include, but are not limited to;

- Overseeing the development and annual review of a policy and plan for risk management;
- Monitoring the implementation of the policy and plan for risk;
- Overseeing that the risk management plan is widely disseminated and integrated in the day-to-day activities of the Group;
- Ensuring that Group management considers and implements appropriate risk responses;
- Ensuring that continuous risk monitoring by management takes place.

In order to undertake these responsibilities throughout the Group, the Risk Committee has designed and implemented a risk management plan. While only in its early stages, the risk management plan has identified a wide range of risks facing the Group and applied risk ratings to quantify each risk and formulate appropriate responses to these.

Remuneration Committee

Date of meeting	15 June 2010	22 Sept 2010	14 Jan 2011	13 April 2011	22 June 2011
S. Georgala (Chairman)	✔	✔	✔	✔	✔
S. Simukanga	✔	✔	✔	✔	✔
M.M. du Toit	✔	✔	✔	✔	✔

All strategic remuneration aspects of the company are dealt with by the Remuneration Committee.

The Committee operates under delegated authority from the board and its activities are governed by terms of reference approved by the Board. The responsibilities of the Remuneration Committee include, but are not limited to:

- considering, reviewing and making recommendations to the Board on remuneration packages and related matters;
- periodically reviewing the ongoing appropriateness, relevance and fairness of the Board's remuneration and expense policies.

The remuneration committee met during the year to review the directors' remuneration policy. The Company has remunerated its directors fairly and responsibly. Refer to the annual financial statements for further disclosure of directors' remuneration.

In line with the recommendations of King III in relation to the remuneration of non-executive directors, the Board terminated the Director's Share Appreciation Bonus Plan with no awards being made in terms thereof.

The existing remuneration plan for non-executive directors comprises a fixed director's fee and provision for a director to be paid an ad hoc fee for a special assignment or appointment undertaken by such director in the course of conducting the company's affairs. In that ZCI did not have a CEO during the year there were no payments made in this regard.

The Remuneration Committee will meet in September to review key principles of its remuneration policy in line with the impending appointment of the CEO and to ensure that the policies that are introduced will fairly and responsibly reward directors and senior executives. ZCI's remuneration policy is put to the shareholders annually for their non-binding vote. As ZCI continues to adopt a system of integrated reporting, remuneration policy will be increasingly aligned to the Group's strategy and performance.

Internal Audit

During the year ending 31 March 2011, ZCI did not have a formal risk based internal audit function in place.

It is expected that progress toward a more formalised internal audit function will be made in the next reporting period. Plans are also in place to implement an internal audit function across the wider Group level.

MATERIAL ISSUES, STRATEGY, PERFORMANCE AND OUTLOOK

Stakeholder relationships

The Board appreciates that stakeholder perceptions affect the Company's reputation. Stakeholder relationships are seen as a fundamental and inseparable component of its responsibility and commitment to creating shareholder value.

The Board has delegated the responsibility of proactively communicating with stakeholders to its management structures.

Shareholders are encouraged to attend Annual General Meetings where interaction is welcomed.

The following table summarises some of the key material issues affecting the stakeholders of the Group:

	Group level	**Stakeholder**	**Element**	**Material Issue**	**Risk / Opportunity**	**Strategy**
1	ZCI	Shareholders	Financial Economic	Sustainable earnings and growth	Opportunity: Expand investment portfolio	Create shareholder value through increasing returns on investment and cost optimisation.
2	ZCI	All	Governance	Corporate Governance application	Opportunity: Application of some King III elements	Continued adoption of King III principles where appropriate and in the best interests of the company.
3	ACU	Government and Communities	Financial Social	Mining licences are required to operate	Risk: Inability to secure and maintain mining licenses	Secure and maintain mining licences through engagement with governments and communities.
4	ACU	Environment and Communities	Environment Social	Impact of mining on the environment and communities	Risk: Not achieving viable and sustainable mining operations	Delegate and monitor management of environmental and social issues through the management structure.

Analysis of material issues

1. Sustainable earnings and growth

Providing long term sustainable earnings and growth lies at the core of the developing strategy of ZCI. The Company is actively seeking to review and expand its investment portfolio in order to address this issue. New strategic partnerships and opportunities are actively being sought. A broader investment portfolio will help to reduce investment and market risks and provide a base from which sustainable earnings and growth can be achieved.

ZCI recognises that growth and earnings cannot take place without sustainability. Adequate due diligence will be undertaken to ensure that any new strategic partner shares the sustainability philosophy of ZCI.

2. Corporate Governance application

ZCI recognises the benefits of stakeholder relationships achieved through solid principles of corporate governance. The company further recognises the desirability of applying King III principles to all aspects of its operations. The implementation of these principles will be a gradual and incremental process.

Areas in which King III corporate governance principles have not been applied will continue to be highlighted to stakeholders. Future Annual Reports will include progress reports on how ZCI has applied additional elements of King III corporate governance principles and the benefits to stakeholder groups that such application achieves.

3. Mining licences are required to operate

The securing of mining and exploration licences is central to the mining operations of the Group. Ongoing exploration activities and production at the mine level can only take place with the renewal and approval of mining licences.

Active engagement with government and communities comprises a key element in securing and maintaining the mining licences. It is essential that the Group continues to engage and foster relationships with local communities and governments. This will not only help ensure the securing and maintaining of the mining licences, but help ensure the long term sustainability of the projects.

ZCI delegates this responsibility through its management structure to ACU. Through the process of risk management implemented through the Risk Committee, any issues relating to mining licences will be quickly identified and a course of action to deal with the problem identified and implemented.

Further details regarding the mining and exploration licences secured can be found on page 57 and details of the mining activity are contained in the Mining and Mineral Reserves Report.

4. Impact of mining on the environment and communities

ZCI is an investment holding company with a significant investment in mining operations. These mining operations have a significant impact on the local communities and environments in which they are conducted. ZCI delegates much of this responsibility through its management structure to ACU. Management of the mining operations prepare monthly reports which allow the ZCI Board to monitor issues affecting local environments and communities including compliance with local regulations.

The Risk Committee established by ZCI includes management representatives at the wider Group level. Through the risk management process implemented by the Risk Committee, ZCI has implemented a strategy through which it can monitor and influence the impact on the local communities and environments of the mining operations of the Group.

Implementation of performance measures and targets

ZCI will commence including performance measures and targets in its analysis of material issues affecting stakeholder groups in time for the Annual Report for the period ending 31 March 2012.

The developing investment strategy of ZCI will see stakeholder relationships and material issues evolve with the changing strategy. A broader investment portfolio will also expand the range of stakeholders and material issues to which the Group must respond and adapt.

ZCI will continue to delegate and monitor material issues affecting the Group at the ACU level, such as those highlighted in the material issues table. While developing and implementing the strategy and performance targets of ZCI, the Company will maintain its focus on the material issues affecting the Group through its mining operations.

As the strategic development of the company enters a maturing stage, the key material issues affecting the group will have been identified and fully integrated into the Group’s strategic objectives with adequate performance measures and targets.

Operational review – Mowana mine and exploration

ZCI holds a significant controlling interest in ACU, a copper production and exploration company. The mining activity of ACU is currently focused in Botswana on the open pit Mowana mine. ACU also owns the rights to the adjacent Thakadu-Makala deposit.

At the Mowana Mine, the programme to upgrade and de-bottleneck the production facilities was continued, with key plant CAPEX projects awaiting delivery, installation and commissioning of units following placement of orders. Throughput has risen and progress is being made on opening up the Mowana pit by increasing the stripping ratios in the short term to increase the available ore extraction footprint. Following the award of a Mining Licence for the Thakadu deposit, the start of ore extraction further increased the utilisation of the Mowana facilities. Currently, ore processing at the Mowana facilities continues to be batch processed on an alternating basis between Mowana and Thakadu ores due to differences in ore quality that requires different chemical reagent suites to maximize copper recovery.

At Thakadu itself, full scale mining has commenced with a ramp up to required volumes expected in the next few months. Thakadu operations have created both mining and processing flexibility with marked positive impact on de-stressing mining operations at the Mowana pit. There are some positive indications of ore quality improvement with significant pockets of sulphide ore having been extracted resulting in copper recoveries being higher than target for this ore.

At the beginning of the financial year under review, exploration activities on exploration permits at the adjacent Matsitama Project recommenced. A panel of internationally recognized geological experts was assembled and an experienced exploration manager was hired. The expert panel identified ten new and highly prospective targets during the review process and the Matsitama exploration staff have systematically executed on an exploration programme to assess these targets. Due to the positive results to date and the planned exploration programme aimed at further defining known targets, applications were submitted to renew these rights, and a two year renewal on these prospecting licences was granted by the Minister for Minerals, Energy and Water Resources, Botswana, subsequent to year end.

As a result of more than doubling of ore processed year-on-year, the increases in grades and recovery and generally buoyant copper prices, revenues for the year to 31 March 2011 were USD 24.7 million (2010: USD7.4 million). This also resulted in an increase in trade receivables at year end.

Operating costs per ton remained above budgeted levels as a result of the higher maintenance costs (caused by major component inefficiencies and design upgrades) throughout the plant which was not originally anticipated. The increase in activities and corresponding operating costs, furthermore impacted trade payables outstanding during the year.

Property, plant and equipment increased following the significant capital spent to improve bottlenecks at the Mowana Mine.

Due to non-optimisation of the production and processing operations, the value of run of mine stock piles were insignificant in the prior year. As a result of the increase in copper prices, as well as increased production, the stock piles were valued in the current year.

With the commencement of mining at Thakadu, the rehabilitation provision was reassessed and an additional amount provided for relating to the environmental rehabilitation at that site.

Refer to the Mining and Minerals Reserves Report for further details.

Financial review

For details of the financial performance of the group, please refer to the annual financial statements included in this Annual Report.

Outlook

The Group’s resources and reserves indicate opportunities for growth. However, to achieve this potential, full operational capacity needs to be achieved at the Mowana mine as soon as possible. There is no doubt that the upcoming year will be a pivotal time in the Group’s development as many of the key initiatives at Mowana are implemented to maximize production and minimize costs. The Group’s goal in the coming year is to have the operations at Mowana and Thakadu reach sustainable profitability so we can start to leverage off the considerable investment we have in Botswana.

The expected changes to the portfolio of investments held by ZCI have been mentioned throughout this report. ZCI is seeking new strategic partners that will assist the company in broadening its asset base and delivering long term sustainable returns to its shareholders.

In the broader Group context, the following areas will be focused on over the coming years:

- Preventing all workplace injuries and ensuring zero fatalities. Safety performance is the primary and immediate focus of the Group;
- Implementing the Group’s strategies for maximising returns to shareholder in the short-term;
- Implementing corporate governance reforms and finalising the appointment of the CEO to drive the sustainable growth process;
- Refining a formal stakeholder engagement process based on best practice standards and assigning responsibilities to individuals for engaging specific stakeholder groups;
- Undertaking a full review in order to align the Group’s sustainable development practices with industry best practices;
- Tackling the challenges faced by the Group’s current sustainability reporting system, isolating the indicators to report key performance data to ensure consistence, accuracy and relevance of data, across the business, developing comprehensive guidelines for these benchmarked against industry peers.

CHAIRMAN'S REPORT

I am pleased to present the annual report of ZCI Limited (the "Company" or "Group") for the year ended 31 March 2011.

The year under review presented many challenges but I am satisfied that the Group has made significant progress towards achieving its goal of delivering sustainable value to shareholders from its investments in central southern Africa.

Investment activities

African Copper Plc ("ACU"), Messina Copper (Pty) Limited and Matsitama Minerals (Pty) Limited (the "ACU Group")

The initial results from the Company's additional investment in ACU are pleasing and it is with a measure of pride that I am able to report a gross profit from mining activities of USD2.1 million during the year under review. This is particularly significant when compared to the loss of USD10.3 million reported in 2010.

During the year additional financing amounting to USD21.5 million was provided to the ACU Group. In broad terms, these facilities were utilised to enable exploration activities within the Matsitama Schist Belt in north-eastern Botswana, spearhead the infrastructure enhancement and planned investment programmes at the Mowana Mine, as well as to launch and accelerate mining of the high-grade copper-silver deposits at Thakadu, following on the grant of the Thakadu mining licences in December 2010.

The further exploration conducted, enabled Matsitama Minerals (Pty) Ltd, the Company's indirectly held, wholly-owned exploration company, to obtain a two-year extension from Botswana's Minister of Minerals, Energy and Water Resources, for the four existing prospecting licences in the area.

I am delighted with the encouraging results of the initial exploration activities as detailed under "Mining and Mineral Reserves" hereunder.

To guarantee the continued improvement in the growth trend established during the financial year under review, the ACU Group has commissioned key plant CAPEX projects, which are expected to be delivered during the next financial year. These projects will be financed, to the extent required, by utilising the undrawn balance of the loan facilities (both internal and external) already secured by the ACU Group.

In July 2011, ZCI provided notice of the termination of the Investment Advisory and Management Agreement (the "IAMA") between ZCI and iCapital (Mauritius) Limited. The termination of the IAMA will assist ZCI in the process of aligning its investment portfolio with its strategic objectives.

Ndola Lime Company Limited
In the second half of the financial year under review, the Company, in accordance with its business plan, provided a second, new loan of USD 4 million at attractive rates of return to the Ndola Lime Company Limited, the leading supplier of quicklime to the mining industry in the Zambian/Congolese Copperbelt.

The first *tranche* of the initial loan together with interest was repaid, in compliance with the covenants, in the first week of April 2011, reducing the Company's investment in this Zambian-based enterprise to USD 7 million at the date of this report. The remaining *tranche* of the first facility is due to be repaid in the first half of the current financial year and will provide additional liquidity for the Group's investment activities.

Corporate Governance developments

In March 2011, the JSE Limited extended the temporary dispensation granted to the Company, in relation to the appointment of a Chief Executive Officer for the Group until 30 September 2011. The Company is actively addressing the issue.

This is the first year that the Group will report in accordance with the King Report on Governance for South Africa ("King III"). Notable progress has been made in applying principles of Integrated Reporting to the Group's areas of main impact. Significant effort and human resource investment have been made during the year in raising the Group's commitment to stakeholder engagement aimed at identifying risks and opportunities associated with the Group's sustainable economic, social and environmental growth.

The coming year will also see changes to the Board of Directors of the Company. Mr Steve Georgala and Mr David Rodier will not be seeking re-appointment to the Board, although their experience and expertise will remain available to the Group.

I would like to take this opportunity of thanking our capable and committed team employed in all areas of the Group's activities: I am confident that their efforts at this pivotal period of the Group's growth will be a key and dynamic element in realising the full potential of the Group's current investments.

Thomas Kamwendo
Chairman
Bermuda
29 August 2011

SHAREHOLDERS' ANALYSIS

Shareholders at 31 March 2011

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 2011 was:

	Number of ordinary shares	Percentage holding
Non-public shareholders		
Copperbelt Development Foundation	39,845,017	71,56%
Directors' indirect beneficial interest	34,607	0.07%
Public shareholders	15,798,018	28.37%
Total	**55,677,642**	**100.00%**

At 31 March 2011, the number of public shareholders of the Company was 592, and the number of non-public shareholders was 2.

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.	11,548,831	20.74%

Auditors

At the annual general meeting held on 23 September 2010, KPMG Inc. was re-appointed as auditor of ZCI. Mr. Hendrik van Heerden is the individual registered auditor of the Company. KPMG Inc. has indicated their willingness to continue in office and, accordingly, a resolution for their appointment and the determination of their remuneration will be submitted to the forthcoming annual general meeting.

Annual General Meeting

The annual general meeting will be held at 14.30 CET on Wednesday, 28 September 2011. The notice convening the meeting is set out on pages 84 to 87 of this report.

DIRECTORS’ RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of ZCI Limited, comprising the Consolidated Statement of Financial Position at 31 March 2011, and the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors’ Report, 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 the consolidated 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 as well as the preparation of the supplementary schedules included in these consolidated financial statements.

The directors’ have made an assessment of the ability of the Company to continue as going concern and have included additional disclosures on this matter in note 4.

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

The Board of directors acknowledges their responsibility to ensure integrity of the annual report. The Board has accordingly applied their mind to the annual report and in the opinion of the Board, the annual report addressed all material issues and fairly presents the integrated performance. The annual report has been prepared in line with best practice pursuant to the recommendations of the King III code save as stated to the contrary. There are no statutory requirements for financial statements in accordance with Bermudan law.

Approval of annual report

The annual report was approved by the Board of directors on 29 August 2011 and signed on its behalf by

Thomas Kamwendo	*Kathryn Bergkoetter*
Chairman	**Financial Director**

INDEPENDENT AUDITOR'S REPORT

To the Members of ZCI Limited

We have audited the consolidated financial statements of ZCI Limited, which comprise the consolidated statement of financial position at 31 March 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report , as set out on pages 28 to 71.

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 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 2011, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our audit report, we draw your attention to note 4 to the financial statements, which indicates that the Group incurred a loss for the year ended 31 March 2011. This condition, along with other matters set forth, 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.

KPMG Inc.

Per H van Heerden
Chartered Accountant (SA)
Registered Auditor
Director
29 August 2011

DIRECTORS' REPORT

Nature of business

ZCI is incorporated and registered in Bermuda with its primary listing on the JSE Limited. It has a secondary listing on the Paris Euronext.

Going concern

The Directors have assessed the expected on-going annual operating costs and the amount of available liquid assets at the fiscal year-end and consider that the preparation of the consolidated financial statements on a going concern basis is appropriate. Refer to note 4 of the consolidated financial statements for the detailed assessment, including the existence of a material uncertainty with regard to the Company and its subsidiaries' ability to continue as going concerns.

Dividends

No dividends were paid or proposed by ZCI in respect of the year ended 31 March 2011 (2010: USD nil).

Directors and officers

Directorate
The directors of the Company as at 31 March 2011 and at the date of this report were:

T. Kamwendo (Chairman, Non-executive)
S. Simukanga (Lead Independent Director, Non- executive)
D. Rodier (Non-executive)
S. Georgala (Non-executive)
M. Clerc (Non-executive, Independent)
E. Hamuwele (Non-executive)
M.M. du Toit (Non-executive, Independent)
K.L. Bergkoetter (Financial Director, Executive)

ZCI has been granted a temporary dispensation until 30 September 2011 to finalise the appointment of a CEO for the Company.

Details as to proposed changes to the Board after the holding of the AGM are detailed on page 9 of the Annual Report.

Directors' meetings and remuneration

Between 1 April 2010 and 31 March 2011, the ZCI board met on fourteen occasions to consider company strategy and issues of an operational nature, as well as those having a material effect on ZCI and the Group.

The total remuneration paid to Directors during the year was USD 402,321 (2010: USD 658,513). Refer to note 24 of the consolidated financial statements for details of Directors' remuneration.

All the current Directors retire at the forthcoming annual general meeting in accordance with Bermudian Law. All of the directors aside from Mr Steven Georgala and Mr David Rodier will, being eligible, offer themselves for re-election. Subject to such re-election, the Board proposes to re-elect T. Kamwendo as Chairman. A brief profile of the Directors is included on pages 11 to 13.

Directors' interests

At 31 March 2010 and 2011, Mr du Toit held an indirect beneficial interest of 34,607 ordinary shares in the Company. The other Directors held no other 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.

ZCI Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2011

	Note	**2011 USD'000**	2010 USD'000
Revenue		**24,731**	7,392
Cost of sales	6	**(22,663)**	(17,714)
Gross profit/(loss) from mining activities		**2,068**	(10,322)
Administrative expenses		**(5,150)**	(1,531)
Other expenses		**(2,726)**	(4,439)
Selling and distribution expenses		**-**	(18)
Foreign exchange gains/(losses)		**63**	(2,250)
Operating loss	7	**(5,745)**	(18,560)
Bargain purchase gain		**-**	33,905
(Loss)/profit before net finance income		**(5,745)**	15,345
Finance income	8	**1,384**	509
Finance expense	9	**(1,118)**	(64)
(Loss)/profit before tax		**(5,479)**	15,790
Income tax	10	**(657)**	970
(Loss)/profit for the year		**(6,136)**	16,760
Other comprehensive income:			
Exchange differences on translation of foreign operations		**7,006**	(2,611)
Total comprehensive income for the year		**870**	14,149
(Loss)/profit attributable to:			
Equity holders of the parent		**(4,718)**	18,651
Non-controlling interest		**(1,418)**	(1,891)
Total comprehensive income attributable to:			
Equity holders of the parent		**1,181**	16,506
Non-controlling interest		**(311)**	(2,357)
Basic (loss)/earnings per ordinary share (US cents)	11	**(8.47)**	33.50
Diluted (loss)/earnings per ordinary share (US cents)	11	**(9.31)**	32.13

ZCI Limited
Consolidated Statement of Financial Position
As at 31 March 2011

	Note	2011 USD'000	2010 USD'000
ASSETS			
Property, plant and equipment	12	**47,966**	33,044
Intangible assets	13	**51,425**	50,923
Other financial asset	14	**345**	327
Long term receivable	15	**4,000**	3,000
Total non-current assets		**103,736**	87,294
Inventories	16	**10,483**	1,780
Trade and other receivables	17	**3,847**	984
Current portion of long term receivable	15	**6,048**	3,000
Cash and cash equivalents		**26,417**	48,430
Total current assets		**46,795**	54,194
Total assets		**150,531**	141,488
EQUITY			
Share capital	18	**102,688**	102,688
Foreign currency translation reserve		**3,701**	(2,145)
Retained earnings		**14,701**	18,651
Equity attributable to equity holders of the parent		**121,090**	119,194
Non-controlling interest		**5,260**	6,286
Total equity		**126,350**	125,480
LIABILITIES			
Deferred tax	20	**7,187**	6,530
Environmental rehabilitation provision	21	**7,150**	4,051
Total non-current liabilities		**14,337**	10,581
Trade and other payables	22	**9,844**	5,427
Total current liabilities		**9,844**	5,427
Total equity and liabilities		**150,531**	141,488

ZCI Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2011

	Share capital USD'000	Foreign currency translation reserve USD'000	Retained earnings US'000	Attributable to equity holders of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
Balance as at 31 March 2009	**102,688**	**-**	**-**	**102,688**	**-**	**102,688**
Arising on business acquisition	-	-	-	**-**	8,643	**8,643**
Profit/(loss) for the year	-	-	18,651	**18,651**	(1,891)	**16,760**
Other comprehensive income						
- foreign currency translation differences	-	(2,145)	-	**(2,145)**	(466)	**(2,611)**
Total comprehensive income for the year	-	(2,145)	18,651	**16,506**	(2,357)	**14,149**
Balance as at 31 March 2010	**102,688**	**(2,145)**	**18,651**	**119,194**	**6,286**	**125,480**
Transaction with owners recorded directly in equity						
Acquisition of additional interest in subsidiary (note 5)	-	(53)	768	**715**	(715)	**-**
Loss for the year	-	-	(4,718)	**(4,718)**	(1,418)	**(6,136)**
Other comprehensive income						
- foreign currency translation differences	-	5,899	-	**5,899**	1,107	**7,006**
Total comprehensive income for the year	-	5,899	(4,718)	**1,181**	(311)	**870**
Balance as at 31 March 2011	**102,688**	**3,701**	**14,701**	**121,090**	**5,260**	**126,350**

ZCI Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2011

	Note	2011 USD'000	2010 USD'000
Cash flows from operating activities			
Cash utilised by operations	27	**(11,811)**	(10,743)
Interest received		**1,337**	509
Interest paid		**(1,118)**	(64)
Cash outflow from operating activities		**(11,592)**	(10,298)
Cash flows from investing activities			
Additions to maintain operations			
- Property, plant and equipment		**(958)**	-
Additions to expand operations			
- Property, plant and equipment		**(4,822)**	(2,594)
- Intangible assets		**(1,448)**	-
Proceeds from sale of assets		**63**	-
Acquisition of subsidiary (net of cash acquired)		**-**	(1,438)
Repayment of interest bearing borrowings		**-**	(34,414)
Funds advanced	15	**(4,000)**	(6,000)
Cash outflow from investing activities		**(11,165)**	(44,446)
Effect of foreign currency translation		**744**	235
Net decrease in cash and cash equivalents		**(22,013)**	(54,509)
Cash and cash equivalents at the beginning of the year		**48,430**	102,939
Cash and cash equivalents at the end of the year		**26,417**	48,430

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 copper-producing open pit Mowana mine. The Group also owns the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama Project. 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.

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 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issue by the Directors on 29 August 2011.

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.

c) Functional and presentation currency

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

2. Basis of preparation - Continued

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.

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, 12, and 13)
- Estimation of environmental rehabilitation provision (Note 21)

e) Changes in accounting policies

The accounting policies applied are consistent with those applied for the year ended 31 March 2010, with the exception of the following standards and interpretations, effective for the first time for the current financial year, that have been applied from 1 April 2010:

- IAS 27 – *Consolidated and Separate Financial Statements*: the application of the amendment to the standard resulted in the company accounting for the acquisition of additional non-controlling interest as an equity transaction. This treatment was in line with the accounting policy applied in the previous year.
- IFRIC 17 – *Distributions of Non-cash Assets to Owners*: the adoption of this standard did not impact the Group as there were no such distributions during the year.
- Various improvements to IFRS 2009: none of the improvements to the various standards had any impact on the Group's results to date.
- IFRS 2 – *Group Cash-settled Share-based Payment transactions*: the adoption of this amendment did not have any material impact on the Group financial statements as the Group already applied these principals when accounting for share-based payments in the past.

None of the above had any impact on the earnings per share.

2. Basis of preparation - Continued

e) Changes in accounting policies (Continued)

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 2011, and have not been applied in preparing these consolidated financial statements:

- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*, effective for annual periods beginning on or after 1 July 2010.
- Improvements to IFRSs 2010 – Amendments to various standards with various effective dates.
- IAS 24 – *Related Party Disclosures (revised 2009)*, effective for annual periods beginning on or after 1 January 2011.
- IAS 12 – *Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12*, effective for annual periods beginning on or after 1 January 2012.
- IFRS 7 amendment – *Disclosures – Transfers of Financial Assets*, effective for annual periods beginning on or after 1 July 2011.
- IFRS 9 (2010) – *Financial Instruments*, effective for annual periods beginning on or after 1 January 2013.
- IFRS 10 (2011) – *Consolidated Financial Statements*, effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 (2011) – *Disclosure of Interests in Other Entities*, effective for annual periods beginning on or after 1 January 2012.
- IFRS 13 (2011) – *Fair Value Measurement*, effective for annual periods beginning on or after 1 January 2013.

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 (2010) – *Financial Instruments*, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.

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 Group companies.

a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the day that control commences until the day that control ceases. 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
Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. 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.

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.

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 USD at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to USD 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 transferred to profit or loss as part of the profit or loss on disposal.

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 only non-derivative financial liability is 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 and share options 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 and 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) 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) Mineral property interest
Mineral property interest 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, either as an individual asset purchase or as part of a business combination, and is recorded at 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 Mine Development and Infrastructure.

Capitalised exploration expenditures are reviewed for impairment losses (see accounting policy note below) at each reporting date. 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

e) 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.

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

f) 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

g) 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 have indefinite useful lives or 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

g) 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.

3. Significant accounting policies – Continued

h) 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.

i) Employee benefits

(i) Short-term 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.

(ii) Share-based payment transactions
The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment.

The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

3. Significant accounting policies – Continued

j) 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 recognized 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 thus will not be 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.

k) 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.

l) 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

l) 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 or loss, to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. 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.

m) 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.

n) 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 of copper and other base metal deposits. All the Group's activities are related to the exploration for, and the development 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 derive from a single customer.

As such, no segmental report has been prepared.

4. Going concern

The Group incurred a loss of USD 6.1 million for the year ended 31 March 2011 (2010: net profit of USD16.7 million). The Group's loss is primarily because the Group's major operating subsidiary, Messina Copper (Proprietary) Limited ("Messina") continued to incur losses and is dependent on the financial support of the Company. In particular:

- On 23 September 2010, the Company entered into an additional facility agreement with Messina with a value of USD 7,500,000 to fund further exploration costs that the Group intends to incur. The Company paid the first drawdown of USD 2,500,000 on 12 November 2010, the second drawdown of USD 3,000,000 on 24 December 2010, and the third drawdown of USD 2,000,000 on 25 January 2011. This loan bears interest at 12% per annum with the terms substantially the same as the previous loans extended to Messina.

- On 24 February 2011, the Company entered into another facility agreement with Messina with a value of USD 12,500,000 which bears interest at 9% per annum with the terms substantially the same as the previous loans extended to Messina. The Company paid the first drawdown of USD 2,500,000 on 24 February 2011.

On 24 March 2011, the Group entered into a committed facility with African Banking Corporation of Botswana Limited ("ABCB") to provide finance for certain items of capital equipment. As such, the facility is not generally available although the projected capital expenditure does include items that would be covered by the terms of this facility. The facility is for an amount of USD 3.1 million and was undrawn at the year end.

The Directors have prepared cash flow projections covering at least the 12-month period from the date of approval of these consolidated financial statements for the Company and its subsidiaries.

The 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 approved capital expenditure is also included in the cash flows. The key assumptions to which the projections are most sensitive in the opinion of the Directors 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 yield achieved in the processing operations. The key assumptions relating to production and pricing, assume an average copper price per tonne over the 12-month period to June 2012 of USD 9,593 and average monthly production of copper in concentrate of 1,257 metric tonnes (" Mt") of copper.

However, Messina's mining operations at Mowana and Thakadu have yet to reach full commercial production rates on a consistent basis and produce positive cash flow. Actual production totalled 3,841 Mt of copper concentrate during the financial year of which 1,266 Mt were produced in the final quarter of the year, i.e. an average of 422 Mt for each of the three months. The average price per tonne achieved during the financial year was USD 8,347/Mt. Copper produced in concentrate for April 2011 and May 2011 was 564 Mt and 508 Mt respectively and the average price per tonne achieved was USD 9,315.

The Directors have already addressed a number of issues that have impacted the ramp up to full production, especially at the Mowana mine, and the projections include capital expenditure to improve the processing capability of the operations, principally the secondary and tertiary crusher availability. The Directors believe that with these improvements and a number of other initiatives, the projections are achievable.

4. Going concern - Continued

At 31 March 2011, the Group remains in a positive cash position with no external long term debt. The projections show that, if the key financial assumptions are achieved, the existing Group facilities and new facility with ABCB will be sufficient to provide the necessary funding for the company and its subsidiaries for at least the next 12 months from the date of approval of these consolidated financial statements. Based on this, the Directors consider the preparation on a going concern basis appropriate.

However the unproven ability of the Group to achieve the ramp up in production and the volatility of the copper price represent a material uncertainty in relation to the ability of the Company and its subsidiaries to continue as going concerns.

Should the projected production levels and key financial assumptions not be reached, 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.

5. Change in investment in ACU

On 7 February 2011, ACU has entered into an agreement with the Company to exchange the Company's current outstanding debt assignment agreements amounting to USD 9,444,910 for the issue of 105,369,488 ordinary shares in the capital of ACU at a price of 5.5782 pence per share ("Debt Conversion"). As a result of this transaction, the Company holds a total of 781,939,988 shares representing 84.19% shareholding in ACU as at 31 March 2011, an increase of 2.02% in shareholding.

The impact of the Debt Conversion on the statement of changes in equity is a decrease in non-controlling interest of USD 715,000 and a corresponding increase in equity attributable to equity holders of the parent.

The following summarises the effect of the Debt Conversion in the Company's ownership interest in ACU:

	USD'000
Company's ownership interest at the beginning of the year	**119,194**
Effect of increase in Company's ownership interest	**715**
Share of comprehensive income	**1,181**
Company's ownership interest at the end of the year	**121,090**

6. Cost of sales

	2011 USD'000	2010 USD'000
Productions costs	**13,784**	11,795
Depreciation	**1,354**	3,354
Salaries and professional costs	**7,525**	2,565
	22,663	17,714

7. Operating loss

Operating loss as stated includes the following:

Auditor's remuneration	**291**	219
- Audit fees	**274**	159
- prior year under provision	**-**	50
- other fees relating to tax	**9**	10
- all other services	**8**	-
Share based compensation	**-**	169

8. Finance income

Interest received:		
Bank	**607**	267
Long term receivable	**777**	242
	1,384	509

9. Finance expense

Interest paid:		
Bank	**14**	64
Other	**61**	-
Withholding tax	**1,043**	-
	1,118	64

10. Income tax

	2011 **USD'000**	2010 USD'000
Income tax expense		
Current	**-**	-
Deferred	**657**	(970)
	657	(970)
	%	%
Tax rate reconciliation:		
Statutory Bermuda tax rate	**-**	-
Effect of rate differences (foreign entities)	**(12.0)**	6.1
Effective tax rate	**(12.0)**	6.1

ZCI is exempt from tax in Bermuda. ACU is subject to corporation tax in the United Kingdom at 28.5%. The Botswana entities are subject to a tax rate of 15%.

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

11. Earnings per share

	2011	2010
Basic (loss)/earnings per ordinary share (US cents)	**(8.47)**	33.50
Diluted (loss)/earnings per ordinary share (US cents)	**(9.31)**	32.13
Headline (loss)/earnings per ordinary share (US cents)	**(8.47)**	(27.40)
Diluted headline (loss)/earnings per ordinary share (US cents)	**(9.31)**	(28.77)
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 profit attributable to ordinary shareholders were taken into account in the calculation of diluted (loss)/earnings per share:

	2011	2010
	USD'000	USD'000
Attributable to equity holders of the parent	**(4,718)**	18,651
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(464)**	(763)
Diluted (loss)/earnings attributable to equity holders of the parent	**(5,182)**	17,888

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

	Gross USD'000	**Tax effect USD '000**	**Net USD'000**
2011			
Attributable to equity holders of the parent and headline loss attributable to equity holders of the parent	**(4,718)**	**-**	**(4,718)**
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(464)**	**-**	**(464)**
Diluted headline loss attributable to equity holders of the parent	**(5,182)**	**-**	**(5,182)**
2010			
Attributable to equity holders of the parent	18,651	-	18,651
- Negative goodwill	(33,905)	-	(33,905)
Headline loss attributable to equity holders of the parent	(15,254)	-	(15,254)
Increase in shareholding in subsidiary with respect to convertible portion of debt	(763)	-	(763)
Diluted headline loss attributable to equity holders of the parent	(16,017)	-	(16,017)

12. Property, plant and equipment

2011	Mine development and infrastructure USD’000	Mine plant and equipment USD’000	Other assets USD’000	Total USD’000
Cost				
Balance at 1 April 2010	11,661	22,906	1,523	36,090
Additions	8,457	183	1,308	9,948
Disposals	-	-	(179)	(179)
Reclassifications/Transfers	(1,685)	1,933	-	248
Exchange adjustments	2,234	4,389	292	6,915
Balance at 31 March 2011	**20,667**	**29,411**	**2,944**	**53,022**
Depreciation and impairment losses				
Balance at 1 April 2010	(597)	(2,001)	(448)	(3,046)
Depreciation charge for the year	(636)	(111)	(728)	(1,475)
Disposals	-	-	121	121
Exchange adjustments	(147)	(390)	(119)	(656)
Balance at 31 March 2011	**(1,380)**	**(2,502)**	**(1,174)**	**(5,056)**
Carrying value				
Balance at 1 April 2010	11,064	20,905	1,075	33,044
Balance at 31 March 2011	**19,287**	**26,909**	**1,770**	**47,966**

12. Property, plant and equipment - Continued

2010	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Cost				
Balance at 1 April 2009	-	-	-	-
Arising on business acquisition	9,999	25,128	1,523	36,650
Additions	2,546	-	48	2,594
Exchange adjustments	(884)	(2,222)	(48)	(3,154)
Balance at 31 March 2010	11,661	22,906	1,523	36,090
Depreciation and impairment losses				
Balance at 1 April 2009	-	-	-	-
Depreciation charge for the year	(657)	(2,203)	(494)	(3,354)
Exchange adjustments	60	202	46	308
Balance at 31 March 2010	(597)	(2,001)	(448)	(3,046)
Carrying value				
Balance at 1 April 2009	-	-	-	-
Balance at 31 March 2010	11,064	20,905	1,075	33,044

Included as part of mine development and infrastructure is capital work in progress with a value of USD 2,604,000 (2010: USD nil).

Impairment review

As a result of the continued losses incurred by subsidiaries, management considered this to be an impairment indicator.

At 31 March 2011, the Directors undertook reviews of mining assets. In performing their review, the Directors considered each of the Group's exploration and development assets on a project-by-project basis. Three general cash generating units were considered for the purpose of this assessment. These are:

- The Mowana mine itself including pre-operating cost, exploration expenditures on establishing the current resource base, buildings and plant and machinery associated with the mining operations. Includes resources processed from the Thakadu deposit.

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

- Exploration expenditures on the Matsitama tenements.

12. Property, plant and equipment - Continued

Impairment review - Continued

In deriving the estimate for the value in use in respect for the Mowana mine at 31 March 2011, the Directors' calculated a Net Present Value of the projected cash flow to be derived from the Mowana mine based on the adopted five (5) year mining plan. The life of the mine remains at 5 years (similar to the previous year) as a result of the production ramp up being slower than expected.

The Net Present Value calculation used the following key assumptions:

Average copper price (USD per lb):	
2012	USD 4.25
2013	USD 4.15
2014	USD 3.32
2015	USD 2.82
2016	USD 2.40
Exchange rate: Pula to USD	6.58
Discount factor	14%
Production period:	
Combined production from Mowana and Thakadu deposits	
5 year ore mined	6.6 million tonnes at 1.5%
5 year ore milled	6.4 million tonnes at 1.8%*

*Milled tonnage reflects the impact of the proportion of Mowana feed which will be treated via application of Dense Media Separation techniques

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.

13. Intangible assets

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

2011	Mowana Mining rights USD'000	Mowana resources USD'000	Matsitama projects USD'000	Total USD'000
Cost				
Balance at 1 April 2010	28,914	2,025	21,665	52,604
Additions	-	-	1,448	1,448
Reclassifications/Transfers	-	-	(248)	(248)
Balance at 31 March 2011	**28,914**	**2,025**	**22,865**	**53,804**
Amortisation				
Balance at 1 April 2010	(1,681)	-	-	(1,681)
Amortisation	(698)	-	-	(698)
Balance at 31 March 2011	**(2,379)**	**-**	**-**	**(2,379)**
Carrying value				
Balance at 1 April 2010	27,233	2,025	21,665	50,923
Balance at 31 March 2011	**26,535**	**2,025**	**22,865**	**51,425**

2010	Mowana Mining rights USD'000	Mowana resources USD'000	Matsitama projects USD'000	Total USD'000
Cost				
Balance at 1 April 2009	-	-	-	-
Arising on business acquisition	28,914	2,025	21,665	52,604
Balance at 31 March 2010	28,914	2,025	21,665	52,604
Amortisation				
Balance at 1 April 2009	-	-	-	-
Amortisation	(1,681)	-	-	(1,681)
Balance at 31 March 2010	(1,681)	-	-	(1,681)
Carrying value				
Balance at 1 April 2009	-	-	-	-
Balance at 31 March 2010	27,233	2,025	21,665	50,923

13. Intangible assets - Continued

The above three rights and resources are considered separate cash-generating units for purposes of impairment testing. For impairment testing on the Mowana mining rights, refer to note 12.

Production at Thakadu, which forms part of the Mowana mining rights, started during the year. The Mowana resources are not being mined yet and are therefore not yet generating separate cash flows. Impairment testing on these was performed with reference to their fair value less cost to sell as opposed to value in use.

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

Mineral rights are amortised over the life of mine using the units-of-production method. The remaining amortisation period is the remaining life of mine, which is currently 5 years.

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
Mowana resources	PL33/2005 and PL180/2008	30 June 2012 and 31 March 2011[a]
Matsitama projects	PL14/2004-17/2004 and PL1/2005	30 June 2011[b] and 31 December 2011

[a] Application for prospecting licence renewal PL180/2008 was made during March 2011.
[b] Subsequent to year-end, these licences were renewed for another 2 years, refer to note 29.

14. Other financial asset

As part of the provision of electricity to the Mowana Mine, a deposit is maintained with the Botswana Power Corporation of USD 345,235 at 31 March 2011 (2010: USD 327,000).

15. Long term receivable

	2011 USD'000	2010 USD'000
Ndola Lime Company Limited	**10,048**	6,000
Less current portion	**(6,048)**	(3,000)
	4,000	3,000

The initial amount of USD 6,000,000 owing by Ndola Lime Company Limited (Ndola) bears interest at 12% per annum. It is repayable over 18 months in two equal instalments of which the first is due 12 months from drawdown and the second is due 18 months from drawdown date. The drawdown date was 25 April 2010 and correspondingly the first tranche has been repaid during the first week of April 2011.

On 19 November 2010, the Company entered into an additional facility agreement with Ndola with a value of USD 4,000,000. This loan bears interest at 12% per annum and will be repaid in equal instalments after 20 and 26 months respectively.

The loan is secured over property, plant and equipment of the borrower and has a pari passu ranking over assets of the company.

16. Inventories

Stockpile inventories	**8,249**	233
Consumables	**2,234**	1,547
	10,483	1,780

Stockpile inventories were valued at net realisable value.

17. Trade and other receivables

	2011 USD'000	2010 USD'000
Financial assets		
Trade receivables	**1,690**	144
Other receivables	**361**	87
Non-financial assets		
Prepayments	**506**	251
VAT receivables	**1,290**	445
Withholding tax	**-**	57
	3,847	984

Trade receivables represents sale of concentrate to MRI Ag in terms of a concentrate off-take agreement. The Group has no collateral against these receivables and all balances are current.

18. Share capital

	No. of shares	USD'000
Authorised at 31 March 2010 and 2011		
Ordinary shares of BD$ 0.24 each (USD 0.24 each)	**130,000,000**	**31,200**
Deferred shares of BD$ 0.24 each (USD 0.24 each)	**50,000**	**12**
Issued at 31 March 2010 and 2011		
Ordinary shares	**55,677,643**	**102,676**
Deferred shares	**50,000**	**12**
Balance at 31 March 2010 and 2011	**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 Dollars cents only, which rank pari passu with the ordinary shares.

19. Share based payment schemes

a) Company scheme

In 2010, a share-appreciation bonus plan was approved for the benefit of the Directors of ZCI. In terms of the scheme, the Directors had the right to receive a cash payment on the vesting date equalling the increase in the deemed asset value per share.

No options vested and no options were exercised during the year ended 31 March 2011.

During the year, the bonus plan was terminated, thereby cancelling all unvested options.

b) Subsidiary scheme

The subsidiary, ACU, 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 ACU share plan, each option gives the right to purchase one ACU 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 £0.76, and in 2006 and 2007, all options were granted at £0.775. No options were granted or exercised during the year (2010: nil).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Weighted average exercise price in £ per share	**Number of options**	Weighted average exercise price in £ per share	Number of options
At 1 April	**£ 0.773**	**2,935,000**	£ 0.76	11,215,000
Forfeited	**£ 0.775**	**(750,000)**	£ 0.746	(8,280,000)
At 31 March	**£ 0.772**	**2,185,000**	£ 0.773	2,935,000
Exercisable at the end of the year	**£ 0.772**	**2,185,000**	£ 0.773	2,935,000

Expected volatility was determined by calculating the historical volatility of the ACU'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.

The total expense in respect of share based payments for the year was USD nil (2010: USD 10,862), of which USD nil (2010: USD 3,274) was recorded as an expense in profit and loss and USD nil (2010: USD 7,588) was capitalised as part of deferred exploration costs.

19. Share based payment schemes – Continued

b) Subsidiary scheme - Continued

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

Expiry date	Exercise price in £ per share	2011 Number of Options	2010 Number of Options
2014	**£ 0.76**	**375,000**	375,000
2015	**£ 0.76**	**60,000**	60,000
2016	**£ 0.775**	**1,750,000**	2,500,000
	£ 0.772	**2,185,000**	2,935,000

20. Deferred tax

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

	2011 USD'000	2010 USD'000
Balance at the beginning of the year	**6,530**	-
Arising from business combination	**-**	7,500
Current year	**657**	(970)
Balance at the end of the year	**7,187**	6,530

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

Deferred tax liabilities		
Intangible assets	**14,113**	14,309
Deferred tax assets		
Property, plant and equipment	**(6,926)**	(7,779)
Net deferred tax liabilities	**7,187**	6,530

As at 31 March, the Group had not recognised deferred tax assets of USD 33,847,000 (2010: USD 14,387,000) 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.

21. Environmental rehabilitation provision

The Group estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 March 2011 is USD 7,150,079 (2010: USD 4,051,477). The ultimate amount to be incurred is uncertain. The estimate of that undiscounted cost to rehabilitate the Mowana Mine Site, as well as Thakadu, was recently updated by GeoFlux (Pty) Limited, and the undiscounted cost was revised to Botswana Pula 48,000,000 (2010: Botswana Pula 24,300,000).

During the year, the Group set aside USD 540,000 to a separate bank account to provide for rehabilitation of the Mowana and Thakadu Mines site at closure. The cash 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 will 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.

	2011 USD'000	2010 USD'000
Balance at the beginning of the year	**4,051**	-
Acquired in business combination	**-**	3,762
Increase as a result of new environmental damage	**3,099**	289
Balance at the end of the year	**7,150**	4,051

22. Trade and other payables

	2011 USD'000	2010 USD'000
Financial liabilities		
Trade payables	**4,130**	3,867
Accrued expenses and other payables	**1,861**	615
Share-based payment liability	**-**	164
Non-financial liabilities		
Withholding tax	**765**	22
Salary and wage-related accruals	**1,524**	759
Other liabilities and accruals	**1,564**	-
	9,844	5,427

All financial liabilities are expected to mature within the next 12 months.

23. 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.

The only change from the previous year is the funding provided to the subsidiaries, all of which is also arm's length and 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 24) and subsidiaries of ZCI (as listed in note 25) are considered to be related parties. All transactions with these related parties are on a market-related basis. The Directors are listed in note 24. One of the Directors has an indirect interest in the Company (as mentioned in Directors' Report page 29).

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 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**
USD 32,412,000	Tranche A (convertible) - USD 8 379 100, interest rate 12% per annum. Tranche B (not convertible) -USD 24 032 900, interest rate 14% per annum.
USD 10,000,000	Interest 6% per annum, repayable 31 March 2012 with the option to renew.
USD 7,500,000	Interest 12% per annum, repayable 30 November 2014 with the option to renew.
USD 4,000,000	Interest 9% per annum, repayable in January 2014. The facility is for the value of USD 12 500 000 of which only USD 4 000 000 was drawn down as at 31 March 2011.

23. Related parties - Continued

Key management compensation and Directors' remuneration are disclosed in note 24.

As at 31 March 2011, the Company has granted loans of USD 10,000,000 to Ndola (2010: USD 6,000,000), refer to Note 15. T Kamwendo, director of ZCI, is a director of Ndola.

The Company paid professional fees amounting to USD 1,016,914 (2010: USD 1,479,639) to iCapital (Mauritius) Limited ("iCapital") for the provision of technical and operation support to the Company (see note 27 for related disclosures). J Soko, a director of ACU, is a principal of iCapital.

The Company paid fees amounting USD 393,341 (2010: USD 152,829) to Maitland for the administration of the Company. S Georgala, a director of ZCI, is the Managing Director of Maitland and K Bergkoetter, a director of ZCI, is employed by Maitland.

All the transactions were in the normal course of operations and on an arm's length basis at market-related rates.

24. Remuneration of Directors and other key management personnel

	Short term benefits			Share based payments	
	Directors' fees	Fees & expenses	Basic annual remuneration	Bonus scheme	Total remuneration
	USD'000	USD'000	USD'000	USD'000	USD'000
2011					
Directors – ZCI					
T. Kamwendo	**44**	**35**	**-**	**-**	**79**
D. Rodier	**34**	**14**	**-**	**-**	**48**
M. Clerc	**34**	**1**	**-**	**-**	**35**
S. Georgala	**34**	**22**	**-**	**-**	**56**
Prof S. Simukanga	**34**	**18**	**-**	**-**	**52**
M. M. du Toit	**34**	**10**	**-**	**-**	**44**
E. Hamuwele	**34**	**12**	**-**	**-**	**46**
K. L. Bergkoetter	**34**	**6**	**-**	**-**	**40**
Directors - ACU					
R. D. Corrans	**45**	**-**	**-**	**-**	**45**
J. Soko	**34**	**-**	**-**	**-**	**34**
D. Rodier	**48**	**-**	**-**	**-**	**48**
Prof S. Simukanga	**40**	**-**	**-**	**-**	**40**
B. R. Kipp	**-**	**-**	**140**	**-**	**140**
Total	**449**	**118**	**140**	**-**	**707**
2010					
Directors - ZCI					
T. Kamwendo	47	73	-	29	149
D. Rodier	36	10	-	23	69
M. Clerc	36	29	-	23	88
S. Georgala	34	14	-	23	71
Prof S. Simukanga	42	23	-	23	88
M. M. du Toit	42	24	-	23	89
E. Hamuwele	42	13	-	23	78
K. L. Bergkoetter	17	13	-	-	30
Directors - ACU					
R. D. Corrans	27	-	-	-	27
D. Jones	3	-	-	-	3
J. Soko	24	-	-	-	24
D. Rodier	30	-	-	-	30
Prof S. Simukanga	17	-	-	-	17
B. R. Kipp	-	-	111	-	111
Total	397	199	111	167	874

25. Subsidiary undertakings

	Country of incorporation and operation	Physical activity	Holding of equity shares 2011	Holding of equity shares 2010
African Copper Plc	England	Investment	84.19%	82.16%
Mortbury Limited*	British Virgin Islands	Investment	84.19%	82.16%
Messina Copper (Botswana) (Pty) Ltd*	Botswana	Mining	84.19%	82.16%
Matsitama Minerals (Pty) Limited *	Botswana	Exploration	84.19%	82.16%

* indirectly held

26. Commitments

Contractual obligations	Total USD'000	2012 USD'000	2013 USD'000	2014 USD'000	2015 and thereafter USD'000
Goods, services and equipment [(a)]	**7,629**	**7,517**	**112**	**-**	**-**
Exploration licences [(b)]	**5,215**	**917**	**4,298**	**-**	**-**
Lease agreements [(c)]	**588**	**409**	**161**	**18**	**-**
	13,432	**8,843**	**4,571**	**18**	**-**

a) The Group has a number of agreements with arms-length 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.

These expenditure will be funded internally and a portion externally through the facility with ABCB.

27. Cash utilised by operations

	2011 USD'000	2010 USD'000
(Loss)/profit for the year adjusted for:	**(6,136)**	16,760
Interest income	**(1,384)**	(509)
Interest expense	**1,118**	64
Income tax	**657**	(970)
	(5,745)	15,345
Non-cash items		
Depreciation	**1,475**	3,354
Amortisation of intangible assets	**698**	1,681
Negative goodwill	**-**	(33,905)
Share based payment	**-**	164
Environmental rehabilitation provision	**(1,068)**	289
Profit on disposal of assets	**(4)**	-
	(4,644)	(13,072)
Working capital changes		
(Increase)/decrease in trade and other receivables	**(2,863)**	388
Increase in trade and other payables	**4,417**	2,276
Increase in inventory	**(8,703)**	(327)
Increase in other financial assets	**(18)**	(8)
Cash utilised by operations	**(11,811)**	(10,743)

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 trade and other payables. The Group's financial assets comprise cash and cash equivalents, trade and other receivables, other financial assets and a long term receivable.

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.

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.

Interest bearing instruments:	**2011**	2010
	USD'000	USD'000
Fixed rate		
Long term receivables (note 15)	**10,048**	6,000
Variable rate		
Cash and cash equivalents	**26,417**	48,430

As at 31 March 2011, 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 USD 264,170 (2010: USD 484,300).

28. Financial instruments – Continued

(ii) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised 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:

	2011	2010
	USD'000	USD'000
Pound Sterling	**2,568**	2,543
Canadian Dollar	**-**	25
South African Rand	**112**	11
US Dollar	**22,574**	45,768
Botswana Pula	**1,156**	78
Euro	**7**	5
	26,417	48,430

The table below shows the net foreign currency exposure (asset/(liability)) on other financial assets and liabilities, by functional currency, of the Group companies:

	2011 USD'000 *Functional currency*		2010 USD'000 *Functional currency*	
Foreign currency	US Dollar	Botswana Pula	US Dollar	Botswana Pula
Pound Sterling	(4)	-	(63)	-
South African Rand	(104)	(1,177)	(126)	-
US Dollar	-	(1,031)	-	144
Euro	(1)	(53)	-	(23)
	(109)	(2,261)	(189)	121

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:

10% strengthening	11	226	19	12
10% weakening	(11)	(226)	(19)	(12)

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

28. Financial instruments - Continued

(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 use derivative transactions by purchasing copper put contracts to manage fluctuations in copper prices in the Group's underlying business operations. The use of derivatives is based on established practices and parameters which are subject to the oversight of the Board of Directors. As at 31 March 2011, with all other variables unchanged, a plus or minus 1% change in commodity prices, on sales revenue, would affect the loss and equity for the year by plus or minus USD 326,965.

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 long term receivable (note 15), cash and cash equivalents and trade and other receivables (Note 17), 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.

c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Group's holdings of cash. The Group's cash and cash equivalents are invested in business accounts which are available on demand.

As at 31 March 2011, the Group had USD 26,417,000 (2010: USD 48,430,000) in cash and cash equivalents, USD 3,847,000 (2010: USD 984,000) in trade and other receivables and USD 9,844,000 (2010: USD 5,427,000) in trade and other payables.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of committed credit facilities. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

28. Financial instruments - Continued

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. Subsequent Events

Subsequent to the financial year end, four key exploration licences, namely PL’s 14/2004, 15/2004, 16/2004, 17/2004, were extended by the Botswana government for another two years. Under the terms of these licences, Matsitama is obliged to incur a minimum expenditure of USD 12,000,000 over the next two years.

The Company entered into an Investment Advisory and Management Agreement (“IAMA”) with iCapital (Mauritius) Limited (“Advisor”) on 11 December 2008 which provided that the Advisor receive fees (fixed quarterly payments as well as periodic performance payments) for services provided. However, at the date of this Annual Report, the Advisor and the Company were unable to reach agreement as to the interpretation of certain clauses in the IAMA, and each party has retained legal counsel in order to resolve their differences in opinion. The Directors are confident that, based on their interpretation of the agreement and consultation with legal counsel, adequate provisions have been made in the accounting records of the company in this regard.

MINING AND MINERAL RESERVES REPORT

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 2011. Mr. De'Ath is SAMREC approved 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.

Competence

Full name of Lead/Mining Competent Person:
Mr David De'Ath,

Professional qualifications:
SAMREC, JORC and NI 43-101 compliant

Academic qualifications:
BSc (Hons), MSc, GDE- Mining

Professional memberships:
Member of the UK's Institute of Materials, Minerals and Mining , Member of the Australian Institute of Mining and Metallurgy

Experience

Year	**Employer**	**Location**
2005 - 2011	African Copper PLC	Botswana
2005	RSG Global	South Africa
2005	Geomatrix	South Africa
2005	SRK/Oriel Resources	Kazaksthan
2000 – 2004	Konkola Copper Mines	Zambia
1998 - 2000	AngloGold	South Africa Free State Operations
1997 - 1998	AngloGold	South Africa Vaal River Operations

1988 - 1997	Anglo American Corp.	South Africa Gold & Uranium Division
1986 - 1988	Independent Consultant	Zambia
1977 - 1988	Zambia Consolidated Copper Mines	Zambia

Independence

Mr De’Ath does not have, nor does he expect to have, any direct or indirect beneficial ownership in either African Copper PLC or ZCI Limited, or any of their subsidiaries or associated companies. Mr De'Ath is the Manager of Geology of the Mowana Mine.

Mineral resources and reserves

Mowana Mine

The Mine is located some 120km northwest of Francistown, a city in north-eastern Botswana, and is centred on coordinates 20º31’38” South and 26º35’46” East at an elevation of 1,005m. Access to the Mine is via a well-maintained 12.5km gravel road from the sealed Francistown- Maun highway. A modern railway line and a 132kV electrical power line run parallel to this highway. Skilled labour and most services are available in Francistown, and the proximity to the mature mining industry of South Africa ensures that most required services and supplies are available.

Figure S. 1 Location of the Mowana Mine

Work was completed on many fronts during the year as part of the plant and related infrastructure refurbishment programme that is required to establish stable commercial operations at the Mowana mine. Throughout the year management repeatedly tried to drive operations to full capacity but were consistently met with circuit bottlenecks and breakdowns that needed to be addressed. However, even with these production challenges progress was made during the year as ore processed increased to 632,981 Mt compared to 290,259 Mt in the previous 15 month fiscal period as evidenced in the table below:

Messina Copper Production: April 2009 - March 2010

Description	**Apr 2009 to Jun 2009**	**Jul 2009 to Sep 2009**	**Oct 2009 to Dec 2009**	**Jan 2010 to Mar 2010**	**Total *Average***
Ore processed (Metric tonnes (“Mt”))		49,925	148,286	92,047	290,259
Cu grade (%)		1.45	1.25	1.12	***1.24***
Recovery Cu (%)		39.4	48.9	41.5	***44.86***
Concentrate produced (Mt)		1,141	3,203	1,936	6,280
Concentrate grade (%)		25.0	28.3	22.1	***25.79***
Copper produced in concentrate (Mt)		285	907	428	1,620
Concentrates sold (Mt)		0	4,535	2,133	6,668
Payable copper sold (Mt)		0	975	460	1,435

Messina Copper Production: April 2010 to March 2011

Description	**Apr 2010 to Jun 2010**	**Jul 2010 to Sep 2010**	**Oct 2010 to Dec 2010**	**Jan 2011 to Mar 2011**	**Total *Average***
Ore processed (Metric tonnes (“Mt”))	146,052	173,312	182,013	131,604	632,981
Cu grade (%)	1.22	1.24	1.39	1.68	***1.37***
Recovery Cu (%)	34.1	55.0	49.1	50.1	***47.75***
Concentrate produced (Mt)	2,641	5,274	5,829	5,034	18,778
Concentrate grade (%)	23.0	22.4	21.4	22.0	***22.06***
Copper produced in concentrate (Mt)	607	1,183	1,246	1,107	4,143
Concentrates sold (Mt)	2,300	5,214	5,178	6,349	19,041
Payable copper sold (Mt)	482	1,113	981	1,266	3,841

The table below sets out estimates of proven and probable mineral reserves and additional inferred mineral resources at the Mowana Mine. 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 Mine, 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 its 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.

Proven & Probable In-Pit Mineral Reserves and In-Pit Inferred Resources at a 0.25% Cut-off as at 6 August 2009

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	8.27	1.25	103,381
Probable Reserves	3.15	1.61	50,644
Sub Total	11.42	1.35	154,025
In-pit Inferred Resources	2.56	1.20	36,640

*Rounding of Figures may result in minor computational discrepancies

These reserves have been re estimated allowing for depletions due to mining between the period August 2009 and 31 March 2011. The changes in the Reserves are due to depletions only. During the period under review, there hasn't been any infill diamond drilling to upgrade or downgrade Mineral Reserves.

The only sampling taking place, blastholes and ripping channels across the orebody, is solely for grade control and do not meet the minimum requirements to be used for Mineral Resource Evaluation.

Proven & Probable In-pit Mineral Reserves and In-pit Inferred Mineral Resources at a 0.25% Cu cut-off as at 31 March 2011:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	7.46	1.26	93,970
Probable Reserves	3.14	1.60	50,179
Sub Total	10.60	1.36	144,080
In-pit Inferred Resources	2.51	1.20	30,127

*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.

During the year under review, ACU completed the drilling of a deep borehole north of the current open pit to confirm the existence of mineralization below 500 metres depth. This borehole showed copper mineralization to 1,000 metres depth before passing into footwall lithologies.

A drilling exploration programme commenced in January 2011 to evaluate copper mineralization over a 2km strike length northwards of the current Mowana Open pit. The Mowana orebody is known to extend northwards from previous sparse exploration drilling carried out by Falconbridge exploration during the early 1980's.

It is aimed to complete this drilling programme by end August 2011. Following geological modelling and resource estimation for this area, it is planned to incorporate these results together with geological information/ data from previous drilling programmes, and conduct a pre-feasibility study, aimed at the exploitation of the mineral resources/ reserves, below the current open pit and the strike extension of the orebody, by underground mining methods.

Thakadu Mine

The table below sets out the most recent estimates of probable mineral reserves at the Thakadu Mine. In preparing the original estimates, which appeared in the RSV CPR, RSV reviewed the Company's existing Mineral Resource models for the Thakadu Mine, which were calculated based on assumptions determined to be appropriate by ACU (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 cut-off grade of 0.5% Cu), to evaluate an economic pit-shell based on ACU's existing proposed pit design.

Probable In-Pit Mineral Reserves at a 0.5% cut- off as at 6 August 2009

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	Nil	-	-
Probable Reserves	2.77	2.15	59,477
Sub Total	2.77	2.15	59,477
In-pit Inferred Resources	Nil	-	-

*Rounding of figures may result in minor computational discrepancies

These reserves have been re estimated allowing for mining depletions between the period August 2009 and 31 March 2011. The changes in the Reserves are due to depletions only. During the period under review, there hasn't been any infill diamond drilling to upgrade or downgrade Mineral Reserves.

The only sampling taking place, blastholes and ripping channels across the orebody, is solely for grade control and do not meet the minimum requirements to be used for Mineral Resource Evaluation.

Probable In-pit Mineral Reserves at a 0.5% Cu cut-off as at 31 March 2011:

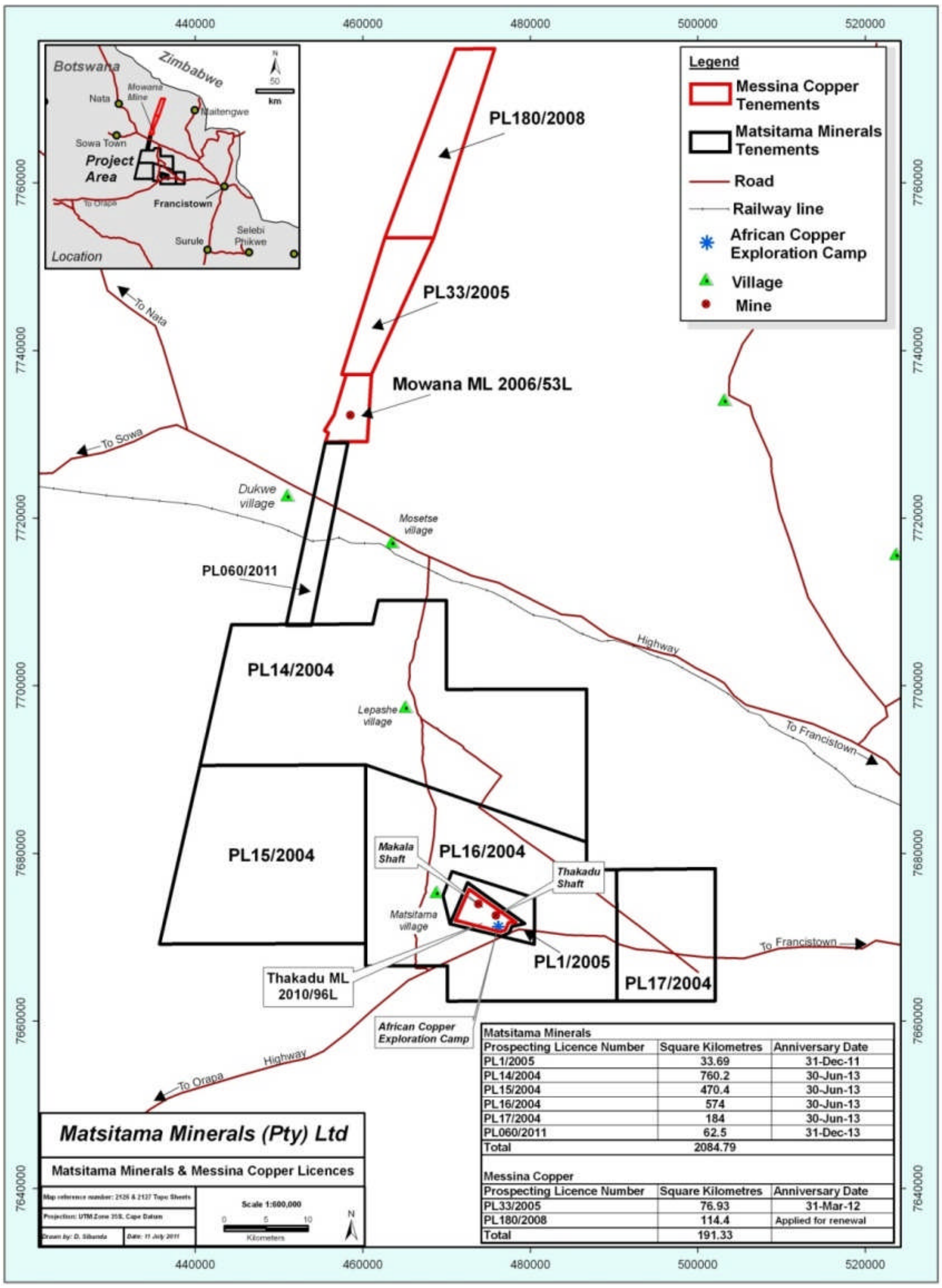
Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	Nil	-	-
Probable Reserves	2.36	2.14	50,584
Sub Total	2.36	2.14	50,584
In-pit Inferred Resources	Nil	-	-

*Rounding of figures may result in minor computational discrepancies

During the period under review a scoping study, looking at the underground exploitation of the Makala deposit, was undertaken by Coffey Mining, of South Africa.

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 mine to the north and the Thakadu mine to the south. The licenses cover much of the highly prospective Matsitama Schist Belt ("MSB") and total 2,084.8km2 in extent.



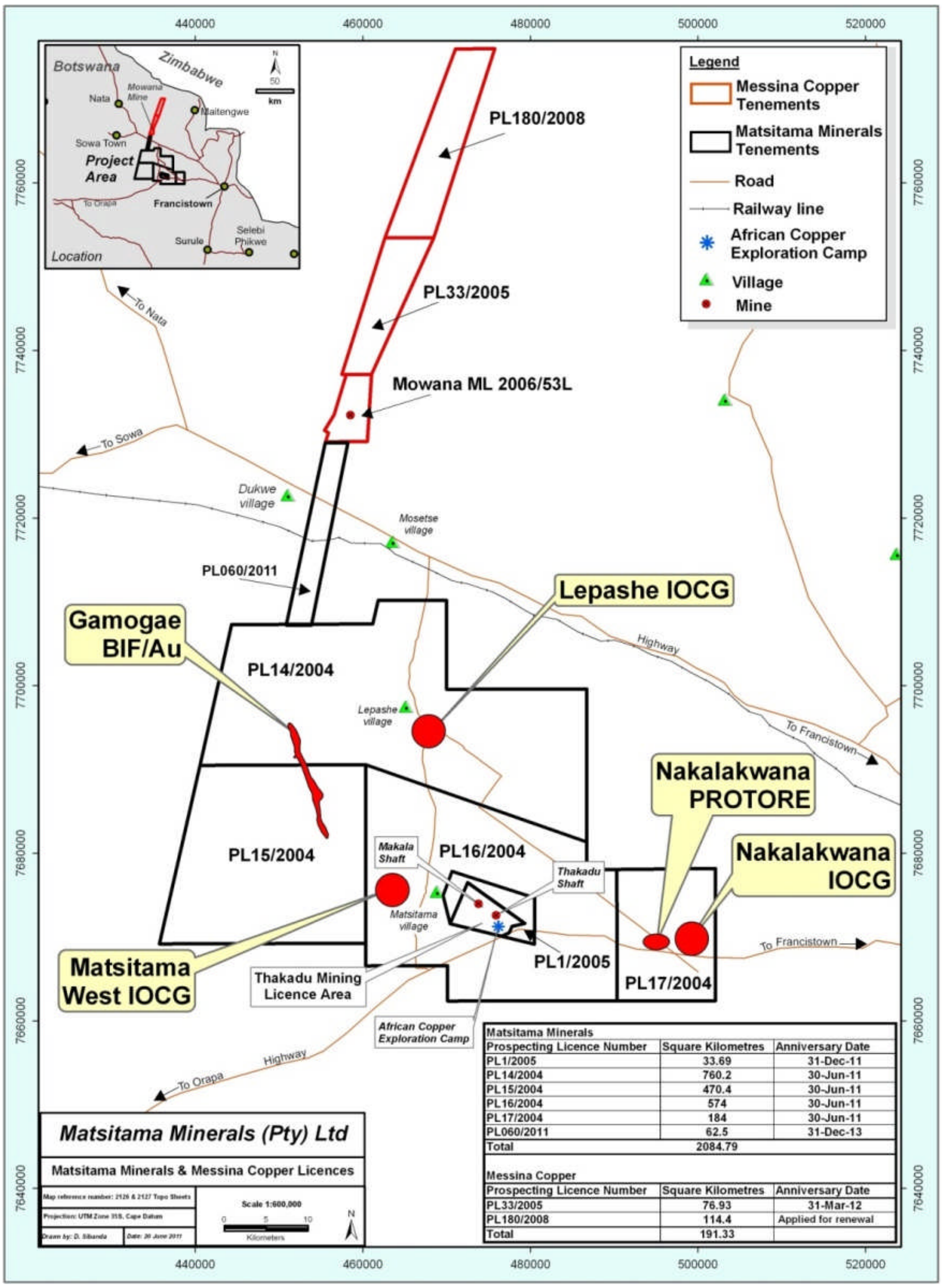
Exploration activities recommenced in the MSB in March 2010 after a hiatus of some 15 months. An experienced exploration manager was hired to oversee exploration activities and the belt was re-examined with fresh "eyes" and from a totally new perspective.

A number of world renowned earth scientists skilled in a range of disciplines were brought into Botswana to assess and evaluate the existing datasets. The international panel applied the latest thinking and generated a number of new, highly prospective, hitherto unexplored targets.

A one year, fast-track exploration programme was drawn up in June 2010 and USD2.5 million was committed for spending over the upcoming twelve-month period. Fieldwork commenced in the latter half of 2010 and the new ideas and concepts put forward by the panel of international experts were quickly shown to hold true. It was soon realized that intensive field programs spanning a number of years would be required to move the new exploration targets forward so that detailed mineral resource assessments and economic studies, if warranted, could be carried out.

Exploration in the MSB is now 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.

Three highly prospective IOCG targets have now been identified in the MSB, namely the Nakalakwana, Lepashe and Matsitama West targets.



The Nakalakwana target also hosts a pre-tectonic, copper-rich protore of possible basaltic affinity. Resources for the protore have recently been estimated by the MSA Group using historical, unverified drillhole data. The resource estimate was completed in order to guide future exploration activities at Nakalakwana.

In addition, the company is currently evaluating banded iron formation ("BIF") exposures in the Gamogae area for both iron and gold. The BIF can be traced over a distance of 13km. Only the extreme northern portion of the target has been sampled to date.

Results from the current programme were announced on 24 June 2011 and included the following (Tables 1 to 5)

Table 1. Nakalakwana IOCG target

Borehole ID	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)
NTRC02	72	160	88	0.12	0.23
Includes:	95	123	28	0.21	0.69
	98	102	4	0.62	0.90
	99	104	5	0.46	2.42

Table 2. Nakalakwana protore resource estimate

Target	Cut-off (% Cu)	Tonnage (Mt)	Cu (%)	Au (g/t)
Nakalakwana Hill	0.3	18.8	0.52	0.06
	0.0	33.7	0.39	0.05

The resource estimate is based on historical, unverified drillhole data. Consequently, Matsitama Minerals does not consider the estimate to be compliant with modern reporting codes but does consider the estimate to be a reasonable indication of the potential.

Table 3. Matsitama West IOCG target

Grab sample (selection of better assays)	Cu (%)	Au (g/t)	Ag (g/t)
	1.90	0.89	8.66
Gossanous quartz-chlorite schist	0.33	3.71	1.26
	1.74	0.95	6.34

Table 4. Lepashe IOCG target

Grab sample (all samples)	Cu (%)	Au (g/t)	Ag (g/t)
Amphibolite, quartz-haematite breccia	2.14	0.05	3.47
Amphibolite	1.82	0.05	1.07
Quartz-haematite breccia	0.64	0.18	2.06

Table 5. Gamogae BIF target

Grab sample (35 samples)	Fe (%, lowest value)	Fe (%, highest value)	Fe (%, average value)
BIF, Fe-rich quartzite	10.4	41.0	26.6

Four key exploration licenses, namely PL's 14/2004, 15/2004, 16/2004 and 17/2004, were set to expire on 30 June 2011. All four licenses, which total 1,988.6km2 in extent, have now been extended by the Botswana government for another two years. Detailed exploration activities have been planned for the upcoming two-year period and budgets determined accordingly.

Expenditures

Exploration expenditures to 31 March 2011 are detailed below. Note that drilling costs for Q1/2011 will reflect in Q2/2011.

Description	Quarter (BWP) Jan – Mar 2011	YTD (BWP) Apr 10 – Mar 11
Manpower	679,431	2,577,662
Exploratory Drilling		1,217,729
Geological Consulting	1,246,392	3,204,051
Geophysics	82,991	380,456
External Assays	157,145	192,639
Field Equipment		43,500
Operations & Admin	555,193	1,266,499
Fuel	4,619	57,654
Exploration & Camp Assets	57,106	676,559
Grand total:	2,782,877	9,616,749

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

Quality Assurance and Quality Control

Exploration programs carried out by Matsitama Minerals are done so under the direction of Warwick Bullen, M.Sc., Pr.Sci.Nat., Exploration Manager – Matsitama Minerals. Warwick Bullen is a Qualified Person for the purposes of NI 43-101, and a Competent Person for the purposes of SAMREC and JORC. Exploration data is acquired by Matsitama Minerals and its consultants under strict quality assurance and quality control protocols. Samples are prepared and assayed at ALS Chemex laboratory located near Johannesburg, South Africa. All gold assay values are accredited in accordance with the recognized International Standard ISO/IEC 17025:2005. All copper samples assaying at >0.2% Cu are re-assayed using the ALS Chemex Cu-OG62 method and these sample assays are similarly accredited. On-site quality control procedures follow industry standard protocol

Summary of environmental management and funding

Prior to the start of mining operations by ACU at the Mowana Mine and more recently at the Thakadu Mine, Environmental Impact Statements and Environmental Management Plans were prepared by external consultants; and accepted as part of the successful application for a mining licence at the Mowana deposit in 2006 and for the interim mining licence at the Thakadu deposit in December 2010.

While the impact statements and management plans included decommission/ closure plans for the operations, recent activity has focused on more detailed mine closure plans to address possible closure scenarios.

A preliminary or conceptual mine closure plan is typically developed during the early stages, following the start of mining operations. This must then be updated every 5th year, or where there are major changes in the operations. The plan remains preliminary until the 3rd year before the end of the Life of Mine Plan, at which stage a detailed plan must be developed and implemented as soon as mining operations stop.

The Botswana Department of Mines is currently in the process of amending the Mines and Mineral Act to make provision for mine closure and rehabilitation, as well as funding for these activities. The new provision will require mine closure plans to be developed and updated regularly, and for financial provision to be updated annually.
In terms of the proposed amendment of the Mines and Minerals Act the closure plan shall include:

- A description of the mine site rehabilitation, and closure objectives, and how these relate to the mining operations and its environmental and social setting.
- A map showing the land or area covered under the plan.
- A description of the methods to undertake progressive rehabilitation of the mine site.
- A description of the methods to decommission the mining operations.
- Details of long term maintenance and management required.
- Details of the proposed mine site rehabilitation, and closure, and financial provision; to include post closure monitoring and maintenance.
- A description of the proposal and arrangement for final and future land use.
- A record of stakeholders consulted in formulating the mine site rehabilitation and closure plan.

The 2010 Mowana/ Thakadu Mines closure liability review focused on escalation of rates and updating facilities that were not included in the original 2006 cost estimations. This has resulted in closure costs amounting to BWP 48,648,276, inclusive of Preliminaries & Generals and contingency.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the forty-first Annual General Meeting of the shareholders of ZCI Limited will be held at the Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünewald, Luxembourg on Wednesday, 28 September 2011 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 2011.

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

2.1 T Kamwendo
2.2 KL Bergkoetter
2.3 S Simukanga
2.4 E Hamuwele
2.5 MM du Toit
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 11 - 13 of the annual report.

3. To elect the following directors of the Company as the members of the audit committee of the Company until the conclusion of the next AGM of the Company:

3.1 E Hamuwele
3.2 S Simukanga
3.3 MM du Toit;

Refer to pages 12 - 13 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 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, including, but not solely limited to the entry into the Term Loan Agreements with African Copper Plc and its subsidiaries, the Agreement with Ndola Lime Company Limited and the Intercreditor Deed with The Standard Bank of South Africa Limited/Stanbic Bank Zambia Limited.

5. To approve the remuneration of the directors for the period ended 31 March 2011 as disclosed in the Company's annual financial statements and the annual 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 2012 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 annual report of which this notice forms part as set out below:

- Directors and management – page 28;
- Major shareholders of the Company – page 24;
- Directors' interests in securities – page 29; and
- Share capital of the Company – page 59.

Litigation statement
The directors, whose names are given on page 29 of the annual 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 29 of the annual 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 annual 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 Monday, 26 September, 2011.

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 annual report.

By order of the board of directors

John Kleynhans
Company Secretary
26 August 2011

ZCI Limited
Administration

Bermudian registration number 661:1969
South African registration number 1970/000023/10
JSE code: ZCI
ISIN: BMG9887P1068
Euronext share code: BMG9887P1068

Directors
T. Kamwendo *(Chairman)*
S. Simukanga (*Lead Independent Director*)
D. Rodier
S. Georgala
M. Clerc
E. Hamuwele
M.M. du Toit
K.L. Bergkoetter (*Financial Director*)

Company Secretary
J Kleynhans

Registered Office
Clarendon House
2 Church Street
Hamilton
Bermuda

Website
www.zci.lu

Transfer Secretaries

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

In the United Kingdom
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
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

South African Sponsor
Bridge Capital Advisors (Pty) Limited
2nd Floor, 27 Fricker Road
Illovo, 2196
South Africa