ZCI Limited

Integrated Annual Report
for the year ended 31 March 2014

WHO WE ARE

ZCI Limited ("ZCI") is a holding company of a copper producing and mineral exploration and development group of companies. ZCI is incorporated in Bermuda with its ordinary shares being listed on the Johannesburg Stock Exchange ("JSE") and on Euronext. ZCI owns 73.44% of the ordinary shares in African Copper Plc ("ACU") which is a base metals company, incorporated in England and Wales. ACU's ordinary shares are listed on the AIM market of the London Stock Exchange ("AIM") and on the Botswana Stock Exchange ("BSE") (collectively referred to as "the Group").

WHAT WE DO

The Group's main project, through its subsidiary Messina Copper (Botswana) (Pty) Ltd ("Messina"), includes the copper-producing open pits at the Mowana pit and Thakadu pit, and the Mowana plant (collectively referred to as the "Mowana Mine") which are all located close to Botswana's second largest city, Francistown, in the north-eastern part of the country. We employ 342 permanent people and up to 398 contract employees across our mining and exploration operations in Botswana.

OUR VISION, MISSION AND VALUES

ZCI's vision is to be a leading mining investment company in Southern Africa with the mission to return long-term value to shareholders and other stakeholders. Through our investment in ACU this translates into a vision to be the leading copper producer in Botswana with the mission to responsibly and efficiently explore, mine and process ore to produce quality copper concentrate and increase shareholder value. To achieve this we value: "*Respect*" - for policies, procedures, practices, and one another; "*Integrity*"- honesty, and consistency in application of set rules, regulations, and procedures; "*Teamwork*" - working together to achieve goals and seeking common understanding; and "*Accountability*" - commitment to our goals, responsibility for tasks at hand, and ownership of work and strategies.

CONTENTS OF THIS REPORT (page number)

ABOUT THIS REPORT	
Integrated reporting approach	(3)
Assurance and comparability	(3)
Report approval	(4)
Forward looking statements	(4)
Contact us	(4)

PERFORMANCE HIGHLIGHTS	
Key highlights of the 2014 integrated report	(5)

ORGANISATIONAL OVERVIEW AND BUSINESS MODEL	
Group structure	(6)
Geographic location	(7)
Shareholders analysis	(8)
ZCI's business model and value creating activities	(9)

OPERATING CONTEXT AND STRATEGY	
Management and governance structures	(11)
Our key stakeholders	(11)
Our strategic objectives	(15)
Material issues affecting our strategic objectives	(16)

PERFORMANCE REVIEW	
Chairman's report	(22)
Chief executive officer's report	(25)
Operational review	(28)
Mining and mineral reserves	(30)
Sustainability and environmental management	(37)

CORPORATE GOVERNANCE	
Governance	(41)
Risk Committee report	(50)
Remuneration Committee report	(52)
Audit & Finance Committee report	(53)
Nominations Committee report	(54)

FINANCIAL STATEMENTS	
Directors' responsibility statement	(56)
Independent auditor's report	(57)
Annual Consolidated Financial Statements	(58)

ANNUAL GENERAL MEETING	
Notice of the Annual General Meeting	(105)

ADMINISTRATION	
Administration details	(109)

ABOUT THIS REPORT

Integrated Reporting Approach

This is ZCI's third integrated annual report (the "Integrated Report" or the "Report") and combines data relating to the sustainability, operational and financial aspects of the company's activities during the financial year ended 31 March 2014. ZCI recognises that its stakeholders, described on page 11, play a key role in its value creation and has therefore produced this integrated annual report for them. It provides a comprehensive review which ZCI hopes will enable them to make informed assessments about the company's ability to create and sustain value. The last integrated annual report was published for the financial year ended 31 March 2013.

The Report covers the operations at a Group level to include the activities of African Copper plc ("ACU") in which ZCI holds a controlling interest, as well as the mining activity of the subsidiaries of ACU (collectively the "Group" or the "ZCI Group"). Key issues have been identified in line with accepted best practice, and the issues regarded as being most material for the Group, the environment and the company's stakeholders are shown on pages 16 to 21.

This report is designed to be user friendly. Where we say "ZCI", "the Group", "we" and "our", we refer to the ZCI Group as a whole.

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

Reporting principles and frameworks	Applicable sections
The International Integrated Reporting <IR> Framework	Integrated Report structure and content
International Financial Reporting Standards ("IFRS")	Annual financial statements
Global Reporting Initiative G3 ("GRI")	Sustainable development content
SAMREC code	Review of mineral resources and reserves
JSE Limited ("JSE") listing requirements	Throughout the report
King Code of Governance Principles("King III")	Corporate governance

Assurance and comparability

The principles of the 2014 integrated report are largely consistent with that of previous two years, and include enhancements to align with the International <IR> Framework launched on 9 December 2013 by the International Integrated Reporting Council ("IIRC"). To ensure ease of reference and comparability, the structure and content of this year's report were also kept largely consistent with those presented in the prior two years. In line with our commitment to meaningful disclosure, we aim to provide a balanced and material assessment of ZCI's strategic position and performance to enable all our stakeholders to properly assess our Company and understand how ZCI uses its "capital" to create and sustain value.

We see this reporting as an evolving process and aim to enhance disclosure each year, as we deem appropriate. Management's interpretation of materiality has been applied in determining the financial and non-financial content and disclosure in this Report. See page 16 for further information on how materiality is determined.

In conformance with the King III Code of Governance principles, the Board requires its Audit and Finance Committee to ensure the integrity of this Integrated Report before its public release. The Board Audit and Finance Committee has oversight over the integrated report.

External assurance in this Report has been undertaken with respect to the consolidated group financial statements by ZCI's independent external auditor, KPMG Inc. (South Africa) ("KPMG" or the "External Auditor"). The annual consolidated financial statements and accompanying independent auditor's report can be found on page 56 to 104. The Mining and Mineral Reserves section of the Report has been reviewed and approved by Mr David De'Ath, who is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC codes, and the Resident Geologist of Messina Copper (Pty) Ltd.

Report approval

It is the ZCI Board of Directors' (the "Board's") responsibility to ensure the integrity of the Integrated Report. Accordingly the Board applied its mind to the Integrated Report and in its opinion; the Integrated Report addresses all material issues, and presents fairly the integrated performance of the Group and its impacts. The Board authorised the Integrated Report for release on 14 July 2014.

Forward looking statements

This report contains some forward-looking statements which ZCI believes to be reasonable at the time of the report's compilation. Changes in market, economic and social conditions, the regulatory environment and other factors could however render our assumptions incorrect, and no statement in this report should be taken as a guarantee of future performance.

Contact us

In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome feedback from our stakeholders on the content and format of our reports. Please direct any feedback to the Company Secretary whose contact details can be found on our website at www.zci.lu.

KEY HIGHLIGHTS OF THE 2014 INTEGRATED REPORT

Record production levels in May 2013
Read more on page 25 & 28

- Ore processed 748,911 Mt (2013: 801,901 Mt)

Copper produced in concentrate 5% higher than 2013
Read more on page 25

- Copper produced in concentrate of 9,951 Mt (2013: 9,496 Mt)

Year-on year revenue stable despite decrease in copper price
Read more on page 58

- Decreases in average copper prices were largely offset by increases in production levels and operational improvements, limiting decrease in revenues of 2.86% to US$58.7 million (2013: US$ 60.5 million)

Increase in recovery
Read more on page 10, 23, 25 & 28

- Recovery increased from 66.5% the previous year to 80.6% for the current year, reflecting the increasing amounts of Thakadu sulphide ore processed

Exceptional safety performance
Read more on page 17, 24 & 25

- Zero fatalities
- Improvement in LTIFR from 0.7 in 2013 to to 0.28 in 2014

Appointment of new mining contractor
Read more on page 24 & 25

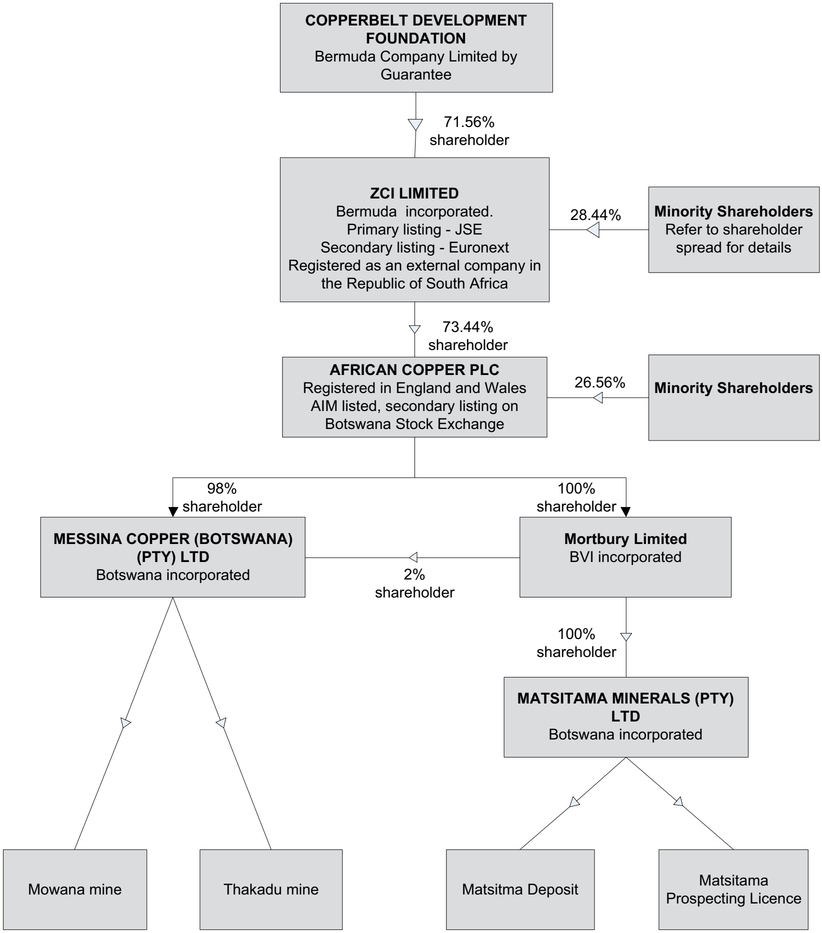
- The Company has appointed a new contractor on a long-term basis, and anticipates more stable operations and an increase in mining productivity for the coming year

Settlement of dispute with iCapital
Read more on page 99

- During the 2014 financial year, the Company and iCapital reached a full and final settlement with regards to the dispute between the parties

ORGANISATIONAL OVERVIEW AND BUSINESS MODEL

Group structure



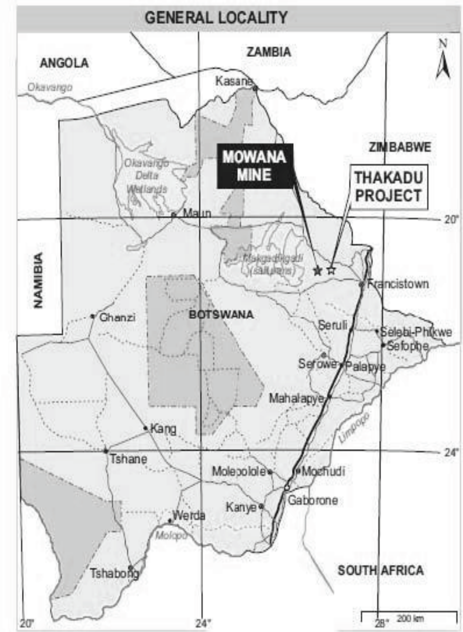
ZCI owns 73.44% (2013: 84.19%) of African Copper plc ("ACU") and has the option (at its election) to convert certain of its shareholder loans into additional ordinary shares in ACU in order to increase its shareholding to up to 76.07% of ACU. Both ZCI and ACU are investment holding companies and have no trading activities as such, other than providing financial and strategic support to the two operating subsidiaries.

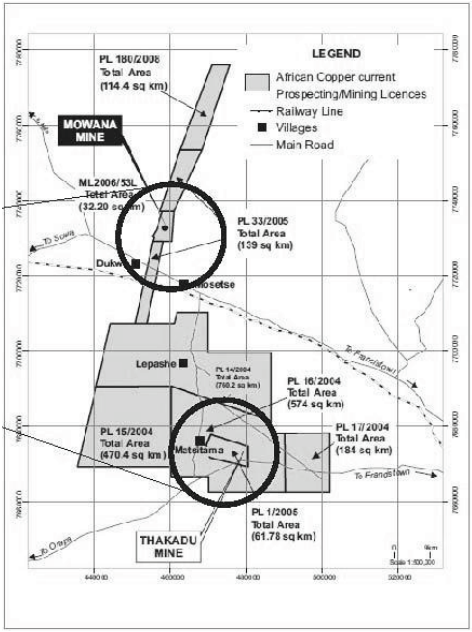
The Group's main project is the Mowana mine with copper-producing open pits at the Mowana pit and Thakadu pit, and the Mowana plant (collectively referred to as the "Mowana Mine"). The Group also, through its subsidiary Matsitama Minerals (Pty) Ltd ("Matsitama") own the rights to the adjacent Thakadu-Makala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

ORGANISATIONAL OVERVIEW AND BUSINESS MODEL

Geographic location

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





ORGANISATIONAL OVERVIEW AND BUSINESS MODEL

Shareholders' analysis at 31 March 2014

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 2014 was:

	Number of ordinary shares	Percentage holding
Non-public shareholders		
Copperbelt Development Foundation	39,845,017	71.56%
Directors' indirect beneficial interest	0	0%
Public shareholders	15,832,626	28.44%
Total	55,677,643	100.00%

At 31 March 2014, the number of public shareholders of the Company was 2,233, and the number of non-public shareholders was 1.

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

	Number of ordinary shares	Percentage holding
Copperbelt Development Foundation	39,845,017	71.56%
Euroclear France S.A.	11,994,011	21.54%
Total	51,839,028	93.10%

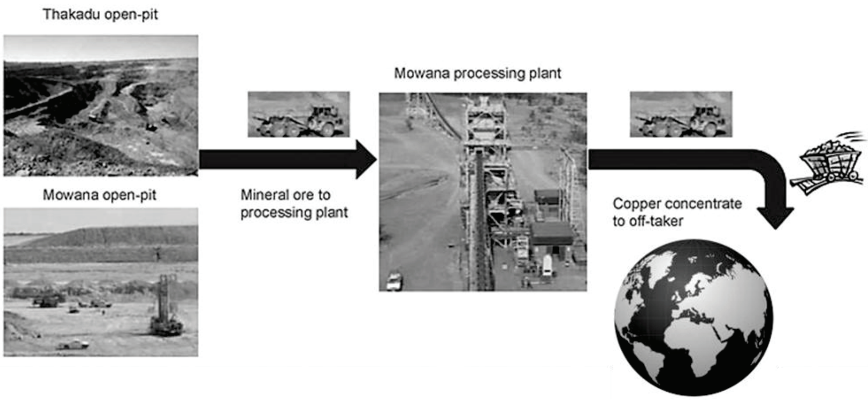
ORGANISATIONAL OVERVIEW AND BUSINESS MODEL

ZCI's business model and value creating activities

ZCI has conducted an analysis of how it uses the 'six capitals' outlined in the International Integrated Reporting <IR> Framework to create and sustain value:

Capital	What it means in terms of our organisation
Financial	Capital investment funding
Manufactured	Infrastructure and asset maintenance
Intellectual	Access to plant and process technology
Human	Attraction and development of skills
Natural	Mine resources and ore reserves, and environmental impact
Social and relationship	Relationships and engagement with our key stakeholders

Below is a high level business model illustration and description which provides a view of our key value creating activities:



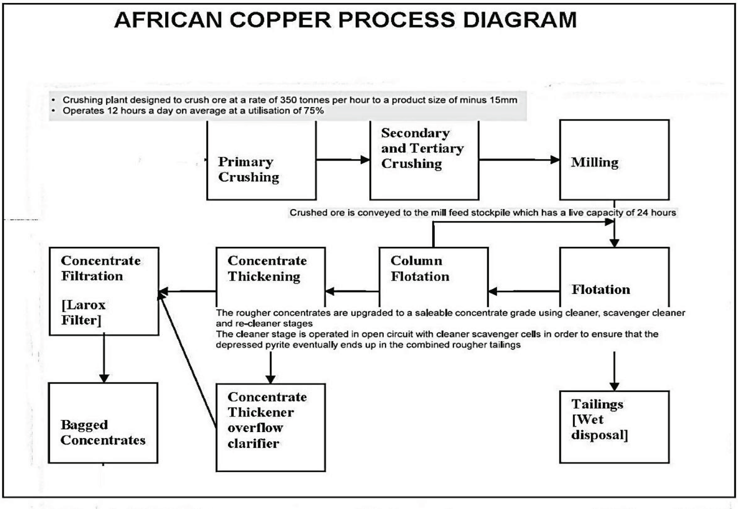
Inputs into the mining activities

The Thakadu open-pit, the Group's high grade copper-silver deposit, lying about 70km from the Mowana processing infrastructure, was the primary source of ore feed during the year. Over the past years the Group has been using small scale mining contractors who, hitherto, have been available in Botswana. These were previously civil and road contractors who upgraded to mining. The success of these small contractors has however been proven at our operations to be varied and generally sub-optimal. Towards the end of the current financial year we have entered into a long term contract with Diesel Power, a division of Buildmax Ltd, a leading provider of opencast mining and mining services to the Southern African mining industry.

During the year under review, mining operations reached below 90 metres depth in the Thakadu open pit, with a corresponding increase in the proportion of sulphide ore mined and processed. From a mining perspective, operations at Thakadu continued to perform below budget during the period under review, largely due to sub-optimal performance of the mining contractor. The appointment of Diesel Power as mentioned above is expected to lead to efficiencies and much improved mining performance in the coming period.

Thakadu's ore is transported by road to the Mowana mine processing facility and shares the Mowana mine infrastructure and management.

Extraction and processing of ore



Our present processing strategy is to maximise copper units through the plant by focusing production on higher grade ore. On average, the plant processed 62,409 tonnes per month during the year compared to 66,825 tonnes in 2013, lower than its design capacity of 90,000 to 100,000 tonnes per month. Intermittent shortages of ore mined , due to poor performance of the mining contractor, meant that stockpiled oxide ore had to be processed on an sporadic basis to augment feed through the plant. Recovery increased from 66.5% the previous year to 80.6% for the current year, reflecting the increasing amounts of Thakadu sulphide ore processed.

Outputs and outcomes from mining business activities

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

Description	Financial year ended 31 March 2014	Financial year ended 31 March 2013
Ore processed (Mt)	748,911	801,901
Cu grade (%)	1.66	1.78
Recovery (%)	80.6	66.5
Concentrate produced (Mt)	42,560	44,041
Copper produced in concentrate (Mt)	9,951	9,496

Exploration

We focused our exploration activities on the Nakalakwana Copper Gold target within prospecting license PL17/2004, Phute Copper Silver target within PL16/2004 and Near Mine Exploration within PL1/2005. A detailed overview of exploration activities can be found on page 28 of this report.

OPERATING CONTEXT AND STRATEGIC INTENT

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

Management and governance structure

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

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

More detail with regard to our Board, Board sub-committees and reporting structures can be found on pages 44 to 55.

Identification of key stakeholders and stakeholder interests

The ZCI Group recognises its stakeholders as all being parties affected by the actions of the Company and the wider operations of the Group. The Board appreciates that stakeholder perceptions affect the Group's reputation. Stakeholder relationships are seen as a fundamental and inseparable component of ZCI's strategic interests and objectives.

The key stakeholder groups of the Group are identified below.

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

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

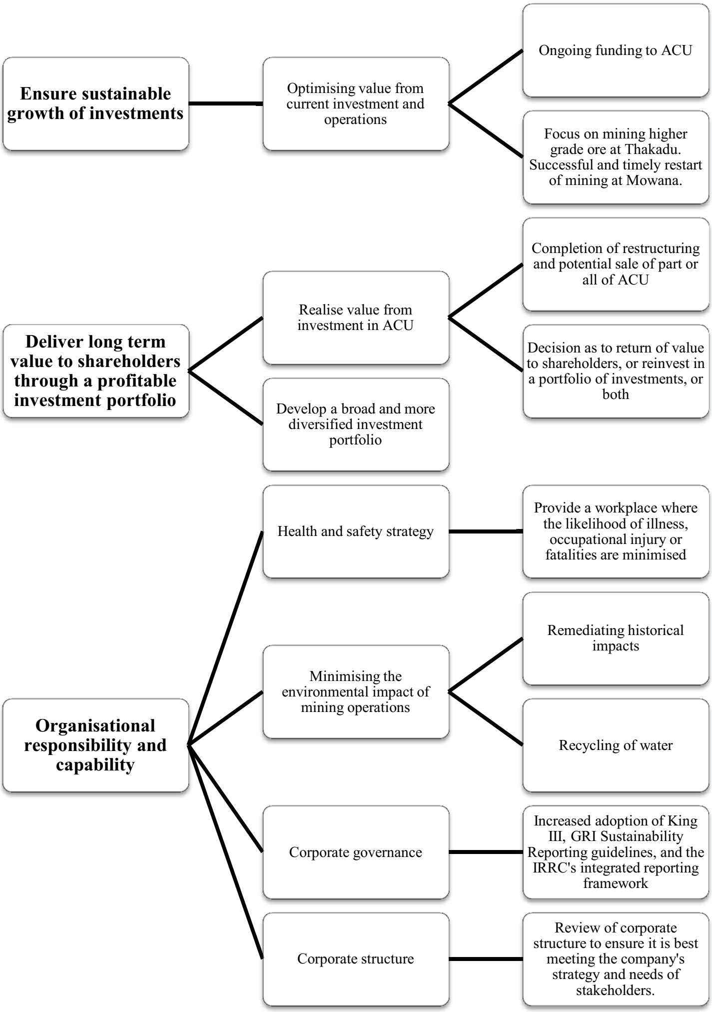
Stakeholder	How we communicate with them	What matters to them	What concerns them	How we respond to their concerns
Key service providers	Weekly meetings with contractor and operations management teams	Payment terms Duration of contracts Input costs	Late payments Short contract duration at Thakadu due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

Strategic intent

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

Our 2013 integrated report stated that a strategic review will take place during 2014 which was expected to be completed towards the latter half of 2013 calendar year. The outcome of the review culminated in the Company embarking on a process to obtain commercial and legal assistance and advice with a view to the potential restructuring of the ZCI Group. Such restructure may include considerations of cost and fiscal effectiveness, strategy, risk, and broad commercial considerations. As at the date of this integrated report the Company was in the process of evaluating and appointing advisors subsequent to a rigorous evaluation process. As such, the strategic themes of ZCI have remained largely unchanged from 2013 during the period under review.

The strategic objectives are outlined and unpacked in the following section and detailed further throughout this Integrated Report.


Ensure sustainable growth of investments
Optimising value from current investment and operations
Ongoing funding to ACU
Focus on mining higher grade ore at Thakadu. Successful and timely restart of mining at Mowana.
Deliver long term value to shareholders through a profitable investment portfolio
Realise value from investment in ACU
Completion of restructuring and potential sale of part or all of ACU
Decision as to return of value to shareholders, or reinvest in a portfolio of investments, or both
Develop a broad and more diversified investment portfolio
Organisational responsibility and capability
Health and safety strategy
Provide a workplace where the likelihood of illness, occupational injury or fatalities are minimised
Minimising the environmental impact of mining operations
Remediating historical impacts
Recycling of water
Corporate governance
Increased adoption of King III, GRI Sustainability Reporting guidelines, and the IRRC's integrated reporting framework
Corporate structure
Review of corporate structure to ensure it is best meeting the company's strategy and needs of stakeholders.

MATERIAL ISSUES AFFECTING STRATEGIC OBJECTIVES

The International Integrated Reporting <IR> Framework defines materiality as: "A matter is material if it could substantively affect the organization's ability to create value in the short, medium or long term." For the purposes of this Report, ZCI considers material matters as those which could have a significant impact on the performance of the Company and its investments in the next one to six year period and its ability to create value from its investments in this timeframe.

Outlined below are some of the key material matters identified by ZCI in the context of how they could impact on the achievement of the Company's strategic objectives. Also identified are some of the activities being undertaken to achieve the Company's strategic aims, mitigate identified risks and provide future opportunities.

Material matter	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Plant reliability, efficiency and maintenance	The plant has undergone significant maintenance work in order to streamline processes and has shown improvement in production but has not yet achieved consistent and uninterrupted production. During the current year this was mostly due to a lack of ore availability. This adds to higher maintenance and operational costs.	Production remains below full capacity. Maintenance costs, caused by major component inefficiencies and design upgrades, were higher than originally anticipated. Productivity is dependent on plant availability.	Staff training Capex to target identified bottlenecks in the crushing circuit. Process upgrades Enhance internal controls Investigate alternative production processes	Training sessions for plant personnel on Milling and Flotation modules. Ensure key spares are kept in stock to minimise downtime. Capex spending on key areas to reach adequate levels.	Change processing strategy to focus on production of higher grade ore. Additional capex investment on the crushing circuit. Staff incentive program linked to production output. Enhanced monitoring of internal control structures and reporting on KPIs.	Average recovery Target: 86.4% Planned output - tonnes milled: 1,027,906 Production target tonnes: Cu 9,828	Actual average recovery: 80.6% (2014) 66.5% (2013) Actual output - tonnes milled: 749,407 (2014) 801,901 (2013) Actual produced tonnes: Cu 9,952 (2014) Cu 9,496 (2013)

Material matter	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Attraction and retention of skilled employees	Retaining and motivating employees especially in the technical and engineering fields remains a concern.	Key knowledge and experience is being lost, fuelled by high global labour demand for technical expertise within the industry.	Employee value proposition and retention mechanism could be enhanced. Training programs to boost skill levels of existing staff.	Key members of staff have been identified and retention bonuses awarded to them. Identify and address staff concerns.	Create a safe and healthy environment for employees, as it is a key factor to retain the best people and knowledge. Incentive programs for key staff members.	No. of technical vacancies	Beginning of the financial year: 5 End of the financial year: 9
						Total staff turnover	2014: 23 employees (13 skilled) 2013: 29 employees (16 skilled)
						Lost time injury frequency rate ("LTIFR")	LTIFR 2014: 0.28 2013: 0.70
						Fatalities	Zero fatalities

Material matter	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Contractor performance and management	The Group utilise contractors to perform its mining. Historically issues have been experienced due to sub-optimal performance by mining contractors. The Thakadu pit ore is nearing depletion. As a result the Group intends to commence full operations at the Mowana pit toward the end of the first half of the next financial year. Executing mining according to plan will be key to a successful restart of Mowana.	Production at capacity is entirely dependent on sufficient ore availability. When forced to process oxide ore and a mix of oxide / supergene ore, lower recoveries are achieved. If the mining contractor performs at the required rate, it enables us to build up stockpiles to achieve the ideal ore mix. The transition to the Mowana open pit will require significant waste stripping to expose the necessary supergene and sulphide ores.	Engage a mining contractor capable of carrying out all pit mining operations including drilling, blasting, load and haul, and pumping operations on a sustained basis. Improved efficiency and enhanced performance by means of effective contract and performance management of the contractor against embedded targets.	Perform thorough due diligence on contractors Robust contractual agreements with embedded performance metrics and account-ability clauses Implement process for contract lifecycle management Regular review of mine plan and performance of contractor against the plan	Appointment of Diesel Power, a division of Buildmax Ltd, a leading provider of opencast mining and mining services to the Southern African mining industry. Thorough mine planning which factors in the required waste stripping and stockpiling to enable execution on the strategy to process higher grade supergene and sulphide ore.	Total Material Moved target: 14,769, 633 tonnes Total Waste Moved target: 13,578,056 tonnes Total Ore Mined target: 1,191,577	Total Material Moved actual: 2014: 7,053,858 tonnes 2013: 7,825,239 tonnes Total Waste Moved actual: 2014: 6,379,220 tonnes 2013: 7,068,204 tonnes Total Ore Mined actual: 2014: 674,638 tonnes 2013: 757,036 tonnes

Material matter	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Shareholder returns and sustainable business	The Company currently has only one investment. The strategic investment plan for the Company included a diversified investment portfolio.	ACU has not been able to repay its loans to ZCI and the desired return on investment has not yet been achieved. The current investment portfolio does not provide other significant sources of income. Achieving consistently profitable production levels may require additional capital investment in the operations.	Broadening the investment base will diversify risk. Continued exploration expenditure. Review of the Group structure to consider how the complexity of the structure can be reduced and compliance risk and costs can be minimised.	The board is continuing to work towards realising the full value of its investment in ACU by exploring a number of alternative options. Strategic reviews to consider simplifying the structure to best match the strategic goals of the Company. The Company continues to provide financial support to ACU. The CEO was re-appointed to continue to be more actively involved with the Group's operations and to drive strategic direction.	The board continues to work towards realising the full value of its investment in ACU. The Board embarked on a process to receive advice on restructuring the Group with broad commercial considerations and to reduce complexity and cost associated with its corporate structure. Review of board structure, reliance on key service providers and executive management team structure.	Net asset value per share ("NAV") Earnings per share Headline earnings per share	NAV 2014: US$0.8 per share NAV 2013: US$1.38 per share 2014: 47.08 US cents (loss) 2013: 5.16 US cents (profit) 2014: 8.71 US cents (loss) 2013: 7.42 US cents (profit)

Material matter	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Environmental impact of mining activities	Mining operations and potential impact on the environment	The impact of mining on the surrounding environment could have irrecoverable damage.	Remediate historical impacts. Increase Corporate Social Involvement ("CSI"). Preventative measures for future impacts.	Waste management strategy Corporate Social Investment initiatives initiated. Sewage, Water, Dust and Wildlife management	Initiatives commenced around domestic waste, scrap metal removal, hydrocarbon waste and clinical waste management	Domestic waste removed	2014: 150m3 at cost of US$67,000 2013: 115m3 at cost of US$62,000
					Initiatives around sewage management, rainwater harvesting, use of waste water in agriculture, dust suppression on haulage roads and dust analysis.	Hydrocarbon waste removed	2014: 8,000 litres contaminated water & 72 drums of grease at cost of US$21,000 2013: 34,000 litres of contaminated water & 22 drums of grease at cost of US$12,000
					Various forms of scrap were donated to institutions.	Scrap metal removed	2014: 34 tonnes, revenue of US$3,500 2013: 338 tonnes, revenue of US$34,000
						No of direct CSI scrap donation beneficiaries	2014: One beneficiary 2013: Two beneficiaries

Material matter	Context	Why it is material	Opportunities	Risk mitigation	Strategic response	Key performance indicators (KPI's)	Performance against KPI's
Environmental impact of mining activities (continued)	(Continued from previous page)					Water management and Sewage management projects and expenditure	2014: Two projects in progress, expected cost of US$30,000 and one project in pre-feasibility phase 2013: Two projects completed at costs of US$16,000
				Progressive rehabili-tation.	Progressive rehabilitation initiated with re-vegetation activities.	Rehabilitation and re-vegetation projects	2014: One project in progress and one project in initiation phase 2013: One project in progress
				Environ-mental Performance Reporting.	Submit quarterly reports to Botswana Chamber of Mines.	Performance reports submitted	Quarterly reports submitted
				Set aside financial resources to provide for rehabili-tation of the Mowana Mine sites.	Set aside funds for rehabilitation at the rate of reserves depletion to meet estimate obligation.	Annual contribution to designated account at rate of reserves depletion	2014: US$150,000 2013: US$130,000

CHAIRMAN'S REPORT

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

Similar to the previous year when I reported as the Acting Chairman, the period covered remains against the backdrop of a difficult albeit slowly improving macro-economic environment for the junior mining industry, and for ZCI it has again been a period of successes and challenges. Again I have sought to include information to allow our stakeholders to get a clear picture of where we are, what we stand for and where we would like to be as a company. The elements are effective running of the board; corporate governance and compliance achievements; risk and risk management; and our future outlook. I would like to take this opportunity to report on our progress with each of these elements.

Effective running of the board

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

There have been significant changes at a ZCI board level during the year. After the resignation of Edgar Hamuwele on 31 August 2013 from the ZCI board, I was appointed as the new Chairman, effective 26 September 2013. We thank Mr Hamuwele for his contributions to the Company over his years of service. In addition, I would like to welcome Professor John Lungu to the board of ZCI, following his appointment on 30 April 2014.

The continued commitment of Tom Kamwendo as CEO of the Group ensures that the Board is well placed to meet all of our objectives and I am delighted to report that Mr. Kamwendo has been re-appointed as CEO on 6 March 2014 for a further year. I would like to express my gratitude for the strategic focus he brings to the Group and the leadership he has provided during the past financial year as the CEO of ZCI Limited.

The Board met regularly during the year to ensure that it was capable of fulfilling its charter and dealing with the many strategic and risk management issues faced by the Company. During this period our strategic objectives have remained largely unchanged and the Board continues to build on past efforts to ensure that the Company is adequately addressing risks and considering issues of strategic importance.

The Board considers the interests of all shareholders and stakeholders in formulating its policies and strategies.

Corporate governance and compliance

The Board is aware of the need to comply with the JSE Listing Requirements, and remains committed to best practice corporate governance principles appropriate for the size, type and activity of ZCI. In line with the strategic objectives of ZCI, the Board will continue to ensure on-going compliance with regulatory requirements and good corporate governance.

Risks and risk management

In line with King III requirements and the guiding principles outlined in the International Integrated Reporting Council's (IIRC) framework we have sought to provide our stakeholders with relevant and concise information on how risks are managed within the Group.

ZCI's investment in the mining operations of African Copper plc (ACU) has many risks, many of which are common to all mining enterprises. As the drive toward sustainable commercial production levels continues, our risk management focus has been on ensuring that on an operational level, risks are considered in such a way that we have early warning of major risks, and that we mitigate these risks by taking proactive measures to protect against the impact of potential adverse events. While ZCI can exercise little control over world commodity prices and foreign exchange rates, we are confident that the risk management and internal controls in place at ZCI are addressing the key issues under our control.

Global copper market

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

Global economic conditions improved during the year ended March 2014. In the developed markets, Europe experienced a period of relative stability while improvement in the United States' economy steadily continued. Growth in global copper consumption however continues to be closely linked to demand from China - the world's largest copper consumer - and the use of copper as an industrial metal in such applications as buildings, electronics, appliances and automobiles means that demand is sensitive to fluctuations in the global economy. Despite relative stability in copper pricing over the year, growth in copper production and an increase in global copper stocks have exerted downward pressure on pricing during recent months, and even though demand growth is predicted in China and other emerging economies, the expectation is that the global copper market will remain in surplus in the medium term which will lead to downward pressure on global copper prices for the remainder of the financial year.

Improving global economic conditions however are set to support demand growth and we expect the copper market to move into supply equilibrium in the medium term and our positive longer term outlook for copper is underpinned by generally rising strip ratios and grade decline in the existing operations of some of the major copper mines across the globe. A strong copper price will have positive implications for the profitability of the Group's operations.

Botswana

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

Botswana continues to be a politically stable environment for the Group's mining activities when compared to other countries in the region, and over the past decade the mining sector in Botswana has continued to make the largest single contribution to its economy. Botswana consistently outperforms many of its peers in mining policy surveys and governance performance assessments and is internationally lauded for a number of things, including being a model for democracy and political and economic stability, cracking down on corruption and economic crime, and prudent fiscal and monetary policies and management. These policies aim to reduce the vulnerability from its dependence on diamonds by diversifying the export base, and hence the Botswana government continues to emphasise its interest in promoting the non-diamond mining sector. All of this bodes well for the group's principal investments in Botswana.

The Botswana labour regime can be regarded as friendly with limited labour stoppages. Increased investment in Botswana by competitors during the recent past means that the demand for skilled labour remains at high levels. Incentive schemes and training plans are in place within the group to help reduce the impact of skilled labour being attracted to the mining operations of competitors.

Mining operations

Over the past years ZCI has undertaken significant investment in the Thakadu and Mowana mining operations with a view to obtaining self-sustaining levels of production and we continue to believe that our properties provide tremendous opportunities for growth.

This was yet another year of improved operations, and ACU generated slightly higher production of copper in concentrate for the year ended 31 March 2014 compared to the corresponding period last year, and despite lower overall production levels, mainly as a result of sub-optimal contractor performance, ACU achieved good recovery.

Mining has been a major source of inefficiency over the last two years which stemmed in large part from the failure of two consecutive mining contractors to mine at the required levels. I was very pleased with our subsidiary's announcement in March 2014 whereby the Group awarded a new long-term mining contract to Diesel Power Mining (Pty) Ltd. ("Diesel Power") a subsidiary of JSE listed Buildmax Ltd under a mutually beneficial contract. This contract is particularly strategic for the Company as the coming year will see the depletion of the Thakadu mine and a movement of mining operations back to the larger Mowana open pit. We expect improvements to continue through the coming year, supported by a new ACU-contractor relationship which we trust will create significant efficiencies in our mining performance.

The Board and I remain excited and confident in the future of our mining operations and we expect to realise the benefits of our past capital expenditure programme with continuing operating stability and consistent throughput and production levels.

Sustainable development

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

As a company, ZCI takes the environmental impact of mining activities and the mitigation thereof seriously, particularly prevention of contamination of a relatively scarce water supply and avoidance of damage of archaeological sites. We continue to make strides to remediate historical impact, increase corporate social involvement and to implement preventive measures for future impacts. We also continue to ensure that we obtain direct input from the community in the surrounding area with regards to their needs and expectations on the environment and social responsibility, and our sustainability programmes are designed to respond accordingly.

Outlook

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

A lack of diversity in the investment portfolio of ZCI remains one of the key risks faced by the Company. ZCI currently has one major investment being debt and equity held in ACU. The Board is continuing to work towards realising the full value of its investments, and will pursue all relevant opportunities to unlock value and put the Group in a position to build a more diversified investment portfolio providing sustainable growth for its shareholders. As previously reported in our 2014 interim results, ZCI has embarked on a process to obtain commercial and legal assistance and advice with a view to the potential restructuring of the ZCI Group and we hope to report progress in this positive initiative very soon.

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

Prof. Stephen Simukanga

Chairman

14 July 2014

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

I am pleased to present to all ZCI stakeholders the Integrated Report for the year ended 31 March 2014. This Integrated Report details the activities of the Company during the previous period including details of financial and sustainability performance, as well as detailing the many challenges, issues and opportunities for the Company.

Operations

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

One of the key drivers behind my role as CEO remains enabling ZCI to have a greater presence and influence over the mining operations to ensure that full value is being achieved for our stakeholders. I continue to work closely with our management team to help ensure they have the resources available and that production targets can be achieved.

The Group increased its production levels of copper in concentrate and recovery and generated an operating profit from mining operations before impairment charges. However, the Group also recognised a non-cash impairment loss of US$ 31.5 million against our property, plant and equipment, reflecting the excess of the estimated recoverable amount over the previous carrying value, and significantly increasing our overall net loss. For the year ended 31 March 2014, we produced copper in concentrate of 9,951 tonnes, 5% higher than the corresponding period last year, and we achieved record production levels in May 2013 of 1,408 tonnes of copper in concentrate. The improvement was as a result of a significant increase in the production of tonnes of copper in concentrate, mainly due to improved recovery achieved. This improvement was achieved despite a background of poor performance by mining contractors and heavy rains impacting the volume of ore processed during the fourth quarter.

Going forward, we anticipate more stable operations and an increase in mining productivity due to a new long-term contract that was awarded to Diesel Power. The contract commenced during February 2014 with duration of 52 months, of which the first four months will be served at Thakadu and the remaining 48 months will be served at Mowana. Under the terms of the contract, Diesel Power will deploy a highly qualified management team with extensive experience in Africa, and Diesel Power will establish permanent support structures at the Mowana Mine in Botswana.

Overall we remain confident in our Company's future operations.

Exploration

The Group's continued exploration at Matsitama during the financial year focussed on the Nakalakwana area. Exploration expenditure, mainly within PL 17/2004, totalled US$ 1.2 million for the financial year. We anticipate further encouraging progress from our exploration project at Matsitama during the periods ahead.

Safety, Environmental issues and Communities

The Group again achieved a fatality free year. The lost time injury frequency rate (LTIFR), measured as a ratio of lost time injuries per 200,000 man hours worked, decreased from 0.70 in the previous year to 0.28 in the current year which is a also lower than historical averages. We are very satisfied with our performance in this area and proud of our safety achievements, and we will continue to focus on this as an area of utmost importance.

We continue to make progress in our development of environmental management standards and operating procedures. Key aspects of these standards and procedures, as reported in my prior year report, are waste management, water management, dust management, progressive rehabilitation, wildlife management and the related environmental performance reporting to the Botswana Chamber of Mines. We continued to use water from the Mowana Pit and the tailings dam to augment the Dukwi well fields. The water recycled in this way has an important role in minimizing reliance from the groundwater from the well fields. We also carried out procedures to improve sewage and waste management. A project to suppress dust on our haulage roads, by applying calcium chloride on the access road to the Mowana Mine and along the by-pass road of Lepashe village, was implemented which has proven to be very effective.

Strategy

A common theme in the previous three reporting periods was that ZCI is in a period of transition in which the Company is seeking to re-align its investment portfolio with its strategic objectives. This period is still continuing and the overall strategy for ZCI remains largely unchanged.

ZCI's board is continuing to work towards realising the full value of its investment in African Copper and we are considering a number of ways in which this can be achieved. With this in mind, the Board has begun to reassess the Company's strategy and determine key initiatives, activities and processes to achieve these goals. As previously reported, ZCI has also embarked on a process to obtain commercial and legal assistance and advice with a view to the potential restructuring of the ZCI Group. As at the date of this report we have concluded a thorough evaluation process of potential advisors and I hope to report positive progress in the very near term.

Achieving production levels at which the operations of ACU can be financially self-sufficient remains an important goal for ZCI and considerable investments have been made by ZCI and the Group over the past several years to upgrade the Mowana plant infrastructure. At this point in time, we have repaired or replaced most of the major components – this includes the replacement of the primary, secondary, and tertiary crushers, and essentially all of the major mill gear mechanisms; the installation of column cells and a Larox filter; and a transition from a dry tailings system to a wet tailings system. As we look forward to the coming year, we are hopeful that the completion of these new upgrades, together with expected improved performance from our new mining contractor, will allow our operations to run with a stability level requisite for successful production levels and efficiencies.

Risks

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

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

Whilst the board of ZCI is continuing its efforts to realise the full value of its investment in ACU, the Group mining operations will require further investment to support the development of the resource to its maximum level.

From a Group mining perspective, the risk of running a single line plant continues to be one of the Company's main operational risks. This risk has been mitigated by the acquisition of critical spare parts which were delivered during the year. We have also commenced the preparation work at the Mowana pit, which has hitherto been on care and maintenance, to allow for mining operations to commence there again from August 2014. It is essential that the successful restart of Mowana is properly coordinated with the phasing out of the Thakadu pit, which is due to begin over the next nine months. The risk of not mining according to plan is hence a significant operational risk. As such the Board is ensuring that appropriate focus and resources are devoted to achieving these objectives, and we are confident that the appointment of Diesel Power is a positive mitigating step.

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

Conclusion

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

I would like to take this opportunity to extend my appreciation on behalf of the Company to the hard working and dedicated management and operations staff at the Mowana and Thakadu operations and at the Matsitama project for their outstanding efforts and commitment to the Company's success. I would also like to acknowledge the efforts and efficient service of our service providers. Finally, special thanks go to the Chairman and all of the Directors of ZCI for their support and guidance.

Thomas Kamwendo

CEO

14 July 2014

OPERATIONAL REVIEW – MINING AND EXPLORATION ACTIVITIES

Mowana Mine and Process Plant

During the year under review we continued our progress towards achieving stable operations at our Mowana mine facilities in north-east Botswana, and maximizing our return from our Thakadu pit. Thakadu is our higher grade copper-silver deposit, lying about 70km from the Mowana processing infrastructure. Thakadu's ore is transported by road to the Mowana mine processing facility and it shares the Mowana mine infrastructure and management.

For the year ended 31 March 2014, we produced copper in concentrate of 9,951 tonnes, 5% higher than the corresponding period last year, and we achieved record production levels in May 2013 of 1,408 tonnes of copper in concentrate.

During the year under review, mining operations reached below 90 metres depth in the Thakadu open pit, with a corresponding increase in the proportion of sulphide ore mined and processed. However, we experienced production delays for 15 days at the start of the year, and intermittent shortages of high grade sulphide ore from Thakadu, directly attributable to the mining contractor's poor performance in carrying out the waste stripping required to expose high grade sulphide ore. Because of the shortfall, we processed a greater volume than anticipated of stockpiled Thakadu oxide ore and of mixed oxide/supergene ore from the Mowana open pit. During the fourth quarter, the volume of ore processed fell progressively as a result of heavy rains, with frequent flooding of the Lepahe River on the ore transportation route.

As a result of these production challenges, we processed 748,911 tonnes of ore in 2014 compared to 801,901 tonnes in 2013 – a 7% decrease – with most of the ore processed during the year coming from the Thakadu pit with an average grade of 1.66%; in 2013, the average grade was 1.78%. Average recovery increased to 80.6% from 66.5% in 2013, with the later months of the financial year recording substantially higher recoveries. At Mowana, oxide ores provide recoveries of approximately 60%, whereas supergene ore recoveries are approximately 80%.

Our operating costs per tonne remained above budgeted levels. Maintenance costs, caused by major component inefficiencies and design upgrades throughout the plant, were higher than we originally anticipated. On average, the plant processed about 62,409 tonnes per month during the year compared to 66,825 tonnes in 2013, lower than its design capacity of 90,000 to 100,000 tonnes per month.

We successfully installed a new primary crusher over a five day period at the start of July, requiring some plant downtime during subsequent weeks. Once installed, the new crusher resulted in a marked improvement in availability and potential throughput in the crushing circuit. We also successfully installed a new mill pinion and girth gear over a ten day period in November 2013. With these improvements in place, and after engaging Diesel Power, we expect more stable conditions to continue throughout the current year and for recovery to remain above 80%.

The following table summarizes the mine's performance during 2014 compared to 2013:

Description	Jan to March 2014	Jan to March 2013	FY[1] 2014	FY[2] 2013
Ore processed (Mt)	163,391	164,588	748,911	801,901
Cu grade (%)	1.71	1.67	1.66	1.78
Recovery (%)	90.2	88.2	80.6	66.5
Concentrate produced (Mt)	9,944	11,358	42,560	44,041
Copper produced in concentrate (Mt)	2,515	2,429	9,951	9,496

(1) 12 months ended 31 March 2014
(2) 12 months ended 31 March 2013

During the year we spent approximately US$ 7.7 million on capital expenditure upgrades at the plant and capitalized deferred stripping costs at Thakadu. The major areas of expenditure at the plant, including expenditures on future projects, were as follows:

- a primary crusher to increase throughput and plant availability;
- new mill pinion and girth gear;
- upgrades to conveyors and pumps – these are ongoing and will help sustain stable plant operations;
- automated bagging of concentrates to reduce cost - this is at the design stage; and
- treatment of tailings to recover locked-in copper - this is at the test-work stage

To accelerate the shift to the higher-grade Thakadu sulphides, we suspended our mining activities at the Mowana open-pit during the 2012 financial year, and the Mowana mining fleet moved to Thakadu. We plan to recommence full mining activities at the Mowana pit in August 2014. Our mining schedule has been designed to provide sufficient time to perform the required waste stripping necessary to expose supergene ore for processing after the reserves at Thakadu are depleted, which we expect to be in February 2015. At Mowana, oxide ores provide recoveries of approximately 60%, whereas supergene ore recoveries are approximately 80%. We therefore plan to stockpile the oxide ore encountered at higher levels of the mine and to process the supergene ore as a priority. This will also reduce our reliance on costly chemical reagents for treating oxide ores, which is a significant mining expense.

During February 2014 a new pit design for Mowana was completed.

Thakadu Open-pit

Thakadu is the Group's high grade copper-silver deposit, lying about 70km from the Mowana processing infrastructure. Thakadu's ore is transported by road to the Mowana mine processing facility and shares the Mowana mine infrastructure and management. From a mining perspective, operations at Thakadu continued to perform below budget during the period under review

The engagement of a new mining contractor during last quarter of the 2013 financial year resulted in a temporary improvement in load and haul operations through to August 2013 when volumes mined decreased rapidly due to equipment availability and maintenance issues. Blast hole drilling operations improved slightly during the year under review with two drilling contractors doing the bulk of the drilling augmented by a single African Copper rig.

The decision was taken in late 2013 to engage a mining contractor capable of carrying out all pit mining operations including drilling, blasting, load and haul, and pumping operations on a sustained basis. Diesel Power from South Africa was engaged during the last quarter of the year under review and started operations in April 2014.

Exploration

We focused our exploration activities on the Nakalakwana Copper Gold target within prospecting license PL17/2004, Phute Copper Silver target within PL16/2004 and near mine exploration within PL1/2005. No physical work was done in PL14/2004, PL15/2004, except for desktop studies looking at possible future programmes when funding is made available.

Exploration programme around Thakadu near mine targets covered ground magnetometry survery of the area south of Thakadu mine. This work assisted in structural interpretation of the area around Thakadu deposit and assisted in targeting potential trap-sites for copper mineralisation. Trenching was completed on Thakadu near mine copper soil anomaly target and this exposed uneconomic mineralised quartz carbonate lenses within the hanging-wall succession of Thakadu deposit. Seven diamond drill boreholes were drilled to test these lense and intersected uneconomic copper mineralisation. Trial open pit mining was started at Makala to recover ore resources on the top 50m below surface.

The exploration programme covering the Nakalakwana Copper Gold target (PL17/2004) and Phute Target (PL16/2004) was comprised of drilling eight diamond drill boreholes with a total of 2,441.11m to test copper and gold mineralisation along the hematite, magnetite, sericite, and k-feldspar alteration zone. These boreholes intersected an extensive hematite-magnetite quartzites redrock, of which two intersected minor copper gold mineralisation. Multi-element soil sampling was undertaken on the Nakalakwana South gravity anomaly covering Phute Target (PL16/2004 and PL17/2004), with limited trenching undertaken at Phute Target to further define drilling targets.

The Nakalakwana Hill Protore deposit resource estimate was completed by SRK during this financial year resulting in 6.8 million tonnes at 0.48% Cu of Indicated Resource and 3.1 million tonnes at 0.42% Cu of Inferred Resource.

Exploration expenditure totalled US$1.2 million for the financial year.

We continue to enjoy a very productive relationship with the Botswana Government. In the normal course we have exploration and prospecting licences which come up for renewal from time to time. We are very encouraged by the results of our exploration work and our current intention is to continue to seek renewal of all our existing licences as and when required since the work done to date has confirmed our interest in and potential of the underlying properties.

MINING AND MINERAL RESERVES

The Group has commissioned David De'Ath to undertake a review of the Group's Mineral Resources and Mineral Reserves and to provide updated estimations for 2014. Mr. De'Ath is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC codes and is recognised as a competent person to sign off on the mineral resources and reserves disclosure in the South African jurisdiction. This mining and mineral reserves statement is provided in compliance with the company's disclosure obligations as set out in 8.63(l) of the JSE's Listing Requirements, and it complies with the South African Code for Reporting Mineral Resources and Mineral Reserves (the SAMREC Code).

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

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

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

Mowana Pit

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

Proven and probable In-pit Mineral Reserves and In-pit Inferred Mineral Resources at a 0.25% Cu cut-off as at 31 March 2014:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	7.24	1.27	92,002
Probable Reserves	3.07	1.61	49,686
Sub Total	10.31	1.37	141,688
In-pit Inferred Resources	2.41	1.22	29,345

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

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

No mining activities have taken place at the Mowana Pit since March 2012. At this time mining equipment was transferred to Thakadu Pit to facilitate access and mining of the higher grade sulphide ore available at this operation. Mining activities are currently expected to resume at Mowana during August 2014.

Thakadu Pit

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

These reserves have been re-estimated allowing for mining depletions between the period August 2009 and 31 March 2014.

Probable In-pit Mineral Reserves at a 0.5% Cu cut-off as at 31 March 2014:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	Nil	-	-
Probable Reserves	0.60	2.03	12,225
Sub Total	0.60	2.03	12,225
In-pit Inferred Resources	Nil	-	-

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

Matsitama Minerals

Matsitama Minerals holds title to six prospecting licenses ("PL's") in east-central Botswana, 60km to 90km west of Francistown. The PL's are contiguous with the Mowana pit to the north and the Thakadu pit to the south and cover much of the highly prospective Matsitama Schist Belt ("MSB"), totalling 2,084.8km^2 in extent. (See Figure 1).

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

Following the extension of PL01/2005 for another two years ending June 2014, trenching activities and reserve circulation drilling of high copper anomalies was done to establish the presence of ore grade mineralization around the Thakadu Pit. Five diamond drill holes have also recently been completed in the vicinity of the Thakadu Pit (see Figure 3). The boreholes drilled in this exploration campaign intersected sub-economic copper mineralisation hosted in several quartz carbonate lobes on the hanging-wall side of the high grade Thakadu main lobe. Further exploration is required in the vicinity of Thakadu and Makala to identify additional resources.

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

Exploration spend of US$2.1 million was used in the 2013 financial year, drilling 8 eight cored boreholes in the Greater Nakalakwana KBICG target to determine Cu-Au mineralisation in ferruginous quartzites. Results of the drilling continue to be encouraging with some copper mineralization intersected, and has led to a better understanding of the area which will help to determine further follow up work.

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

The Lephase IOCG target still remains a priority target in MSB and will only be committed for further work depending on final results from the Nakalakwana area (Figure 6).

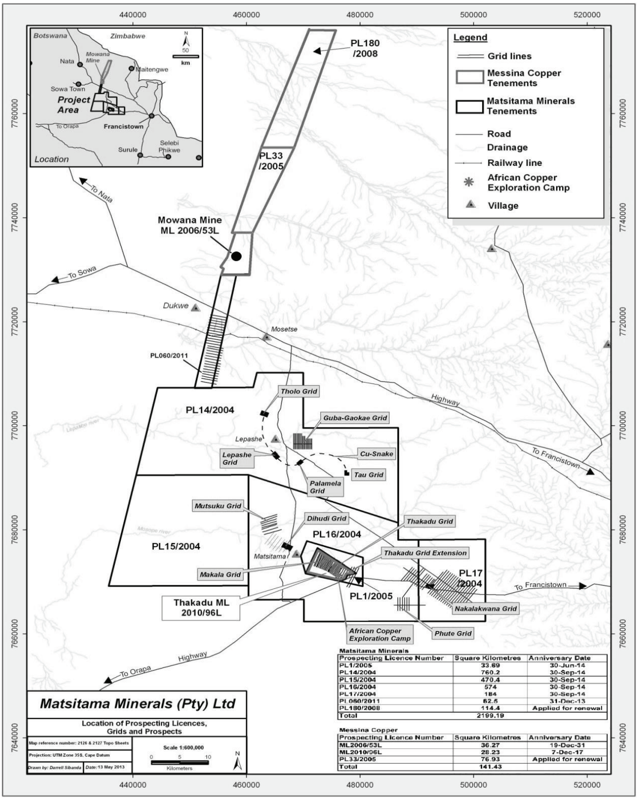


Figure 1: Location map of Matsitama Licenses.

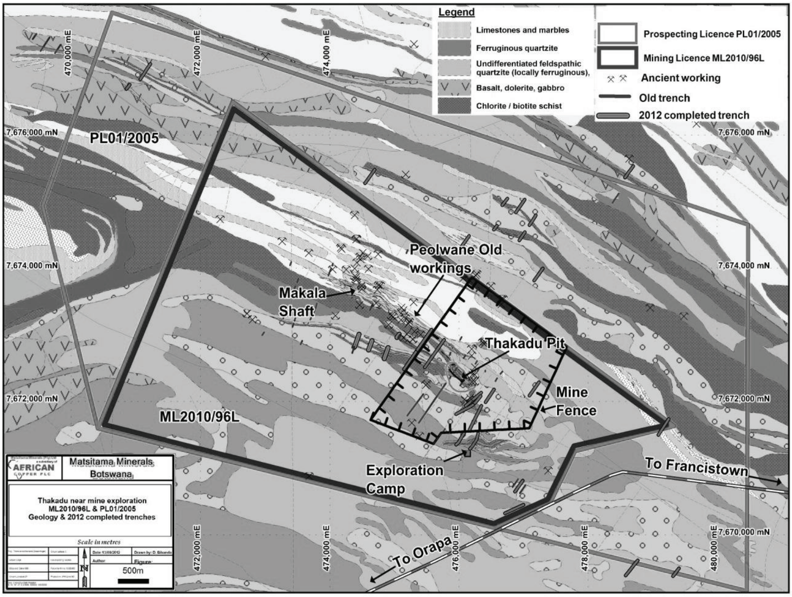


Figure 2: Map of Thakadu near mine exploration.

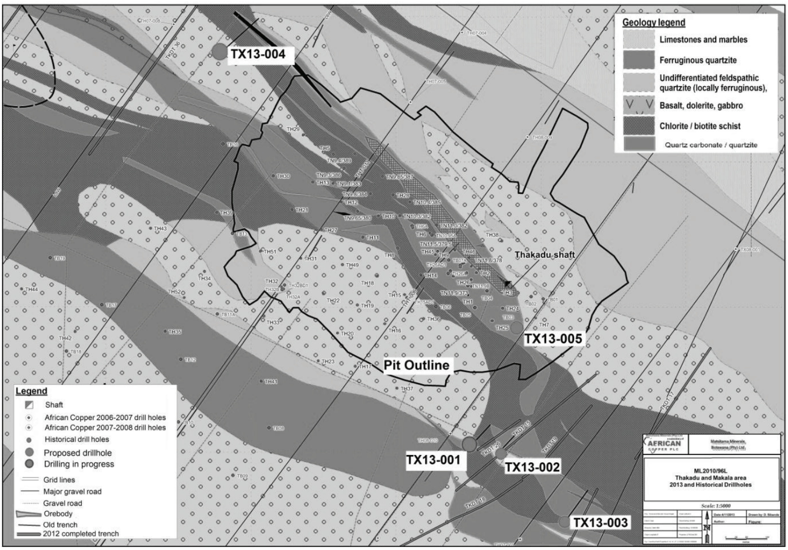


Figure 3: Thakadu near mine exploration drill targets.

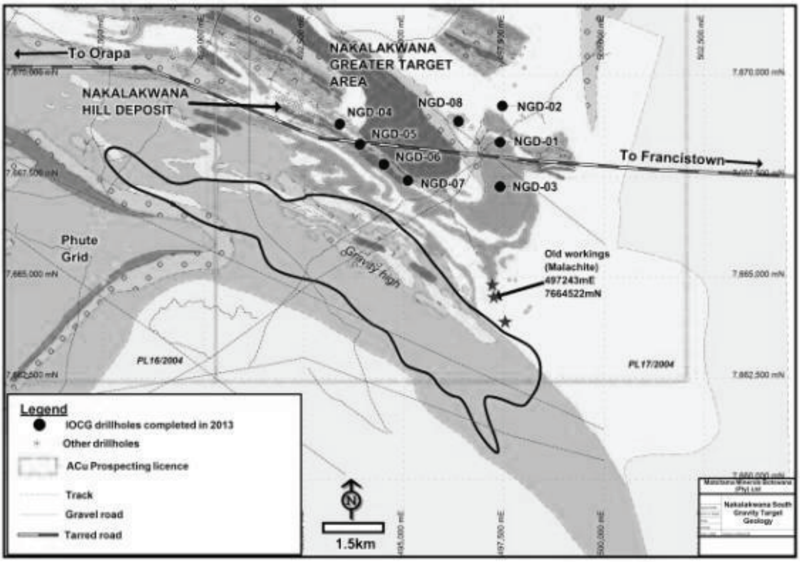


Figure 4: Map of Nakalakwana area showing drill sites.

Figure 5: Map of Nakalakwana area showing gridded soil values for copper.

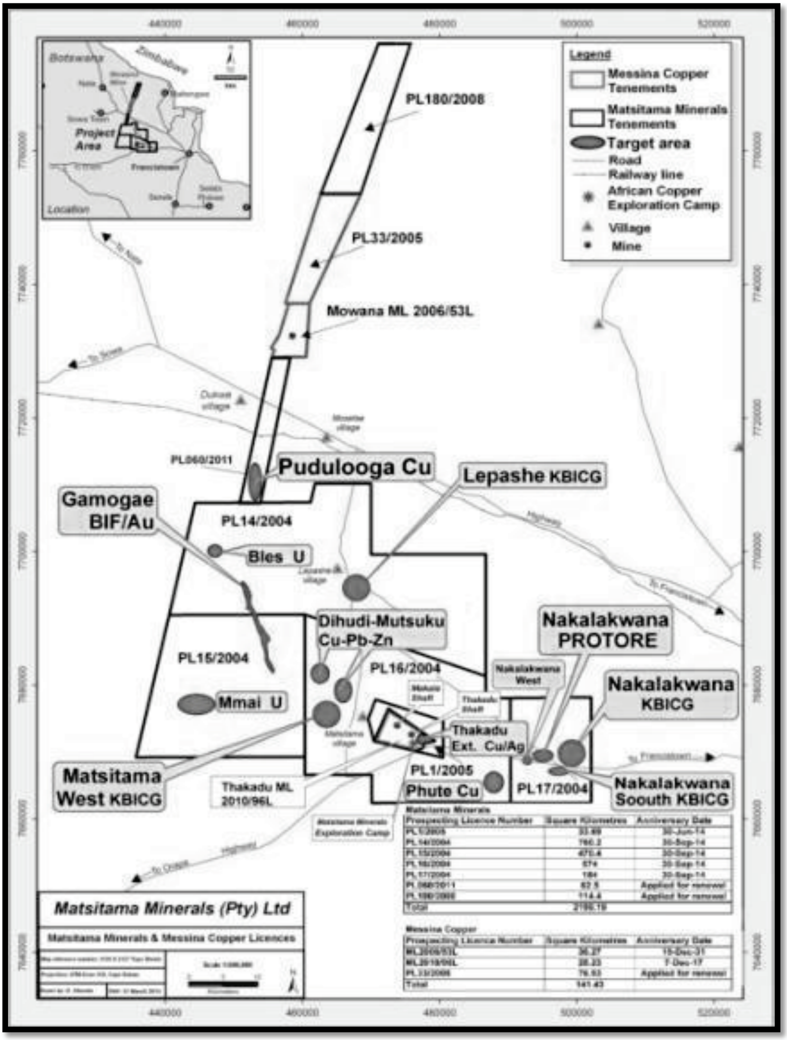


Figure 6: Location map of Matsitama Schist Belt targets.

The Nakalakwana target also hosts a pre-tectonic, copper-rich protore of possible basaltic affinity. Code-compliant Mineral Resources have now been estimated for Nakalakwana Hill. A resource estimation has been completed by SRK Consulting on Nakalakwana Hill (Protore) with the aim of assessing the oxide, down-dip and down-plunge potential.

The resource was estimated and classified as follows:

Description	Mineral	Cut-off	Class	Tonnes '000	Cu (%)	Contained Copper (MT)
Nakalakwana Hill *	Copper	0	Indicated	6,800	0.48	32,640
			Inferred	3,100	0.42	13,020

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

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

Trenching work was done on the Phute prospect, south of Nakalakwana on the highly anomalous Cu-Ag soil geochemistry targets. This was done to determine drilling targets to test the extend of mineralisation downdip and along strike. Drilling will be undertaken in the next financial year.

Phute RC drilling results:

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

Four key exploration licenses, namely PL's 14/2004, 15/2004, 16/2004 and 17/2004 expire on 30 September 2014. Plans are put in place to extend these licences for a further two years. Detailed exploration activities have been planned for the upcoming year and budgets have been determined accordingly.

Expenditures

Exploration expenditures for the period 1 April 2013 to 31 March 2014 are detailed below:

Exploration Activity	PL1/2005	PL14/2004	PL15/2004	PL16/2004	PL17/2004	Total
Expenditure (in USD)	467,954	27,051	26,993	27,051	670,627	1,219,676

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

SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT

INTRODUCTION

Presented herein is the summary of activities undertaken by the Group towards ensuring environmentally sustainable operations during financial year ended 31 March 2014. Information presented is applicable for Mowana Mine (including the Mowana Pit and Thakadu Pit) operations as well as Mosetse Housing Estate as an ancillary operational component.

DEVELOPMENT OF ENVIRONMENTAL MANAGEMENT STANDARDS AND OPERATING PROCEDURES

The operational procedures listed below were developed to guide various aspects of environmental management during the 2014 reporting period.

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

WASTE MANAGEMENT

Domestic waste management

Solid waste continued to be transferred to a local dumping site during the reporting period. Approximately 150 m3 of solid waste were removed from Mowana and Thakadu pits and Mowana plant, and close to US$67,000 was spent on the transfer of this waste. The quoted figure is inclusive of expenditure on the rental and service of mobile toilets and a waste water removal truck.

Scrap metal removal

The arrangement with Alman Metals (Pty) collecting scrap from Mowana mine continued following the renewal of the contract. Owing to the less availability of scrap US$ 3,300 (2013: US$36,900) was generated in revenue during the reporting period. The variance was mainly due to less availability of scrap to be collected and deliberate effort to allow for accumulation on site.

Accumulation of recyclables

Towards the end of the reporting period an arrangement to ensure that all used tonners and cartridges are centrally collected for recycling was made between SHEA and Commercial Departments. The arrangement requires all users to return all used tonners / cartridges before new issues are made. It is therefore expected that more used tonners and cartridges will be collected during the coming reporting period.

Clinical waste management

About 7kg (2013: 6kg) of expired drugs were accumulated for incineration at Masunga Landfill site during the year.

During the reporting period, US$2,500 was spent on the purchase of additional resources required for the management of another variety of clinical waste (sanitary towels). Equipment obtained includes clinical waste bins and sachets holders.

Hydrocarbon waste management

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

Summary of Hydrocarbon waste removal:

Hydrocarbon waste	2014 Volume removed	2014 Cost in US$	2013 Volume removed	2013 Cost in US$
Used oil*	46,600 litres	-	-	n/a
Contaminated water	8,000 litres	US$ 1,750	34 000 litres	US$ 6,200
Grease	72 Drums	US$ 19,350	22 Drums	US$ 6,700
Oil filters	14 Drums	US$ 3,108	-	-
Hydraulic pipes clean up	4 Drums	US$ 900	-	-
Treatment of contaminated soils	35.3 m^3	US$ 40,000	-	-
Total		**US$ 65,108**		**US$ 12,900**

* *Used oil was removed during the period at no cost to the Group. However, there is potential of generating revenue from the disposal of used oil which will be explored in the coming period.*

In addition to the above, training of hydrocarbon waste handling was provided to more than forty employees of the mine and its contractors.

Corporate Social Investment initiatives

A number of requests for scrap were received from local communities through the African Copper Community Liaison Office. Only one request to Dukwi Community Junior Secondary School was facilitated.

Summary of scrap donations:

Beneficiary	Scrap Variety	2014	2013
Tutume Sub District Council	Conveyer belts	-	100 m
Lepashe village	Drums	15 drums	100 drums
Lepashe village	Wooden pallets	-	400 pallets

In the prior reporting period a request was received from the local authority (Tutume Sub District Council) for assistance in the management of waste facilities in the nearby Dukwi, Mosetse, and Matsitama villages. Initiatives completed during the prior period was the rehabilitation of the old dump site adjacent to Mosetse Estate, progressive rehabilitation of Dukwi dumping site, and installation of signage at and along dumpsites routes. The project to fence the dumping site at Dukwi is on-going and remains in progress as at the date of this report. The site at Matsitama was fenced by the local authority.

Sewage management

Works to improve sewage management at Mosetse Brigade by de-sludging the sewage and removing reeds were planned for implementation during the reporting period. The works that will cost about US$ 6,750 were awarded but halted due to the heavy rains that occurred Between November 2013 and March 2014. Carrying out the works is part of fulfilment of the Group's responsibility (under MoU between ACu and Mosetse Brigade) for the sewage ponds that service Mosetse Housing Estate. The work commenced in June 2014.

Waste Management facilities

Work towards the restoration of Mowana Salvage yard continued which includes the separation of waste to allow for sale of scrap and or safe disposal.

WATER MANAGEMENT

Rain water harvesting

A project concept, drafted during the previous year, geared towards harvesting rain water from roof tops of houses at Mosetse Housing Estate (MHE) was approved for implementation. The project aims at installation of water tanks in every household to harvest rain water during the rainy season will create reservoirs of portable water outside the rain season, thus assist residents against water shortage. The project is estimated to cost approximately US$25,000 and is expected to commence in the coming financial year. Upon completion savings are expected to be made on costs normally associated with hiring water ferring trucks whenever there is breakdown of the MHE borehole.

At Mowana Mine initial works towards establishing a proposal for a larger capacity rain storm water storage facility was approved for development by management. The project was still at a pre-feasibility stage at year end and additional works, including obtaining development permits, and designs are planned for the 2014/15 reporting period. Once developed, the dam will help relieve extensive reliance on the wellfield and avail water for the envisaged community horticulture project that is planned in line with the Community Social Investment policy.

Pit dewatering and tailings dam return water

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

DUST MANAGEMENT

Dust Suppression on haulage roads

A project to apply calcium chloride on the 9.6 km access road to Mowana Mine and along the 2.8 km by-pass road of Lepashe village was initiated during the reporting period, the implementation of which incurred expenditure of over US$78,000. Although the suppressant was effective only initial applications were made due to financial constraints and start of the rainy season.

Dust Analysis

Dust sampling was carried out at various location covering Mowana Mine, main access road, and Lepashe village during the reporting period. The findings indicate areas within the Mowana Mine being affected by heavy deposition from stockpile (fine ore stock piles). Other areas including the mine access road and Lepashe village were within the allowed thresholds levels. Initiatives for mitigating dust generation at sources are under discussion, the main imitative under consideration being robust and sustainable dust suppressant within the plant that can significantly eliminate or reduce the issue. An expression of interest is expected from possible solution providers, from which a solution will be selected for implementation during the 2015 financial reporting period.

PROGRESSIVE REHABILITATION

Volumes of top soil stock piled for rehabilitation continued to be monitored at Thakadu Mine.

Towards the end of the reporting period a proposal to rehabilitate some of the areas affected by mining and exploration activities (Makala Site) was drafted for submission to Department of National Museum and Monuments.

The proposal seeks to restore areas within the vicinity on 1km of the archaeological site (as regulated under Monuments and Relics Act of Botswana) to ensure that they are safe for people, livestock, and wildlife whilst also restoring the natural vegetation of the area. The foreseen works will include an archaeological assessment and salvage of artefacts; closing of excavated areas; restoration and support of vegetation growth; redefining and delineating new buffer of mining and exploration activities; post rehabilitation monitoring and reporting to Botswana's Department of National Museum & Monuments. The plan is expected to be implemented once the relevant government authorities approve the proposal.

WILDLIFE MANAGEMENT

A project plan to deter elephants invasion planned for implementation during the reporting period was suspended as a result of the reprioritisation of the Group's environmental management priorities. However, no invasions occurred during the current year's dry period, most probably due to the water availability within newly created small ponds by farmers near Mowana Mine. The elephants' movements continue to be monitored and the initial plan of Jolokia Pepper application is to be implemented should the situation change.

Several venomous and non-venomous snake species were retrieved from Mowana Mine for safe release into the environment. Prominent among the captured species is a 2.5 m long python that was handed to Tachila Nature Reserve for interim upkeep before release back into wilderness.

ENVIRONMENTAL PERFORMANCE REPORTING

Quarterly reports were submitted to Botswana Chamber of Mines during the reporting period covering all the salient environmental management activities being undertaken by the Group and no negative feedback has been received.

CONCLUSION

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

GOVERNANCE

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

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

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

Below is a summary of significant corporate governance actions taken by the Company during the year under review, together with a reference to the relevant King III principles and recommended practice against which it was applied:

King III Principle or Recommended Practice	Action taken during the year
2.16	Non-executive independent Director, Professor Stephen Simukanga was elected as Chairman of the Board
2.17	Re-appointment of the CEO, effective 1 April 2014, within a framework of delegated authority
2.22	Key Performance Indicators and procedures for the Annual Performance Review of the CEO were reviewed and updated by the Nomination Committee
2.22	The Nomination Committee carried out a Self-Evaluation which included a review of process and procedures, composition and quality and oversight of the Nomination Committee
2.22	The Committees reviewed the King III recommendation in relation to the composition of their members
2.23	Reviewed and updated the relevant Committee Terms of Reference in line with best practices
2.25	The Remuneration Committee reviewed the annual salary paid to the CEO under the terms of the Chief Executive Officer's Employment Contract
2.7	The Risk Committee reviewed and updated the Risk Register
2.25	The Fees and Expenses policy was reviewed and updated

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

Non-Application of King III	
Governance Element	**Explanation as to non-application**
1. Ethical leadership and corporate citizenship 1.2.5 - The board should ensure that measurable corporate citizenship processes are implemented.	While such policies as Corporate Social Responsibility at the mine level and a code of conduct at the Board level help to ensure that corporate citizenship processes are in place, the Board has not sought to implement a process whereby such corporate citizenship processes are measured. Such a policy is not seen as practical at this point in time given that the strategic review process in place will change the nature of the corporate citizenship processes within the Group.
1.3.3 – The board should ensure that adherence to ethical standards are measured. 1.3.8 - The board should ensure that the company's ethics performance should be assessed, monitored, reported and disclosed.	While actively seeking to provide ethical leadership in the Group, the ZCI Board has not sought to implement a program in which adherence to ethical standards are measured on an on-going basis. As with any policy initiative, the benefits of such a program must be measured against the cost of implementing and maintaining such a program. ZCI believes that, given its current structure and activity, the Board is capable of effectively monitoring the Company's ethics without the need for a formal program to monitor that process.
2.25.4 Non-executive fees should comprise a base fee as well as an attendance fee per meeting.	The fees of the ZCI non-executive directors for the period under review comprised solely a base fee. Attendance fees were not paid to non-executive directors in addition to the base fee. The Board has determined that an attendance fee for non-executive directors is not a necessary component of an effective remuneration policy at this point in time. The Board reviews the remuneration paid to non-executive directors on an annual basis and will consider applying this King III recommended practice in the coming period if the Board determines that doing so will assist in the achievement of its strategic objectives and meeting is corporate obligations.
3. Audit committees 3.4.3 The audit committee should recommend to the board to engage an external assurance provider on material sustainability issues.	The impact of sustainability issues within the Group occurs primarily at the subsidiary level. ZCI has one major investment being in the mining operations of ACU. ZCI has embarked upon a process which is expected to result in considerable changes to the composition of the Company's investment portfolio. For this reason, the Committee considered it impractical for the current financial year to seek external assurance on sustainability issues. Once the investment portfolio of ZCI is more developed and the breadth of sustainability issues is known, the Committee will re-consider this aspect.

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

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

BOARD OF DIRECTORS

The highest governance structure of the Group, responsible for setting strategy, taking action as well as organisational oversight is the ZCI Board of Directors. The Board is thus the foundation of ZCI's governance systems and is accountable and responsible for the Group's performance. The Board retains full and effective control over the Group and is comprised of a strong team of talented leaders with recognised relevant experience and skills, providing effective and ethical leadership of the Company. All directors are individuals of high calibre with diverse backgrounds and expertise, ensuring that their views carry significant weight in deliberations and decisions. To fulfil their responsibilities, the Board has access to accurate, relevant and timely information. In addition, the directors are entitled to obtain independent professional advice at the Company's expense, should they deem this necessary. All decisions requiring consideration by the Board are debated openly and no director has unfettered powers of decision making. Board meetings are held at least quarterly with ad hoc meetings being called when necessary. Meetings of the Board during the year considered issues of operational strategy, capital expenditure, major projects and other matters having a material effect on the Group.

Current composition of the board and director independence

ZCI's Board for the financial year ended 31 March 2014 and up to the date of this report, comprised of five directors, presented in alphabetical order as follows.

DIRECTOR	**INDEPENDENCE**	**EXECUTIVE / NON-EXECUTIVE**
Wilhelmus Badenhorst	Non-independent	Executive (Finance Director)
Michel Clerc	Independent	Non-executive
Edgar Hamuwele (resigned with effect from 31 August 2013)	Non-independent	Non-executive (Chairman)
Thomas Kamwendo	Non - Independent	Executive (CEO)
John Lungu (appointed with effect from 30 April 2014)	Non - Independent	Non-executive
Cyril O'Connor	Independent	Non-executive
Stephen Simukanga (appointed Chairman with effect 26 September 2013)	Independent	Non-executive (Chairman)

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

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

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

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

Director	15 April 2013	20 June 20113	2 September 2013	25 September 2013	17 December 2013	23 January 2014	6 March 2014
E Hamuwele	x	x	N1	N1	N1	N1	N1
T Kamwendo	✓	✓	✓	✓	✓	✓	✓
S Simukanga	✓	✓	✓	✓	✓	✓	✓
M Clerc	✓	✓	✓	✓	✓	✓	x
C O’Connor	✓	✓	✓	✓	✓	✓	✓
W Badenhorst	✓	✓	✓	✓	✓	✓	✓

N1 - Mr Edgar Hamuwele resigned effective 31 August 2013.

Company secretary

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

Shareholder relations

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

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

Director appointments and resignations

On the 31 August 2013 Mr Edgar Hamuwele, who at the time was Chairman of the Board, resigned from the Board of ZCI following many years of exemplary service. In his stead, Prof Stephen Simukanga who was the duly appointed Lead Independent Director on the Board accepted the position of Chairman of ZCI effective from 26 September 2013. On 30 April 2014 Prof John Lungu was appointed as a non-executive director on the Board.

Policy for appointment of new board members

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

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

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

Training, induction and appraisal of the board and committees

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

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

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

Code of conduct

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

Directors' interests

At 31 March 2014 the Directors held no shares in ZCI, either beneficially or non-beneficial, nor did they hold any direct or indirect beneficial interests in the Company.

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

Director Biographies

THOMAS KAMWENDO Chief Executive Officer Non-independent	**Date of birth**: 14 May 1958 **Qualifications**: Bachelor of Science degree in Mechanical Engineering, Registered Engineer and Fellow of the Engineering Institution of Zambia **Previous experience:** 30 years of experience in the Zambian mining industry, CEO of three engineering companies and managing partner of his own multidisciplinary consulting firm; served on the boards many private and parastatal organisations including Ndola Lime Company, Konkola Copper Mines (KCM), the Environmental Council of Zambia, the Copperbelt University, the National Institute of Public Administration (NIPA), and the Zambia Association of Chambers of Commerce and Industry; also previously served on a Presidential Commission of Enquiry into university education in Zambia.
WILHELMUS BADENHORST Executive Financial Director Non-independent	**Date of birth**: 23 March 1980 **Qualifications**: Bachelors in Accounting, Post Graduate Diploma in Accounting, registered Chartered Accountant with the South African Institute of Chartered Accountants **Previous experience:** Completed audit traineeship with Horwath Zeller Karro in Cape Town. Subsequently an audit manager with Deloitte S.A. in Luxembourg where he gained wide ranging experience in the audit of regulated UCITS funds, offshore hedge funds and private equity funds investing in emerging market economies. Joined the Maitland Group in 2009 where he is currently Head of Institutional Clients.
STEPHEN SIMUKANGA Chairman Independent Non-Executive	**Date of Birth**: 20 May 1957 **Qualifications**: Bachelor's degree (1982) and a Master's degree (1986), both in Metallurgy and Mineral Processing from the University of Zambia, and a doctorate (1990) in Process Metallurgy from the University of Strathclyde in the United Kingdom, United Kingdom Chartered Engineer and a Fellow of the Institute of Materials, Minerals and Mining and the Engineering Institution of Zambia. **Previous experience**: Professor of Metallurgy and Mineral Processing at the University of Zambia and was visiting professor at the University of Cape Town for 10 years, 26 years of experience in the mining industry and academia, Chief Executive Officer (Vice Chancellor) of the University of Zambia, chairs the boards of the National Institute for Scientific and Industrial Research and is a member of three other boards of directors.

MICHEL CLERC Independent Non-executive	**Date of Birth**: 27 June 1921 **Qualifications**: Degrees in Law and Political Science in France and in English literature at Cambridge **Previous experience:** Journalist by profession, specializing in financial issues and has had several books published, former editor of Paris-Match magazine and was manager of Radio Luxembourg, the founder and president of AMZCI, an association of ZCI shareholders in France.
JOHN LUNGU Non-Independent Non-executive	**Date of Birth**: 2 June 1956 **Qualifications**: Ph.D from the University of Aberdeen and a Master of Science (Economics) from the University of Wales **Previous experience:** Professor of economics in the School of Graduate Studies and heading economics and entrepreneurship activities at the Copperbelt University. At Copperbelt University he has been Dean of the School of the Built Environment, 1997 to 1998, Deputy Vice Chancellor, 1998 to 1999 and Vice Chancellor (CEO) between 1999 and 2003. Prior to joining the Copperbelt University, Prof Lungu worked for the government of the Republic of Zambia as an Economist and the Small Industries Development Organisation as Research and Planning Manager and later as Regional Manager. He served on the National Pensions Scheme Authority (NAPSA) Board as Chairman from April 2008 to April 2009, and as a member of the Monetary Policy Committee of the Bank of Zambia from 2008 to 2012. He currently is a member of the Board of the Copperbelt Development Foundation and the Board of Chloride Zambia Ltd. In academia, Prof Lungu has published widely in scholarly journals.
CYRIL O' CONNOR Independent Non-executive	**Date of Birth**: 4 May 1944 **Qualifications**: Ph.D. from the University of Cape Town and a D.Eng. in Metallurgical Engineering from Stellenbosch University **Previous experience**: Director of the Centre for Minerals Research at UCT, main area of research is flotation, President of the International Mineral Processing Council, holds the Anglo Platinum Chair in Minerals Processing, is a member of the Executive of the Academy of Engineering of South Africa, is CEO of the South African Minerals to Metals Research Institute, is a former Vice-President of the International Zeolite Association and was Chairman of the Organizing Committee for the XXII IMPC and the 14th International Zeolite Conference. Published over 200 papers in international journals and conferences and has supervised or co-supervised more than 30 PhD and 25 MSc graduates, Head of the Department of Chemical Engineering for 8 years, Dean of the Faculty of Engineering & the Built Environment for 10 years and served as Acting Deputy Vice-Chancellor from April 2008-May 2009. He is an Hon. Fellow of the Southern African Institute of Mining and Metallurgy, and a Fellow of, respectively, the Royal Society of South Africa, the University of Cape Town, the South African Academy of Engineering, the South African Institution of Chemical Engineering and IUPAC. He is a founder member of the Academy of Science of South Africa.

REAPPOINTMENT OF THE CHIEF EXECUTIVE OFFICER

Effective 1 April 2014, Mr Thomas Kamwendo was reappointed as CEO of the Company. The Board has approved the reappointment of the CEO and a list of matters reserved for the Board. It is the responsibility of the Board to consider the overall direction and management of the Group while day-to-day management is delegated to the CEO.

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

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

RISK COMMITTEE REPORT

Role of the committee and terms of reference

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

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

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

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

Composition

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

Risk Management Plan

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

Risk Committee membership and attendance at meetings

Director	18 June 2013	25 September 2013	17 December 2013	6 March 2014
S Simukanga	N2	N2	✓	✓
E Hamuwele	x	N1	N1	N1
C O'Connor	✓	✓	✓	✓
W Badenhorst	✓	✓	✓	✓
T Kamwendo	N3	N3	✓	✓

N1 – Mr Edgar Hamuwele resigned from the Board effective 31 August 2013

N2 – Prof Stephen Simukanga was elected to the Risk Committee effective from 26 September 2013

N3 – Mr Thomas Kamwendo was elected to the Risk Committee effective from 26 September 2013.

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

REMUNERATION COMMITTEE REPORT

Roles of the committee and terms of reference

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

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

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

Issues and actions

One of the key issues dealt with by the Remuneration Committee during the year was to attend to the review of the salary paid to the CEO under the terms of the Chief Executive Officer's Employment Contract effective from 1 April 2014 which was approved by the Board at the meeting held on 6 March 2014.

The Remuneration Committee also carried out an annual review of the Fees & Expenses Policy of the Company to ensure that it provides a suitable policy on director's fees and the reimbursement of expenses incurred by directors.

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

Remuneration Committee membership and attendance at meetings

Director	20 June 2013	25 September 2013	17 December 2013	6 March 2014
S Simukanga	✓	✓	✓	✓
C O'Connor	✓	✓	✓	✓
M Clerc	✓	✓	✓	x

AUDIT & FINANCE COMMITTEE REPORT

Roles of the committee and terms of reference

During the period under review, the Audit & Finance Committee complied with its legal, regulatory and additional responsibilities in line with the duties delegated to the Committee by the Board and the JSE Listing Requirements in relation to the operations of an audit committee.
The overall function of the Audit & Finance Committee is to assist the Board in discharging its responsibilities relating to such matters as:

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

Statutory Duties

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

1. Following the appointment of Prof Stephen Simukanga as Chairman of the Board effective from 26 September 2013 he stepped down as Chairman of the Audit & Finance Committee and Prof Cyril O'Connor was appointed in his stead.

2. Nominated for appointment an independent registered auditor (KPMG SA – "KPMG" or the "External Auditor") (Recommended Practice 3.9.1) who in the assessment of the Audit & Finance Committee is independent of the Company (Recommended Practice 3.9.1 of King III).

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

4. Reviewed the consolidated financial statements of the company and was satisfied that they comply with IFRS.

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

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

7. Considered the non-audit services that may be rendered by the External Auditor.

External auditor

The Audit & Finance Committee has nominated, for approval at the AGM, KPMG Inc. (South Africa) to continue as the external auditor and Mr Hendrik van Heerden as the designated auditor, for the 2014/2015 financial year. It has further satisfied itself that the audit firm and designated auditor are accredited by the JSE.

Audit & Finance Committee membership and attendance at meetings

Director	19 June 2013	25 September 2013	17 December 2013	23 January 2014	6 March 2014
C O'Connor	✓	✓	✓	✓	✓
M. Clerc	✓	✓	✓	✓	X
S. Simukanga	✓	✓	✓	✓	✓

Recommendation of the integrated annual report for approval by the Board

The Committee recommended the Integrated Report for approval by the Board of Directors on 14 July 2014.

NOMINATION COMMITTEE

Roles of the Committee and Terms of Reference

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

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

- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board;
- Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the board in the future;
- Identifying and nominating for the approval of the Board, candidates to serve as non-executive and executive directors and the chief executive officer;
- keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- Ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

Issues and actions

One of the key issues dealt with by the Committee during the year was to attend to the reappointment of the CEO with effect from 1 April 2014 and to review the CEO's Employment Contract which was approved by the Board at the meeting held on 6 March 2014.

The Committee conducted a self-evaluation during the period under review in line with its charter and corporate governance requirements. The Committee was found to be performing in line with its charter and best practices.

Following the resignation of Mr Edgar Hamuwele, effective 31 August 2013, who at the time of his resignation was the Chairman of ZCI, the Committee evaluated and nominated Prof Stephen Simukanga for the position of Chairman which was approved by the Board, effective from 26 September 2013.

King III recommendations state that the CEO should not be a member of this Committee and, following a review of the Terms of Reference by the Committee during the meeting held on 20 June 2013, the CEO resigned from the Committee effective from the close of that meeting. Following the resignation of Mr Edgar Hamuwele, who, at the time of his resignation was the Chairman of ZCI, the Committee proposed that the CEO be temporarily reappointed as a member of the Committee in order to assist with the review of nominations received in respect of the appointment of a new Chairman of ZCI, given that the experience and knowledge that the CEO would bring to the Committee would greatly assist with this review and nomination process.

During the Committee meeting held on 6 March 2014, a review of the Chief Executive's Employment Contract ("the Contract") was performed (the CEO having declared an interest and accordingly recused himself from that portion of the meeting). Prof Cyril O'Connor was appointed at the start of the meeting as a temporary member to the Committee in order to assist Prof Stephen Simukanga with the review of the Contract and the Board approved the Contract during the meeting held 6 March 2014.

It is the intention of the Committee and the Board that the CEO resigns from the Committee as at the close of the next Committee meeting and that Prof Cyril O'Connor be reappointed instead.

Remuneration Committee membership and attendance at meetings

Director	20 June 2013	25 September 2013	17 December 2013	6 March 2014
C O'Connor	✓	✓	N3	N4
M Clerc	✓	✓	✓	x
S Simukanga	✓	✓	✓	✓
T Kamwendo	✓	N1	N2	N2

N1 – Mr Thomas Kamwendo resigned from the Nomination Committee effective from 21 June 2013
N2 – Mr Thomas Kamwendo was reappointed to the Nomination Committee effective from 26 September 2013
N3 – Prof Cyril O'Connor resigned from the Nomination Committee effective from 26 September 2013
N4 – Prof Cyril O'Connor was temporarily reappointed to the Nominations Committee for the meeting of the 6 March 2014 in order to assist in the deliberation of the Chief Executive's Employment Contract

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 as at 31 March 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

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

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

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

Approval of consolidated financial statements

The consolidated financial statements of ZCI Limited, as identified in the first paragraph, were approved by the Board of Directors on 14 July 2014 and signed by:

Professor Stephen Simukanga	Wilhelmus Badenhorst
Chairman	**Financial Director**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ZCI Limited

We have audited the consolidated financial statements of ZCI Limited, which comprise the consolidated statement of financial position at 31 March 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 58 to 104.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of ZCI Limited at 31 March 2014, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 4 to the financial statements which indicates that the group incurred a net loss of US$36.8 million for the year ended 31 March 2014. This condition, along with other matters as set forth in the note, indicates the existence of a material uncertainty that may cast significant doubt on the ability of the company and its subsidiaries to continue as going concerns. Our opinion is not qualified in respect of this matter.

KPMG Inc.
Per H van Heerden
Chartered Accountant (SA)
Registered Auditor
Director
14 July 2014

85 Empire Road, Parktown, 2193, South Africa

ZCI Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2014

	Note	**2014 USD'000**	2013 USD'000
Revenue		**58,735**	60,464
Cost of sales	5	**(44,625)**	(45,414)
Gross profit from mining activities		**14,110**	15,050
Impairment loss	6	**(31,500)**	(2,025)
Administrative expenses	7	**(8,473)**	(8,070)
Other expenses		**(11,705)**	(5,329)
Loss before net finance expense	6	**(37,568)**	(374)
Finance income		**40**	41
Finance costs	8	**(1,540)**	(2,040)
Loss before tax		**(39,068)**	(2,373)
Income tax	9	**2,297**	749
Loss for the year		**(36,771)**	(1,624)
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,856)**	(4,638)
Total comprehensive income for the year		**(38,627)**	(6,262)
(Loss)/Profit attributable to:			
Owners of the company		**(26,211)**	2,871
Non-controlling interest		**(10,560)**	(4,495)
Total comprehensive income attributable to:			
Owners of the company		**(27,574)**	(1,033)
Non-controlling interest		**(11,053)**	(5,229)
Basic(loss)/earnings per ordinary share (US cents)	10	**(47.08)**	5.16
Diluted (loss)/earnings per ordinary share (US cents)	10	**(48.95)**	1.63

ZCI Limited
Consolidated Statement of Financial Position
As at 31 March 2014

	Note	2014 USD'000	2013 USD'000
ASSETS			
Property, plant and equipment	11	**32,327**	40,609
Intangible assets	12	**20,110**	39,844
Other financial assets		**257**	270
Total non-current assets		**52,694**	80,723
Inventories	13	**7,624**	8,891
Trade and other receivables	14	**5,859**	5,253
Cash and cash equivalents	30	**7,451**	9,197
Total current assets		**20,934**	23,341
Total assets		**73,628**	104,064
EQUITY			
Share capital	15	**102,688**	102,688
Foreign currency translation reserve		**(7,374)**	(6,891)
Accumulated losses		**(26,455)**	(10,831)
Equity attributable to owners of the company		**68,859**	84,966
Non-controlling interest		**(24,411)**	(7,952)
Total equity		**44,448**	77,014
LIABILITIES			
Interest bearing debt	17	**41**	712
Finance lease liability	18	**1,535**	-
Deferred tax liability	19	**-**	2,297
Environmental rehabilitation provision	20	**7,024**	6,766
Total non-current liabilities		**8,600**	9,775
Trade and other payables	21	**18,331**	16,073
Current portion of finance lease liability	18	**378**	-
Current portion of interest bearing debt	17	**1,871**	1,171
Bank overdraft	30	**-**	31
Total current liabilities		**20,580**	17,275
Total equity and liabilities		**73,628**	104,064

ZCI Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2014

	Share capital	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Attributable to owners of the company	Non-controlling interest	Total equity
	USD'000	USD'000	US'000	USD'000	USD'000	USD'000
Balance as at 31 March 2012	**102,688**	**(2,987)**	**(13,865)**	**85,836**	**(2,723)**	**83,113**
Transactions with owners of the company						
Contributions and distributions:						
Share option reserve	-	-	163	**163**	-	**163**
Total contributions and distributions	-	-	163	**163**	-	**163**
Total transactions with owners of the company	-	-	163	**163**	-	**163**
Total comprehensive income						
Profit/(loss) for the year	-	-	2,871	**2,871**	(4,495)	**(1,624)**
Other comprehensive income						
- foreign currency translation differences	-	(3,904)	-	**(3,904)**	(734)	**(4,638)**
Total comprehensive income for the year	-	(3,904)	2,871	**(1,033)**	(5,229)	**(6,262)**
Balance as at 31 March 2013	**102,688**	**(6,891)**	**(10,831)**	**84,966**	**(7,952)**	**77,014**

ZCI Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2014

	Share capital	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Attributable to owners of the company	Non-controlling interest	Total equity
	USD'000	USD'000	US'000	USD'000	USD'000	USD'000
Balance as at 31 March 2013	**102,688**	**(6,891)**	**(10,831)**	**84,966**	**(7,952)**	**77,014**
Transaction with owners of the company						
Contributions and distributions:						
Share option reserve	-	-	69	**69**	-	**69**
Equity settled share based payment (Note 28)	-	-	5,992	**5,992**	-	**5,992**
Total contributions and distributions	-	-	6,061	**6,061**	-	**6,061**
Changes in ownership interest						
Settlement of equity settled share based payment without loss of control (Note 26)	-	880	4,526	**5,406**	(5,406)	**-**
Total changes in ownership interest	-	880	4,526	**5,406**	(5,406)	**-**
Total transactions with owners of the company	**-**	880	10,587	**11,467**	(5,406)	**6,061**
Total comprehensive income						
Loss for the year	**-**	-	(26,211)	**(26,211)**	(10,560)	**(36,771)**
Other comprehensive income						
- foreign currency translation differences	**-**	(1,363)	-	**(1,363)**	(493)	**(1,856)**
Total comprehensive income for the year	**-**	(1,363)	(26,211)	**(27,574)**	(11,053)	**(38,627)**
Balance as at 31 March 2014	**102,688**	**(7,374)**	**(26,455)**	**68,859**	**(24,411)**	**44,448**

ZCI Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2014

	Note	2014 USD'000	2013 USD'000
Cash flows from operating activities			
Cash generated by operations	29	**10,786**	3,877
Interest received		**40**	41
Interest paid		**(188)**	(613)
Cash inflow from operating activities		**10,638**	3,305
Cash flows from investing activities			
Additions to maintain operations			
- Property, plant and equipment		**(9,711)**	(6,072)
Additions to expand operations			
- Intangible assets: Exploration and evaluation assets		**(763)**	(1,302)
- Intangible assets: Mine Development and infrastructure		**(618)**	(1,101)
Proceeds from sale of property, plant and equipment		**-**	171
Cash outflow from investing activities		**(11,092)**	(8,304)
Cash flow from financing activities			
Interest bearing debt raised		**3,000**	-
Repayment finance lease liability		**(999)**	-
Repayment interest bearing debt		**(2,972)**	(1,021)
Cash outflow from financing activities		**(971)**	(1,021)
Effect of foreign currency translation		**(290)**	49
Net decrease in cash and cash equivalents		**(1,715)**	(5,971)
Cash and cash equivalents at the beginning of the year		**9,166**	15,137
Cash and cash equivalents at the end of the year	30	**7,451**	9,166

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 through its intermediate subsidiary, African Copper plc ("ACU") is the Mowana Mine which consists of a 3,000 Mt per day copper processing facility and the copper producing Mowana open pit. The Group also owns the rights to the adjacent high grade copper-silver Thakadu open-pit and holds permits in exploration properties at the Matsitama Project. The Mowana Mine and processing infrastructure is located in the north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

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

The consolidated financial statements of the Company as at and for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issue by the Directors on 14 July 2014.

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"), and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

b) Basis of measurement

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

c) Functional and presentation currency

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

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.

2. Basis of preparation – continued

d) Critical accounting estimates and judgements - (continued)

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, 11, and 12)
- Leases: whether an arrangement contains a lease (Note 3 (h))
- Estimation of environmental rehabilitation provision (Note 20)
- iCapital settlement (Note 28)

e) Determination of fair values

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

When measuring the fair value of an asset, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) Trade and other receivables

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

(ii) Other non-derivative financial liabilities

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

2. Basis of preparation – continued

e) Determination of fair values- (continued)

(ii) Other non-derivative financial liabilities - continued

Further information about the assumptions made on measuring fair value is included in the following notes:

- Note 3(k) – Share-based payment arrangements
- Note 28 – iCapital settlement

f) Changes in accounting policies

The accounting policies applied are consistent with those applied for the year ended 31 March 2013, with the exception of the following standards, interpretations and amendments, effective for the first time for the current financial year, with a date of initial application of 1 April 2013:

- IFRIC 20 – *Stripping costs in the Production Phase of a Surface Mine*
- IFRS 10 – *Consolidated Financial Statements*
- IFRS 12 – *Disclosure of Interest in Other entities*
- IFRS 13 – *Fair value measurement*

The nature and effects of the changes are explained below:

- IFRIC 20 clarifies that an entity can recognise production stripping costs of a surface mining operation as part of a stripping activity asset if certain requirements are met. In accordance with the transitional provisions of the interpretation, the requirements were applied retrospectively to production stripping costs incurred on or after 1 April 2012 (commencement of the comparative financial period). Furthermore, the Group assessed whether these assets are depreciated over the remaining expected useful life of the identified component of the ore body to which each predecessor stripping asset relates.
- As a result of IFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 April 2013. There weren't any changes in the conclusion and the Group continues to consolidate its interest in ACU.
- As a result of IFRS 12, the Group has expanded its disclosures about its interest in subsidiaries (see note 25).
- IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. If unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirement about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

None of the above adoptions had a quantitative impact on the Group's financial position, statement of profit or loss and other comprehensive income or cash flows or earnings per share.

2. Basis of preparation – continued

f) Changes in accounting policies - continued

The following new standard that could be relevant to the Group, is not yet effective for the year ended 31 March 2014, and has not been applied in preparing these financial statements:

- IFRS 9 - *Financial instruments,* effective date to be determined – This standard is set to replace the current IAS 39. The IASB tentatively decided that IFRS 9 would be effective for years ending on or after 31 December 2018.

The Group does not plan to early adopt IFRS 9, and will apply it in the period in which it becomes effective. The impact of IFRS 9 on the consolidated financial statements 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 the Group companies.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

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

(iii) Business combinations

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

(iv) Non-controlling interests (“NCI”)

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

3. Significant accounting policies - continued

b) Foreign currency translation

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

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

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

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

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

(ii) Foreign operations

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

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ("FCTR") in equity. When a foreign operation is partially disposed of, but the company retains control, the relevant proportion of the cumulative FCTR is reattributed to non-controlling interest.

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

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.

3. Significant accounting policies - continued

c) Financial instruments - continued

(i) Non-derivative financial assets- continued

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. The Group's non-derivative financial liabilities are interest bearing debt, finance lease liability and trade and other payables.

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

(iii) Share capital

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

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.

3. Significant accounting policies - continued

d) Property, plant and equipment-continued

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

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

(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.

Stripping costs incurred in the development of a mine prior to commencement of production are capitalised as part of the cost of constructing of the mine. Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in the accounting for stripping costs. In such cases, the initial stripping, (i.e. overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation. Stripping costs incurred subsequently during the production stage of a mine are deferred for those operations where this is the most appropriate basis for matching the cost against the related economic benefits and the effect is material. This is generally the case there are fluctuations in stripping costs over the life of the mine. The amount of stripping costs deferred is based on the strip ratio obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore.

Stripping costs incurred in the period are deferred to the extent that the current ratio exceeds the life of the mine strip ratio. The production phase stripping activity asset is subsequently depreciated over the life of the identified component of the ore body that becomes more accessible as a result of the stripping activity on a units of production basis. The life of mine (or pit) ratio is based on economically recoverable reserves of the mine (or pit). Changes are accounted for prospectively, from the date of the change. Deferred stripping costs are included as part of Mine development and infrastructure.
These form part of the property, plant and equipment included in the cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Land is shown at cost and not depreciated.

3. Significant accounting policies - continued

d) Property, plant and equipment-continued

(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

e) Intangible assets

(i) Mine development and infrastructure

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

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

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

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

(ii) Exploration and evaluation assets

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed 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 measured at cost less accumulated impairment losses.

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

3. Significant accounting policies - continued

e) Intangible assets

(ii) Exploration and evaluation assets-continued

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

(iii) 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.

(iv) Amortisation

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

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

Exploration and evaluation assets are not amortised.

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

Amortisation of intangible assets is included as part of other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

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 estimated 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.

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

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

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

3. Significant accounting policies - continued

g) Impairment - continued

(ii) Non-financial assets - continued

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.

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.

h) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payment are made and an imputed finance costs on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

3. Significant accounting policies - continued

h) Leases- continued

Lease payments

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

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

i) 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 a 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.

j) 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.

3. Significant accounting policies - continued

k) Share-based payments

Equity-settled share based payments

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

For transactions measured by reference to the fair value of the equity instruments granted, the Group measures the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments are granted.

The date at which the entity and another party agree to a share-based payment arrangement, is when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. At grant date the entity confers on the counterparty the right to cash, other assets, or equity instruments of the entity, provided the specified vesting conditions, if any, are met. If that agreement is subject to an approval process , grant date is the date when that approval is obtained.

Share options

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

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

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

l) Revenue recognition and measurement

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

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

3. Significant accounting policies - continued

m) 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.

n) 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.

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

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

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

o) 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.

3. Significant accounting policies – continued

p) Group segment reporting

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

As such, no segmental report has been prepared.

4. Going concern

The Directors have considered the status of the current operations, the current funding position and the projected funding requirements of the business for twelve months from the date of approval of these consolidated annual financial statements as detailed below.

There has been a significant increase in the Group's loss after tax from US$1.6 million for the year ended 31 March 2013 to US$36.8 million owing predominately to a US$31.5 million impairment of Property, Plant and Equipment and Intangible mining assets.

Cash flow forecast – key assumptions and uncertainties

The majority of the Group's activities occur at the subsidiary level. The cash flow projections have been done at both an ACU level as well as a Group level as the ability of ACU to continue as a going concern, directly impacts the Group. The cash flow projections, which have been drawn up on a monthly basis, are based on a number of inputs and assumptions which include mined tonnage, all associated mining and processing costs, extraction and yield rates for production of the copper concentrate and the price of copper. The Group's approved capital expenditure is also included in the cash flows.

According to current mine plan, the Thakadu pit will be depleted within the next 9 months and the Group's future cash generation beyond this point depends entirely on a successful and timely restart of mining operations at the Mowana pit and associated processing of the supergene ore. However, numerous significant challenges and risks exist in attaining this situation at Mowana. In particular, the Group over the years has experienced recurring problems with the quality of its mining contractors and other aspects of production, causing production levels to be significantly below planned levels. However, during the last quarter of the financial year a new mining contractor has been appointed with extensive mining experience and the Group expects an increase in mining productivity.

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

The following key assumptions (relevant for the 12 months to July 2015) were used to calculate the future cash flows:

Average copper price per tonne	US$6,885
Average monthly production	1,116 tonnes
Average monthly throughput	79,720 tonnes
Average recovery	88.8 %
Average milling costs	US$13.64 per tonne

The copper price per tonne is based on consensus analyst projections for the copper price. The actual average price per tonne achieved during the 2014 financial year was US$7,108 (2013: US$7,839).

4. Going concern - continued

The average monthly production of copper in concentrate is a 34.6% increase over average production in the current financial year. The current year average production was however, significantly impacted by the low production in April, August and September 2013 which was partly due to plant downtime due to the repairs of the ball mill motor. Considering completed plant improvements and throughput achievements during certain periods in the past, the projected throughput should be achievable if the ore is available as per the plan.

Forecasted recovery rates are based on historical independent metallurgy and plant test-work, averaging 88.8% over the 12 months to July 2015.

In addition to the above, ZCI has recently embarked on a process to obtain commercial and/or legal assistance and advice with a view to the potential restructuring of the ZCI Group. Such restructure may include delisting ZCI; delisting ACU; reducing the number of subsidiary entities in the ZCI Group; restructuring the debt and capital structure of the group; and may include other considerations of cost and fiscal effectiveness, strategy, risk and broad commercial considerations.

Projected funding requirements and current activities

The Directors believe that the projections for the twelve months to July 2015 are achievable. The cash flow projections show that if key operational and pricing assumptions are achieved, the Company and its subsidiaries will not require any additional funding for the next twelve months from the date of approval of these consolidated annual financial statements.

By way of illustrating other downside sensitivities in the projection, a combination of:

- shortfalls in production throughput of up to 10%, that is equivalent to an improvement of only 15% on the average throughput achieved during the prior year;
- shortfalls in the average copper price of up to 2.5%;
- shortfalls in average recoveries of up to 5% on Mowana Mine from March 2015;
- increase in the average milling costs by 7.5% to US$14.66/DMT due to abovementioned sensitivity on production throughput applied;

would not result in any additional funding requirement over the forecasted period until July 2015 (all other assumptions unchanged).

Furthermore, a possibly shutdown of operations for up to a month in the event of a critical equipment failure and/or heavy rain fall would result in an additional funding requirement of up to US$2.5 million (all other assumptions unchanged).

In light of the sensitivities of the cash flow forecast, the Directors of ZCI issued a further letter of financial support to ACU, confirming that ZCI will continue to make sufficient financial resources available to allow ACU to meet its liabilities as they fall due in the course of normal operations, subject to no material changes in the shareholding or debt structure of ACU resulting from the review of the reassessment of the strategic direction of ZCI and the Group. To ensure that ZCI has the ability to provide such support based on existing and any additional funding requirements, the Company obtained an extension of the letter of financial support from its controlling shareholder, to the value of US$2.5 million.

4. Going concern - continued

These projections are furthermore subject to ZCI continuing to defer all principal and interest payments arising from ACU's debt obligations to ZCI for the next twelve months.

Conclusion

After taking account of the Company and Group's funding position and its cash flow projections, and having considered the risks and uncertainties described above, the Directors have concluded that the Company and Group have adequate resources to operate for at least the next 12 months from the date of approval of these consolidated annual financial statements. For these reasons, the Directors continue to prepare the financial statements on the going concern basis.

However, although we expect the Group to continue as a going concern, the combination of the uncertainties surrounding the successful and timely restart of mining operations at the Mowana pit and the associated processing of supergene ore, the exposure to copper price variations, the risk of our mining targets not being met, the contemplated restructuring of the group, and the availability of additional funding if necessary, collectively represent a material uncertainty casting significant doubt on the ability of the Company and its subsidiaries to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

5. Cost of sales

	2014	2013
	USD'000	USD'000
Productions costs	**32,207**	34,401
Depreciation	**3,948**	2,515
Salaries and professional costs	**8,470**	8,498
	44,625	45,414

6. Loss before net finance expense

as stated includes the following:

	2014	2013
	USD'000	USD'000
Auditor's remuneration		
- Audit fees	**351**	376
	351	376
iCapital advisory fees (included in other expenses)	**7,992**	1,000
Foreign exchange gains (included in other expenses)	**920**	616
Impairment losses		
- Property, plant and equipment	**13,420**	-
- Intangible assets	**18,080**	2,025
	31,500	2,025

Foreign exchange gains were previously disclosed separately on the statement of profit or loss. In order to achieve better presentation by function, it has been reclassified to other expenses.

7. Administrative expenses

	2014 **USD'000**	2013 USD'000
Employee costs	**3,876**	3,469
Consultancy fees	**1,735**	1,758
Insurance	**505**	490
Travel	**182**	251
Repairs and maintenance	**140**	119
General and head office administrative expenses	**2,035**	1,983
	8,473	8,070

8. Finance costs

	2014 **USD'000**	2013 USD'000
Interest expense:		
Bank	**137**	572
Other	**51**	57
Withholding tax	**1,352**	1,411
	1,540	2,040

9. Income tax

	2014 **USD'000**	2013 USD'000
Income tax expense		
Current	**-**	-
Deferred	**(2,297)**	(749)
	(2,297)	(749)
Tax rate reconciliation (aggregate per jurisdiction)		
Tax at the domestic rates applicable to profits in country concerned	**(7,581)**	(3,507)
Non-deductible expenses	**5,863**	3,369
Tax not raised on losses carried forward	**1,718**	138
Change in deductible and taxable temporary differences	**(2,297)**	(749)
	(2,297)	(749)

ZCI is exempt from tax in Bermuda. ACU is subject to corporation tax in the United Kingdom at 23% (2013: 24%). The Botswana entities are subject to a tax rate of 22%.

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

10. Earnings per share

	2014	2013
Basic (loss)/earnings per ordinary share (US cents)	**(47.08)**	5.16
Diluted (loss)/earnings per ordinary share (US cents)	**(48.95)**	1.63
Headline (loss)/earnings per ordinary share (US cents)	**(8.71)**	7.42
Diluted headline (loss)/earnings per ordinary share (US cents)	**(10.59)**	3.89
Number of ordinary shares in issue	**55,677,643**	55,677,643
Weighted average and diluted number of ordinary shares in issue	**55,677,643**	55,677,643

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

	2014 **USD'000**	2013 USD'000
(Loss)/Profit attributable to owners of the company	**(26,211)**	2,871
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(1,045)**	(1,962)
Diluted (loss)/profit attributable to owners of the company	**(27,256)**	909
(Loss)/Profit attributable to owners of the company	**(26,211)**	2,871
Impairment loss	**31,500**	2,025
Deferred tax on impairment loss	**(2,161)**	(446)
Non-controlling interest in impairment loss	**(8,366)**	(320)
Loss on disposal of property, plant and equipment	**526**	-
Non-controlling interest in disposal loss	**(140)**	-
Headline (loss)/profit attributable to owners of the company	**(4,852)**	4,130
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(1,045)**	(1,962)
Diluted headline (loss)/profit attributable to owners of the company	**(5,897)**	2,168

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

11. Property, plant and equipment

2014	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Cost				
Balance at 1 April 2013	29,550	27,096	3,805	60,451
Additions	9,208	3,043	414	12,665
Disposals	-	(619)	(24)	(643)
Reclassifications/Transfers	(1,350)	1,296	54	-
Exchange adjustments	(1,774)	(1,576)	(220)	(3,570)
Balance at 31 March 2014	**35,634**	**29,240**	**4,029**	**68,903**
Depreciation and impairment losses				
Balance at 1 April 2013	(14,351)	(4,242)	(1,249)	(19,842)
Depreciation charge for the year	(3,360)	(1,158)	(430)	(4,948)
Disposals	-	94	23	117
Impairment loss	(11,965)	(1,455)	-	(13,420)
Exchange adjustments	1,151	290	76	1,517
Balance at 31 March 2014	**(28,525)**	**(6,471)**	**(1,580)**	**(36,576)**
Carrying value				
Balance at 1 April 2013	15,199	22,854	2,556	40,609
Balance at 31 March 2014	**7,109**	**22,769**	**2,449**	**32,327**

11. Property, plant and equipment - continued

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

The majority of the Group's property, plant and equipment above is physically located at the mine, in Botswana.

Included in mine development and infrastructure is capital work in progress with a value of US$ 0.61 million (2013: US$ 0.184 million).

Mine plant and equipment with a carrying value of US$ 4.0 million (2013: US$ 1.3 million) represent assets under finance leases (Refer Note 17 and Note 18). Leased mine equipment to the value of US$1.1 million (2013:US$1.3 million) secure the lease obligations of Banc ABC (refer note 17).During the current financial year the Group entered into a new mining contract with Diesel Power Mining (Proprietary) Limited. This lease is an arrangement that is not in the legal form of a lease, but is accounted for as a lease based on its terms and conditions (Refer Note 18).

11. Property, plant and equipment – continued

Impairment review

During the financial year, the Group reassessed the recoverability of the carrying value of its property, plant and equipment as well as intangible assets where mining is currently taking place, refer to note 12 (this is considered to be one cash generating unit), following continuing operating challenges and its on-going reconsideration of the strategic direction of its mining assets (Refer to note 4). The recoverable amount was calculated with reference to value-in-use.

The Group performed an impairment test on the above mentioned cash generating unit. Key assumptions include the following:

- A revised six year and four months mine plan based on processing 5.5 million tonnes of the Mowana mine's proven and probable reserves and 0.7 million tonnes of the Thakadu Pit's probable reserves over the life of the mine
- A discount rate of 15%, stress tested up to rate of 17% (2013: 15% - 17%)
- Average production through-put levels of 81,253 tonnes per month, adjusted by 17.4% downside sensitivity factor to average production through put levels of 67,118, which is based on a 15% increase for the next 12 months and 7.6% increase over the life-of-mine on actual throughput compared to the previous financial year;
- Copper sales prices forecast at price of US$3.08 per lb until March 2015, adjusted by a 2.5% downside sensitivity factor, and thereafter with an average copper price over the life of mine from April 2015 of US$3.20 per lb, adjusted by a 2.5% downside sensitivity factor;
- Grade assumptions based on the Mowana and Thakadu resource model grades, which experience has shown to be reasonably predictive of the actual grades mined, averaging 1.53% and 1.8% respectively
- Recovery rates based on historical independent metallurgy and plant test-work adjusted by 5% downside sensitivity on Mowana Ore from March 2015
- Operating costs based on historical costs and approved budget costs, plus a 7.7% sensitivity factor increase on milling costs due to the sensitivity on production throughput
- Capital costs based on historical costs and approved budget costs

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

The value-in-use represents the estimated present value of the future cash flows expected to be derived from the asset, discounted at a rate of 15% and stress tested at a rate of 17%.

Neither the outcome of the value-in-use calculation, nor the stress test indicated any further impairment of the carrying value of property, plant and equipment and the intangible assets relating to the operations where mining is currently taking place.

During the interim review, the outcome of the value-in-use calculation, resulted in an impairment loss of US$31.5 million (US$13.42 million relating to property, plant and equipment and US$18.08 million relating to intangible assets).

The Directors are further of the opinion that the results of the year end value-in-use calculation did not support a further impairment loss.

12. Intangible assets

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

2014	Exploration and Evaluation assets (a) USD'000	Mine development and Infrastructure (b) USD'000	Total USD'000
Cost			
Balance at 31 March 2012	16,026	44,438	60,464
Additions	1,302	1,101	2,403
Effect of translation	(68)	(58)	(126)
Balance at 31 March 2013	17,260	45,481	62,741
Additions	764	618	1,382
Effect of translation	(11)	(9)	(20)
Balance as at 31 March 2014	**18,013**	**46,090**	**64,103**
Accumulated amortisation and impairment losses			
Balance at 31 March 2012	-	(16,001)	(16,001)
Amortisation	-	(3,317)	(3,317)
Impairment	(2,025)	-	(2,025)
Transfer	-	(1,640)	(1,640)
Effect of translation	-	86	86
Balance at 31 March 2013	(2,025)	(20,872)	(22,897)
Amortisation	-	(3,016)	(3,016)
Impairment loss	-	(18,080)	(18,080)
Balance at 31 March 2014	**(2,025)**	**(41,968)**	**(43,993)**
Carrying value			
Balance at 31 March 2013	15,235	24,609	39,844
Balance at 31 March 2014	**15,988**	**4,122**	**20,110**

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

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

12. Intangible assets - continued

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

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

License numbers PL14/2004, PL15/2004, PL16/2004 and PL17/2004 is due to expire on 30 September 2014. Application for renewal of the licenses will be submitted in due course and accordingly exploration activities have been planned and the committed spending under the licenses are budgeted and included in the group's cash projections for the upcoming periods.

During the current financial year, licence number PL060/2011 situated in the Matsitama tenements expired. It is currently the Directors intention to retain this licence and application for renewal has been submitted.

As at 31 March 2013, license number PL33/2005 and PL180/2008 situated within the Mowana tenements were impaired as a result of being post expiry date, combined with the fact that committed expenditure relating to these two licences has not been incurred and the lack of confirmation on the renewal. As at the date of this report, communication has been received that these licenses have been renewed. The renewal on its own however does not warrant in management's view a reversal of the past impairment raised.

No further impairment indicators were identified in relation to any of the other licenses. It is currently the intention of the Group to renew all its licences as they become due for expiry in future periods and accordingly exploration activities have been planned and the committed spending under the licenses are included in the Group's cash projections.

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

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

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

	Mining / exploration licenses	**Expiry Dates**
Mowana Mining rights	ML 2006/53L	19 December 2031
Thakadu Mining right	ML 2010/96L and PL1/2005	7 December 2017 and 30 June 2014
Mowana resources	PL33/2005 and PL180/2008	30 June 2016
Matsitama projects	PL14/2004-17/2004 and PL060/2011	30 September 2014 and 31 December 2013[a]

[a] Application for prospecting licence renewals have been made as required. As at the date of these consolidated financial statements the renewal process is yet to be concluded.

13. Inventories

	2014	2013
	USD'000	USD'000
Stockpile inventories	**4,278**	5,416
Consumables	**3,346**	3,475
	7,624	8,891

14. Trade and other receivables

	2014	2013
	USD'000	USD'000
Financial assets		
Trade receivables	**4,468**	2,605
Non-financial assets		
Prepayments and other receivables	**432**	1,453
VAT receivables	**959**	1,195
	5,859	5,253

Trade receivables represents sale of concentrate to MRI Trading Ag in terms of a concentrate off-take agreement. The Group has no collateral against these receivables and all balances are current. No impairment losses have been recognised during the year (2013: nil).

15. Share capital

	No. of shares	USD'000
Authorised at 31 March 2014 and 2013		
Ordinary shares of BD$ 0.24 each (US$ 0.24 each)	**130,000,000**	**31,200**
Deferred shares of BD$ 0.24 each (US$ 0.24 each)	**50,000**	**12**
Issued at 31 March 2014 and 2013		
Ordinary shares	**55,677,643**	**102,676**
Deferred shares	**50,000**	**12**
Balance at 31 March 2014 and 2013	**55,727,643**	**102,688**

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

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

16. Share based payment schemes

Subsidiary scheme

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

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

	Weighted average exercise price in £ per share	Options
At 1 April 2010	77.3p	2,935,000
Forfeited	77.5p	(750,000)
At 31 March 2011	77.2p	2,185,000
Granted	3.13p	17,150,000
Cancelled	3.13p	(500,000)
Forfeited	-	-
At 31 March 2012	**11.7p**	**18,835,000**
Exercisable at the end of the year	0.136p	15,505,000

The weighted average remaining contractual life of the outstanding options at 31 March 2014 was 6.67 years (2013: 7.67 years).

No options were granted, cancelled or forfeited during the financial years ended 31 March 2014 and 31 March 2013.

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

The total expense recorded in the statement of profit or loss and other comprehensive income in respect of the share based payments for the year was US$69,344 (2013: US$162,985) .

16. Share based payment schemes – Continued

Subsidiary scheme - Continued

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

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

(a) 2014 share options expire during November 2014

No options were exercised or expired during the year.

17. Interest bearing debt

During the 2012 financial year, an equipment facility of US$3.1 million was obtained from Banc ABC, a Botswana based lending institution. The equipment facility is a 36 month US$ denominated facility that has a fixed interest rate of 9% per annum and is secured by the underlying assets. This facility is repayable in monthly instalments over a period of 36 months. As at 31 March 2014, US$0.8 million from this facility had been drawn (2013: US$1.9 million).

Additionally, during August 2013, a pre-sale agreement was obtained from MRI Trading Ag ("MRI"), the Group's off-take partner. The agreement is an eight months US$3 million denominated facility that bears interest at a rate of Libor 1 month plus 5% and is secured with a holding certificate with instructions for a quantity of 500,000 metric tons of Mowana mine ores grading approximately 0.56% copper. The facility is repayable in monthly instalments over a period of eight months. As at 31 March 2014, US$1.1 million is owing to MRI. MRI granted the Group two months grace in the repayment schedule during December 2013 and January 2014.

The Group is not in breach of any covenants relating to the facility with Banc ABC or the pre-sale agreement.

	2014	2013
	USD'000	USD'000
Current portion	**1,871**	**1,171**
Non-current portion	**41**	**712**
	1,912	**1,883**

18. Finance lease liability

On 20 February 2014, the Group entered into an agreement for 52-months with a mining contractor, Diesel Power Mining (Proprietary) Limited ("Diesel Power"). In terms of the contract, specific mining equipment will be used by the contractor in fulfilling their duties of mine scheduling, drill and blasting, waste removal and ore mining. Although the arrangement is not in the legal form of a lease, the Group concluded that the arrangement contains a lease of the mining equipment. The lease was classified as a finance lease. At the inception of the arrangement, it was impracticable to split the payments into lease payments and other payments related to the arrangement, as such the lease asset and liability was recognised at an amount equal to the fair value of the assets that was identified in terms of the lease. The imputed finance costs on the liability were determined based on the Group's incremental borrowing rate (9 %). This lease provides the Group with the option to buy the equipment at a beneficial price. In terms of the agreement Diesel Power shall not de-mobilise any or all of the mining equipment from the site without receiving written approval from the Group.

Finance lease liabilities recognised for items of equipment whereby the commencement date of the lease was prior to 31 March 2014, are payable as follows:

In thousands of US dollars	**Future minimum lease payments 2014**	**Interest 2014**	**Present value of minimum lease payments 2014**
Less than one year	**535**	**157**	**378**
Between one and five years	**1,783**	**248**	**1,535**
More than five years	**-**	**-**	**-**
	2,318	**405**	**1,913**

This lease commenced during the current financial year as such no comparative numbers have been presented.

Commitments under finance lease

At the reporting date, all assets subject to this agreement was not yet at the mine as they are still being mobilised. The future minimum lease payments (for all assets subject to this agreement) are as follow:

In thousands of US dollars	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
Less than one year	**2,037**	**598**	**1,439**
Between one and five years	**6,793**	**945**	**5,848**
More than five years	**-**	**-**	**-**
	8,830	**1,543**	**7,287**

19. Deferred tax

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

	2014	2013
	USD'000	USD'000
Balance at the beginning of the year	**2,297**	3,046
Current year	**(2,297)**	(749)
Balance at the end of the year	**-**	2,297

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

	2014	2013
	USD'000	USD'000
Deferred tax liabilities		
Intangible assets	**2,235**	6,877
Deferred tax assets		
Property, plant and equipment ("PPE")	**(2,235)**	(4,580)
Net deferred tax	**-**	2,297

Unrecognised deferred tax assets comprise of:

	2014	2013
	USD'000	USD'000
Tax losses	31,910	30,667
Deductible temporary differences	10,597	6,994
	42,507	37,661

The Group had not recognised net deferred tax assets in respect of losses and deductible temporary differences, 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.

20. Environmental rehabilitation provision

The Group estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 March 2014 is US$ 7,024,505 (2013: US$ 6,765,844). Although, the ultimate amount to be incurred is uncertain, the undiscounted cost estimate of US$6.0 million is based on the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006 and updated by GeoFlux (Pty) Limited in 2011 to take into account the escalation of Mowana estimate and the new estimate for Thakadu open pit.

20. Environmental rehabilitation provision - continued

During the year the Group set aside an additional US$0.15 million to provide for rehabilitation of the Mowana Mine (including the Mowana and Thakadu open pits) site at closure (2013: US$0.13 million was set aside based on initial provision). The cash provision is set aside on the rate of reserves depletion basis. The Group will annually make contributions to this account over the life of the mine so as to ensure these capital contributions together with the investment income earned cover the anticipated costs. Based on the current life of mine, the restoration liabilities are expected to be realised from June 2019 when the processing plant will run out of ore to process. Currently the Group is planning to complete an underground mining feasibility study to access further Mowana resources, in which case the liabilities would be deferred as the plant and buildings to which they relate will remain in use for the extended life of mine.

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

	2014	2013
	USD'000	USD'000
Balance at the beginning of the year	**6,766**	7,065
Unwinding of interest	**646**	649
Foreign exchange on translation	**(388)**	(948)
Balance at the end of the year	**7,024**	6,766

21. Trade and other payables

Financial liabilities	**2014**	2013
	USD'000	USD'000
Trade payables	**3,556**	5,292
Accrued expenses and other payables	**1,662**	736
Non-financial liabilities		
Withholding tax	**4,669**	3,317
Salary and wage-related accruals	**1,742**	1,703
Accrual for royalties	**6,575**	4,695
Other liabilities	**127**	330
	18,331	16,073

22. Related parties

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

Identity of related parties

The Company's parent and ultimate controlling party is Copperbelt Development Foundation.
The shareholders (as listed in Shareholders' Analysis on page 8) and subsidiaries of ZCI (as listed in note 23) are considered to be related parties. The Directors are listed in note 22.

22. Related parties - continued

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

Transactions during the year

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

Balance outstanding US$ million	**Terms and conditions**
US$ nil	Tranche A (convertible) - US$ 8.379 million, interest rate 12% per annum[(a)]
US$ 24.033	Tranche B (not convertible) -US$ 24.033 million, interest rate 14% per annum
US$ 10.0	Interest 6% per annum, repayable 31 March 2012 with the option to renew
US$ 7.5	Interest 12% per annum, repayable 30 November 2014 with the option to renew
US$ 12.5	Interest 9% per annum, repayable in January 2014
US$ 2.0	Interest 9% per annum, repayable in March 2013
US$ 5.0	Interest 9% per annum, repayable in March 2013
US$ 6.0	Convertible, Interest 7% per annum, repayable in March 2014

The abovementioned loans whose repayment date has expired have been granted a deferral until 31 July 2014. This deferral is conditional on and revocable on 30 days written notice as result of any material structural changes that may be required as result of the restructuring of the ZCI Group.

[(a)] On 22 October 2013 the Tranche A Loan was converted into ACU Shares as detailed in the Circular to ZCI Shareholders approved on 30 September 2013. Refer to note 26. As at the end of the financial year the Tranche B loan remains outstanding.

Key management compensation and Directors' remuneration are disclosed in note 22. At year end US$ 0.085 million of the director's fees of ZCI was outstanding; this was paid subsequent to year end.

The Company incurred professional fees amounting to US$2 million (2013:US$1 million) to iCapital (Mauritius) Limited ("iCapital") in relation to settlement of the fixed fee portion of an Investment Advisory and Management agreement ("IAMA") which has been settled during the current financial period. J Soko, a director of ACU, is also a director of iCapital. African Copper PLC also paid professional fees amounting to approximately US$0.2 million (2013: US$0.3 million) to iCapital. During the current financial year, the Company has resolved the dispute with iCapital. Refer to note 26(iCapital settlement) for further detail.

The Company paid fees amounting US$0.494 million (2013: US$0.636 million) to Maitland Trustees Limited, Maitland Advisory LLP and Maitland Investment Services (IOM). These fees relates to administration, accounting, professional and wealth management services. At year end the amount outstanding for these fees was US$3k (2013: US$57k). The finance director of ZCI, W Badenhorst, is employed by Maitland.

The mine paid fees amounting to approximately US$0.025 million (2013: US$0.006 million) to Aegis Instruments, Micro Mine, MGE and Quantec, these companies are controlled by a director of the subsidiary. These fees relates to geophysical and geological consulting, administration services and reimbursed expenses. At the year end the amount outstanding for these fees was US$nil (2013: US$nil).

The mine paid fees amounting to approximately US$nil (2013: US$0.049 million) to Dikgaka Mining and Management Consultants, a company controlled by a director of a subsidiary. These fees relate to operations management services, at year end no amount was outstanding to them (2013: US$nil).

During the year the Company's ultimate controlling party provided a letter of support to the Group, up to a maximum amount of US$2.5 million, thereafter the Company provided a letter of support to ACU, up to the same maximum amount. Subsequent to year end this letters of support was extended until 31 July 2015.

23. Remuneration of Directors and other key management personnel

	Directors' fees	Short term benefits and expenses	Basic annual remuneration	Total remuneration
	USD'000	USD'000	USD'000	USD'000
2014				
Directors – ZCI				
T. Kamwendo	**34**	**68**	**240**	**342**
M. Clerc	**34**	**2**	**-**	**36**
Prof S. Simukanga	**40**	**18**	**-**	**58**
E. Hamuwele	**18**	**-**	**-**	**18**
W. Badenhorst	**34**	**18**	**-**	**52**
C. O'Connor	**34**	**14**	**-**	**48**
Directors – ACU				
R. D. Corrans	**45**	**-**	**-**	**45**
J. Soko	**33**	**-**	**-**	**33**
D. Rodier	**50**	**-**	**-**	**50**
Prof S. Simukanga	**41**	**-**	**-**	**41**
S. Georgala	**33**	**-**	**-**	**33**
B. R. Kipp	**-**	**-**	**196**	**196**
Key management	**-**	**1,036**	**1,679**	**2,715**
Total	**396**	**1,156**	**2,115**	**3,667**

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

2013				
Directors – ZCI				
T. Kamwendo	34	33	240	307
M. Clerc	34	8	-	42
Prof S. Simukanga	34	6	-	40
E. Hamuwele	44	6	-	50
K. L. Bergkoetter#	21	11	-	32
W. Badenhorst #	13	10	-	23
C. O'Connor	27	7	-	34
Directors – ACU				
R. D. Corrans	44	-	-	44
J. Soko	32	-	-	32
D. Rodier	49	-	-	49
Prof S. Simukanga	39	-	-	39
S. Georgala	30	-	-	30
B. R. Kipp	-	-	180	180
Key management	-	1,122	1,591	2,713
Total	401	1,203	2,011	3,615

W Badenhorst appointed and KL Bergkoetter resigned during November 2012

24. Subsidiary undertakings

	Country of incorporation and operation	Physical activity	Holding of equity shares 2014	Holding of equity shares 2013
African Copper Plc	England	Investment	**73.44%**	84.19%
Mortbury Limited*	British Virgin Islands	Investment	**73.44%**	84.19%
Messina Copper (Botswana) (Pty) Limited* ("Messina")	Botswana	Mining	**73.44%**	84.19%
Matsitama Minerals (Pty) Limited *	Botswana	Exploration	**73.44%**	84.19%

* indirectly held

25. Non-controlling interests ("NCI")

The following subsidiary have material NCI:

Name	Country of incorporation	Ownership interests held by NCI 2014	2013
African Copper PLC	England	26.56%	15.81%

The following table summarises the information relating to the Group's subsidiary that has material NCI, before any intra-group eliminations and is not modified for fair value adjustment on acquisition:

	African Copper PLC 2014 USD'000	2013 USD'000
Non-current assets	50,910	72,635
Current assets	17,808	16,568
Non-current liabilities	(8,601)	(16,149)
Current liabilities	(114,741)	(102,985)
Net assets	(54,624)	(29,931)
Net assets attributable to NCI	(14,508)	(4,732)
Revenue	58,735	60,464
Loss after tax attributable to owners of the company	(34,385)	(15,827)
Other comprehensive income (OCI)	1,746	2,870
Total comprehensive income	(32,639)	(12,967)
Loss after tax allocated to NCI	(9,133)	(2,502)
OCI allocated to NCI	464	454
Cash flow from operating activities	13,712	8,703
Cash flow from investing activities	(12,613)	(8,245)
Cash flow from financing activities (dividends to NCI: nil)	(151)	4,357
Net increase in cash and cash equivalents	948	4,815

26. Change in investment in ACU

During the current financial year the iCapital dispute has been settled (Refer note 28). The settlement entailed a cash payment of US$2 million and a transfer of 18.5% of the ACU shares held by the company, after the conversion of the convertible Tranche A loan into 556,307,263 shares in ACU.

On 30 September 2013 the company announced that the Tranche A loan facility of US$8,379,100 would be converted into ordinary ACU shares at the conversion rate of 1 pence per ordinary share and at the exchange rate as set out in the conversion notice of US$1.5062 to 1GBP, which equates to new ordinary shares of 556,307,263. Immediately following the issue of the converted shares to the company, 247,575,741 of the converted shares was transferred to iCapital in settlement of performance fees.

Due to the conversion of shares the Non-Controlling Interest decreased from 15.81% to 9.89% and the Group's equity interest in African Copper PLC increased from 84.19% to 90.11% and subsequently due to the transfer of 18.5% of the shareholding to iCapital the Non-Controlling Interest ("NCI") increased from 9.89% to 26.56% and the Group's equity interest in African Copper PLC decreased from 90.11% to 73.44%.

The impact of the debt conversion and subsequent transfer of shares to iCapital on the consolidated statement of changes in equity is a decrease in the opening NCI of US$5.406 million and a corresponding increase in equity attributable to owners of the company.

The following summarises the effect of the loan conversion and transfer of ACU shares to iCapital in the Company's ownership interest in ACU:

	USD'000
Company's ownership interest at the beginning of the year	84,966
Equity settled share based payment	5,992
Share option reserve	69
Settlement of equity share based payment	5,406
Loan conversion	(2,978)
Transfer of shares to iCapital	8,384
Share of Comprehensive income	(27,574)
Loan conversion	2,096
Transfer of shares to iCapital	(5,902)
Loss for the year and other comprehensive income	(23,768)
Company's ownership interest at the end of the year	68,859

27. Commitments

Contractual obligations	**Total**	**2014[(d)]**	**2015[(d)]**	**2016[(d)]**	**2017[(d)] and thereafter**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Goods, services and equipment [(a)]	**4,828**	**4,828**	**-**	**-**	**-**
Exploration licences [(b)]	**1,801**	**1,801**	**-**	**-**	**-**
Operating lease agreements [(c)]	**107**	**56**	**29**	**10**	**12**
	6,736	**6,685**	**29**	**10**	**12**

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

28. iCapital Settlement

During the 2014 financial year, the Company and iCapital reached a full and final settlement with regards to the dispute between the parties (as disclosed in note 26).

Given that iCapital is a related party (Mr J Soko, a director of ACU, is also a director of iCapital) the terms of the settlement which was a variation of the original terms of the IAMA (namely the compensation by a transfer of ACU shares) was subject to a fair and reasonableness opinion as per the Listing Requirements of the Johannesburg Stock Exchange ("JSE") and was conditional upon the approval of ZCI's shareholders. Accordingly, a fair and reasonableness opinion was obtained from an independent expert and the shareholders of the Company approved the terms of the settlement on 30 September 2013.

The settlement entailed a cash payment as well as a transfer of 18.5% of the ACU shares held by the Company to iCapital. This transaction was considered an equity share based payment transaction in terms of IFRS 2 *Share based payments*.

In terms of the equity settled share based payment, the fair value of the services received from iCapital cannot be estimated reliably due the complexities and uncertainty around the calculation of the performance fees detailed in the Investment Advisory and Management Agreement ("IAMA") that was entered into between ZCI and iCapital and subsequently terminated leading to certain terms being disputed. The fair value of the services rendered was calculated with reference to the fair value of the equity instruments granted, measured at the grant date. The grant date of the transaction was the date that approval of the settlement terms was received from the shareholders, which was 30 September 2013. The fair value of the equity instruments granted was calculated based on the amount of shares transferred calculated as 247,575,741 ACU shares at the quoted share price of ACU Shares on the London Stock Exchange of GBP1.5 on the grant date and converted to US Dollars based on an exchange rate of US$1.6136 for each GBP1.00 on the same date.

Consequently, an amount of US$5,992 million was recognised directly in equity with a corresponding expense (included in other expenses).

29. Cash utilised by operations

	2014 USD'000	2013 USD'000
Loss for the year adjusted for:	**(36,771)**	(1,624)
Interest income	**(40)**	(41)
Interest expense	**1,540**	2,040
Income tax	**(2,297)**	(749)
	(37,568)	(374)
Non-cash items		
Depreciation	**4,948**	2,739
Amortisation of intangible assets	**3,016**	3,317
Unrealised foreign currency gains	**(887)**	(563)
Share option expense	**69**	163
Environmental rehabilitation provision	**258**	(299)
Loss/(profit) on disposal of property, plant and equipment	**526**	(70)
Share based payment expense	**5,992**	-
Impairment losses	**31,500**	2,025
	7,854	6,938
Working capital changes		
Increase in trade and other receivables	**(606)**	(1,121)
Increase/(decrease) in trade and other payables	**2,258**	(1,994)
Decrease/(increase) in inventory	**1,267**	(99)
Increase in finance lease asset	**(2,912)**	-
Increase in finance lease liability	**2,912**	-
Decrease in other financial assets	**13**	153
Cash generated by operations	**10,786**	3,877

30. Cash and cash equivalents

	2014 USD'000	2013 USD'000
Bank balances	**7,451**	9,197
Bank overdraft	**-**	(31)
Cash and cash equivalents at the end of the year	**7,451**	9,166

31. 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 interest bearing debt, lease liabilities and trade and other payables. The Group's financial assets comprise cash and cash equivalents, trade and other receivables and other financial assets.

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

The fair value of the Group's financial instruments approximates their carrying value as shown in the statement of financial position. Fair value has been calculated using discounted cash flows (level 2).

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

a) Market risk

(i) Interest rate risk

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

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

Interest bearing instruments:	**2014**	2013
	USD'000	USD'000
Fixed rate		
Interest bearing debt – Banc ABC Facility	**(786)**	**(1,883)**
Finance lease liability	**(1,913)**	**-**
Variable rate		
Interest bearing debt – MRI Pre-sale agreement	**(1,126)**	**-**
Cash and cash equivalents	**7,451**	**9,197**
Bank overdraft	**-**	**(31)**

As at 31 March 2014, with other variables unchanged, a plus or minus 1% change in interest rates, on investments and borrowings whose interest rates are not fixed, would affect the loss and equity for the year by approximately US$ 63,250 (2013: US$ 91,660).

31. Financial instruments – Continued

a) Market risk (continued)

(ii) Foreign currency risk

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

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

	2014 USD'000	2013 USD'000
Pound Sterling	**194**	152
South African Rand	**201**	40
US Dollar	**5,356**	7,581
Botswana Pula	**1,699**	1,419
Euro	**1**	5
	7,451	9,197

Cash and cash equivalents bear interest at rates based on LIBOR.

As a result of the Group's main assets and subsidiaries being held in Botswana and having a functional currency different than the presentation currency (Note 3(b)), the Group's statement of financial position can be affected significantly by movements in the US Dollar to the Botswana Pula. The Group does not hedge its exposure of foreign investments held in foreign currencies.

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

	2014 USD'000 *Functional currency*			2013 USD'000 *Functional currency*		
Foreign currency	US Dollar	Pound	Pula	US Dollar	Pound	Pula
Pound Sterling	**(5)**	**-**	**-**	(33)	-	-
South African Rand	**(123)**	**-**	**(473)**	(138)	-	(334)
Canadian dollars	**-**	**(49)**	**-**	-	(80)	-
US Dollars	**-**	**(64)**	**2,607**	-	(100)	2,127
Euro	**-**	**-**	**-**	(53)	-	-
Zambian Kwacha	**-**	**-**	**-**	(5)	-	-
Mauritius Rupee	**(3)**	**-**	**-**	(4)	-	-
	(131)	**(113)**	**2,134**	(233)	(180)	1,793

31. Financial instruments – Continued

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

	2014			2013		
	USD'000			USD'000		
	Functional currency			*Functional currency*		
	US Dollar	Pound	Pula	US Dollar	Pound	Pula
10% strengthening	**(13)**	**(11)**	**213**	(23)	(18)	179
10% weakening	**13**	**11**	**(213)**	23	18	(179)

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

(iii) Commodity price risk

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

From time to time the Group may manage its exposure to commodity price risk by entering into put contracts or metal forward sales contracts with the goal of preserving its future revenue streams. No such contracts were entered into during the year. As at 31 March 2014, with other variables unchanged, a plus or minus 1% change in commodity prices, on sales revenue, would affect the loss for the year by plus or minus US$601,234 for the year (2013: US$627,333).

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

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

There have not been any significant changes to credit risk exposure, how it arises or how the Group manages it.

31. Financial instruments – Continued

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of committed credit facilities. Further analysis around the risks and uncertainties relating to the going concern basis of preparation is provided in Note 4. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. There we no changes in the Group's policies and processes to manage liquidity risk. The biggest change from an exposure point of view relates to the finance lease liability recognised for assets subject to the contract with Diesel Power.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	2014		2013	
Contractual maturity profile of Financial liabilities	**Due or due in less than 1 year USD'000**	**Due between 1 to 5 years USD'000**	Due or due in less than 1 year USD'000	Due between 1 to 5 years USD'000
Trade and other payables	5,218	-	6,028	-
Due to Banc ABC	745	41	1,202	712
Due to MR Trading Ag	1,126	-	-	-
Finance lease liability	535	1,783	-	-
Bank overdraft	-	-	31	-

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.

32. Events after the reporting period

No event, material to the understanding of these financial statements, has occurred between the reporting date and the date of approval of the financial statements *except* for the Company obtaining an extension on a letter of support from its controlling shareholder, to the value of US$2.5 million as described in note 4.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the forty-third Annual General Meeting of the shareholders of ZCI Limited ("ZCI" or the "Company") will be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünewald, Luxembourg on Wednesday, 24 September 2014 at 14.00 CET (13.00 BST, 14.00 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 2014.

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

2.1 T Kamwendo

2.2 W Badenhorst

2.3 S Simukanga

2.4 C O'Connor

2.5 M Clerc

2.6 J Lungu

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 47 to 48 of the Integrated Report.

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

3.1 C O'Connor

3.2 S Simukanga

3.3 M Clerc

Refer to pages 47 to 48 for a biography of each director. As evident from the biographies of these directors, each of them has relevant academic qualifications and experience. The Board recommends the election of these directors as members of the Audit & Finance Committee of the Company.

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

5. To approve the remuneration of the directors for the period ended 31 March 2014 as disclosed in the Company's annual financial statements and the Integrated Report.

6. To reappoint the auditors, to fix their remuneration, and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2015 is Mr Hendrik van Heerden.

7. Special Resolution 1:

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

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

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

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

Other disclosure in terms of the Listings Requirements Section 11.26

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

- Directors and management – page 44;
- Major shareholders of the Company – page 8;
- Directors' interests in securities – page 46; and
- Share capital of the Company – page 87.

Litigation statement

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

Directors' responsibility statement

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

Material change or no material changes to report

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

Reason and effect

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

Statement of Board's intention

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

Voting and Proxies

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

To be valid, Forms of Proxy should be completed in accordance with the instructions printed thereon and returned so as to be received by the Company's Transfer Secretaries by no later than 14.00 (CET) (13.00 BST, 14.00 SAST) on Monday, 22 September 2014.

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 6ZZ

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

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

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

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

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

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

A form of proxy is enclosed with this Integrated Report.

By order of the Board of Directors

John Kleynhans
Company Secretary
14 July 2014

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