ZCI Limited

Consolidated Interim Financial Statements

For the period ended 30 September 2012

ZCI LIMITED

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

ZCI Limited

(Registered in Bermuda)
(South African registration number 1970/000023/10)
JSE share code: ZCI
ISIN: BMG9887P1068
Euronext share code: BMG9887P1068

("ZCI" or "the Company")

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT ON THE RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

We are pleased to present the Group's condensed reviewed consolidated interim results for the six months ended 30 September 2012. The Group incurred an operating loss of USD3.8 million from activities for the six months to 30 September 2012, compared to an operating loss of USD7.7 million for the same period in the previous year.

MINING ACTIVITIES

While mining operations have yet to consistently achieve forecast production levels, there have been very positive outcomes reported since 31 March 2012.

Significant plant upgrades have been completed during the period, which has contributed to the progress being made toward realizing the full potential of the assets and achieving operating stability.

In terms of copper produced in concentrate, production during the six-month period increased by 31% compared to the same period last year. Copper produced in concentrate continued to progressively increase during the second quarter of the financial year with total production of 4,490 tonnes for the six months ended 30 September 2012. Since the shutdown in May 2012, as previously reported in the Company's 31 March 2012 annual financial statements, there has been a significant improvement in production and September 2012 was the third month in a row where copper produced in concentrate equalled or exceeded 950 tonnes. The increased copper in concentrate tonnes were achieved during this period by strong mill throughput.

Furthermore, the introduction of an increasing proportion of sulphide ore has brought flotation stability and improved recovery, and has also resulted in the reduction of costs due to curtailed usage of the reagent used to treat oxide ores. Plant efficiency has benefitted from the Larox filter plant installed this year which has significantly increased filtration capacity and reduced moisture content. Notably, in the month of August, the mill achieved and exceeded for the first time its nameplate capacity of 150 Mtph, and during the same month the mine achieved a record production level of 976 tonnes of copper in concentrate.

In summary, higher production levels were achieved due to improvements in maintenance strategies, improved production at Thakadu, higher availability of the mill and increasing recoveries as mining moved from oxidic areas to areas with higher sulphide content at Thakadu. We anticipate that average recoveries will continue to increase as mining progresses deeper into the mines and away from more oxidic areas.

With copper prices ranging between a low of USD 3.24 per lb in June 2012 and a high of USD 3.84 per lb in April 2012, the average weighted copper price achieved on sale of concentrate has been approximately USD 3.53 per lb compared with a budgeted figure averaging approximately USD 4.15 per lb. The combination of lower realized prices and lower than expected production levels in the first two months of the first quarter were primary contributors to the underperformance of the operations compared to the Directors' original projections. Nevertheless, there have been positive results in terms of reducing operating costs per tonne to below budgeted projections and recoveries above budgeted projections towards the latter half of the period.

The mine is not yet performing at optimal levels, but we remain confident that the groundwork has been laid for a good second half to the year where the projected production figures can still be met, despite uncertainties disclosed in note 5 to the financial statements.

FINANCIAL STATEMENTS AND OPERATIONS

The weakening of the Botswana Pula of approximately 10% against the US Dollar during the period impacted the financial position negatively.

Additions to property, plant and equipment over the reporting period comprised principally significant waste stripping activity at Thakadu mine, as well as equipment for enhancements. The impact of these on the statement of financial position at period end was reduced by the weakening in the exchange rate. We are pleased to report that major capital expenditure on upgrading the plant has been completed during the period. The next major plant upgrade, once feasibility of mining further resources has been established, will be linked to a second processing circuit.

ZCI continued to provide financing for mining activities of its subsidiary with an additional USD6 million loan facility drawn down during the six month period ended 30 September 2012. Furthermore, ZCI has agreed to defer all principal and interest payments arising from its subsidiary's debt obligations to ZCI until 31 March 2013 and has provided a letter of financial support. The additional funds have been used to finance a range of activities including growth projects, plant capital expenditure, plant enhancements, working capital and additional stripping. The benefits of this additional investment are evidenced by higher production levels and improved efficiencies achieved in the second quarter, and we expect this to continue in coming periods.

Significantly increased ore and concentrate stock pile inventory quantities on hand, resulted in an overall increase in inventory balances at 30 September 2012, compared to the same period last year.

There has been a decrease in the cash and cash equivalents on hand during the period, with pressure placed on cash balances, especially during the first half of the period, due to the shutdown experienced in May, continued demands of plant enhancement projects, as well as increased mining activity and significant waste stripping.

Trade payables for the period reduced largely due to removal of dependence on the more expensive reagents because of mining better ore as well as improved cash flows in the latter half of the period enabling the operation to settle its liabilities as they fell due.

Revenues increased to USD27 million, an increase of 18% from our revenues of USD23million for the corresponding period last year. Increased copper produced in concentrate and sold, as a result of increased throughput and higher grades achieved, combined with the quality of concentrates resulting in a reduction of penalties, contributed to positive growth in revenue for the six month reporting period when compared to the prior period.

CORPORATE GOVERNANCE DEVELOPMENTS

The most significant change at a ZCI board level since issuing the Integrated Annual Report for the year ended 31 March 2012 in September, has been the appointment of a new Finance Director. With an effective date of 12 November 2012, Kathryn Bergkoetter resigned from the board of ZCI, and effective the same date Willem Badenhorst was appointed as Financial Director. Ms Bergkoetter has been involved with ZCI for a number of years in an accounting capacity and latterly serving on its board as Financial Director. On behalf of the Board of Directors I again thank her for her contributions to the

Company over her years of service. Furthermore we extend our congratulations to Mr Badenhorst on his appointment and we look forward to supporting him in the role.

All other members of the Board of Directors were re-elected at the recent annual general meeting of the Company held on 11 October 2012.

ZCI continues to be committed to the implementation of corporate governance principals which are in accordance with best practices and significant advancements in its long term plan for the incremental implementation of King III corporate governance principles have been made. We are pleased to announce that the following directors of the Company, Mr Stephen Simukanga, Mr Michel Clerc and Mr Cyril O'Connor, were elected as the members of the Audit & Finance Committee of the Company. We would like to take this opportunity to thank them in advance for the important contributions they will make to the Company in these roles.

In line with the strategic objectives of ZCI, the Board will continue to ensure ongoing compliance with regulatory requirements and improved corporate governance.

RISK MANAGEMENT

As previously reported, ZCI provided notice of the termination of the Investment Advisory and Management Agreement (the "IAMA") between ZCI and iCapital (Mauritius) Limited during July 2011. A settlement for certain of the claims against the "fixed fee" element of the agreement has been reached during September 2012 and accrued for accordingly in the consolidated interim financial statements. Negotiations on some disputed clauses in the agreement are continuing and shareholders will be informed about any further developments as appropriate.

The engagement of Rand Merchant Bank ("RMB") to realise value from ZCI's investment in its subsidiary, as reported previously, remains a key area of focus. RMB and the Board of Directors remains committed to the process to identify potential parties with sufficient resources to support the development of the Group's operations and realise its potential value.

The strategic direction of ZCI and the Group will be significantly influenced by the outcome of the engagement of RMB, and as we advance that process we are confident that the period to 31 March 2013 will be one in which the on-going investment of ZCI in the mining operations of the Group will continue to result in production levels moving closer to achieving the intended level of steady state copper production.

Edgar Hamuwele	Tom Kamwendo
Chairman	CEO

6 December 2012

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2012

	Notes	**Reviewed Six months ended 30 September 2012 USD '000**	Reviewed Six months ended 30 September 2011 USD '000	Audited Twelve months ended 31 March 2012 USD '000
Revenue		**27,152**	23,066	42,772
Cost of sales		**(22,440)**	(28,264)	(46,133)
Gross profit/(loss) from mining activities		**4,712**	(5,198)	(3,361)
Administrative expenses		**(3,767)**	(2,865)	(7,926)
Other expenses	6	**(3,609)**	(1,581)	(31,116)
Foreign exchange (losses)/gains		**(1,098)**	1,943	4,093
Loss before net finance expense		**(3,762)**	(7,701)	(38,310)
Finance income		**22**	442	725
Finance expense		**(829)**	(337)	(2,352)
Loss before tax		**(4,569)**	(7,596)	(39,937)
Income tax		**230**	211	4,141
Loss for the period		**(4,339)**	(7,385)	(35,796)
Other comprehensive income:				
Exchange differences on translation of foreign operations		**(926)**	(4,554)	(7,944)
Total comprehensive income for the period		**(5,265)**	(11,939)	(43,740)
Loss attributable to:				
Equity holders of the parent		**(2,919)**	(4,849)	(29,068)
Non-controlling interest		**(1,420)**	(2,536)	(6,728)
Total comprehensive income attributable to:				
Equity holders of the parent		**(3,699)**	(8,683)	(35,756)
Non-controlling interest		**(1,567)**	(3,256)	(7,984)
Basic loss per ordinary share (US cents)	7	**(5.24)**	(8.71)	(52.21)
Diluted loss per ordinary share (US cents)	7	**(6.20)**	(10.42)	(56,73)

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Financial Position
As at 30 September 2012

	Reviewed 30 September 2012 USD'000	Audited 31 March 2012 USD'000
ASSETS		
Property, plant and equipment	**40,060**	41,248
Intangible assets	**43,999**	44,463
Other financial assets	**404**	423
Total non-current assets	**84,463**	86,134
Inventories	**9,113**	8,792
Trade and other receivables	**4,556**	4,132
Cash and cash equivalents	**9,580**	18,441
Total current assets	**23,249**	31,365
TOTAL ASSETS	**107,712**	117,499
EQUITY		
Share capital	**102,688**	102,688
Foreign currency translation reserve	**(3,766)**	(2,987)
Accumulated losses	**(16,720)**	(13,865)
Equity holders of the parent	**82,202**	85,836
Non-controlling interest	**(4,290)**	(2,723)
Total equity	**77,912**	83,113
LIABILITIES		
Interest bearing debt	**1,106**	1,611
Deferred tax	**2,816**	3,046
Environmental rehabilitation provision	**6,966**	7,065
Total non-current liabilities	**10,888**	11,722
Trade and other payables	**15,622**	18,067
Current portion of interest bearing debt	**1,292**	1,293
Bank overdraft	**1,998**	3,304
Total current liabilities	**18,912**	22,664
TOTAL EQUITY AND LIABILITIES	**107,712**	117,499

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2012

	Share capital	Foreign currency translation reserve	Retained earnings/ (Accumulated losses)	Attributable to equity holders of the parent	Non-controlling interest	Total Equity
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Balance as at 31 March 2011	102,688	3,701	14,701	121,090	5,260	126,350
Share option reserve	-	-	362	362	-	362
Loss for the period	-	-	(4,849)	(4,849)	(2,536)	(7,385)
Other comprehensive income						
- foreign currency translation differences	-	(3,834)	-	(3,834)	(720)	(4,554)
Total comprehensive income for the period	-	*(3,834)*	*(4,849)*	*(8,683)*	*(3,256)*	*(11,939)*
Balance as at 30 September 2011	102,688	(133)	10,214	112,769	2,004	114,773
Balance as at 31 March 2012	**102,688**	**(2,987)**	**(13,865)**	**85,836**	**(2,723)**	**83,113**
Share option reserve	-	-	64	64	-	64
Loss for the period	-	-	(2,919)	(2,919)	(1,420)	(4,339)
Other comprehensive income						
- foreign currency translation differences	-	(779)	-	(779)	(147)	(926)
Total comprehensive income for the period	-	*(779)*	*(2,919)*	*(3,698)*	*(1,567)*	*(5,265)*
Balance as at 30 September 2012	**102,688**	**(3,766)**	**(16,720)**	**82,202**	**(4,290)**	**77,912**

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Cash Flows

	Reviewed Six months ended 30 September 2012 USD'000	Reviewed Six months ended 30 September 2011 USD'000
Cash flow from operating activities		
Cash (utilised)/generated by operations	**(2,530)**	55
Interest received	**22**	430
Interest paid	**(829)**	(337)
Cash (outflow)/ inflow from operating activities	**(3,337)**	148
Cash flow from investing activities		
Additions to maintain operations:		
- Property, plant and equipment	**(3,323)**	(10,179)
Additions to expand operations:		
- Intangible assets	**(1,255)**	(1,037)
Proceeds of disposal of property, plant and equipment	**-**	400
Cash outflow from investing activities	**(4,578)**	(10,816)
Cash flow from financing activities		
Repayment of long term-receivable	**-**	6,000
Repayment of interest bearing debt	**(505)**	-
Interest bearing debt raised	**-**	1,609
Cash (outflow)/inflow from financing activities	**(505)**	7,609
Net decrease in cash and cash equivalents	**(8,420)**	(3,059)
Effect of foreign currency translation	**865**	789
Cash and cash equivalents at the beginning of the period	**15,137**	26,417
Cash and cash equivalents at the end of the period	**7,582**	24,147

Notes to the Financial Statements

1. General information

ZCI ("the Company") 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 the holding company of African Copper Plc ("ACU), a copper producing and mineral exploration and development group of companies (the "Group"). The Group's main project is the copper-producing open pit Mowana mine. The Group also owns the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama Project. The Mowana Mine is located in the north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

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

These condensed consolidated interim financial statements were approved for issue on 6 December 2012 by the board of directors.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2012 have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting and the AC500 series issued by the Accounting Practices Board and in compliance with the Listings Requirements of the JSE Limited.

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

3. Significant accounting policies

The accounting policies applied in the presentation of the condensed consolidated interim financial statements are consistent with those applied for the year ended 31 March 2012.

4. Segment information

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

As such, a separate segmental report has not been prepared.

5. Going Concern

Since the publication of the Company's annual report on 17 September 2012 which contained details of the key assumptions and factors impacting on the Company and its subsidiary's ability to continue as a going concerns, further progress has been made in respect of production levels.

The Group incurred a loss of USD3.9 million for the period ended 30 September 2012 (2011: USD7.4 million).

The Company's subsidiary, ACU, realised a significant increase in revenue, from USD23.1 million for the corresponding period last year to USD 27.1 million for the period ended 30 September 2012. This was as a result of the very favourable increase in copper produced in concentrate, which increased during the six-month period by 95% compared to the same period last year. Gross profit from mining activities for the six months ended 30 September 2012 also increased to USD4.7 million, compared to a gross loss of USD5.2 million for the corresponding period last year, driven by investments in enhancing recoveries and in reducing operating costs per ton.

The copper produced in concentrate for the six months of April, May, June, July, August and September 2012 was 704, 270, 635, 955, 976 and 950 tonnes of copper in concentrate respectively. As previously reported in the Company's 31 March 2012 annual financial statements, May's production figures arose following a mechanical failure in the processing plant and a resulting shutdown from 20 May until 5 June 2012. Since then, there has been a significant improvement in production and September 2012 was the third month in a row where copper produced in concentrate equalled or exceeded 950 tonnes. Despite these record production highs, due to the impact of the before mentioned shutdown in May and June the mass of copper produced in concentrate did not yet attain the levels needed to generate overall positive cash flows from operating activities for the business over the 6 months period ended 30 September 2012.

In light of the sensitivities of the cash flow forecast, the Directors of ZCI issued a letter of financial support to ACU during the period, confirming that ZCI will continue to make sufficient financial resources available to allow ACU to meet its liabilities as they fall due in the course of normal operations. Furthermore, to ensure that ZCI has the ability to provide such support based on existing and any additional funding requirements, the Company obtained a letter of financial support from its controlling shareholder, to the value of USD7 million.

Although there have been significant improvements during the past six months, there still exists an uncertainty that the Company and its subsidiaries will not achieve the projected production levels and projected cash flows. If the Company and its subsidiaries do not achieve the projected production levels and cash flows it will have to source additional external funding. Should the Company and its subsidiaries not achieve the projected production levels and cash flows and obtain the additional funding, there exists a material uncertainty which may cast significant doubt about the ability of the Company and its subsidiaries to continue as going concerns, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements are prepared on the basis of accounting policies applicable to a going concern.

6. Other expenses

Included in other expenses for the twelve months ended 31 March 2012 is an impairment loss of USD25.7 million (USD15 million relating to property, plant and equipment and USD 10.7 million relating to intangible assets) that was recognised in the previous financial year. Further impairment losses or reversal of impairment losses was not required in the current period.

7. Loss per share

	Six months ended 30 September 2012	Six months ended 30 September 2011	Twelve months ended 31 March 2012
Basic loss per ordinary share (US cents)	**(5.24)**	(8.71)	(52.21)
Diluted loss per ordinary share (US cents)	**(6.20)**	(10.42)	(56.73)
Headline loss per ordinary share (US cents)	**(5.24)**	(8.71)	(14.48)
Diluted headline loss per ordinary share (US cents)	**(6.20)**	(10.42)	(17.41)
Number of ordinary shares in issue	**55,677,643**	55,677,643	55,677,643
Basic and diluted weighted average number of ordinary shares in issue	**55,677,643**	55,677,643	55,677,643
	USD'000	USD'000	USD'000
The following adjustments to loss attributable to ordinary shareholders were taken into account in the calculation of diluted loss per share:			
Loss attributable to equity holders of the parent	**(2,919)**	(4,849)	(29,068)
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(532)**	(950)	(2,520)
Diluted loss attributable to equity holders of the parent	**(3,451)**	(5,799)	(31,588)
The following adjustments to loss attributable to ordinary shareholders were taken into account in the calculation of headline and diluted headline loss per share:			
Loss attributable to equity holders of the parent	**(2,919)**	(4,849)	(29,068)
Impairment loss	**-**	-	25,741
Deferred tax on impairment loss	**-**	-	(2,363)
Non-controlling interest in impairment loss	**-**	-	(2,372)
Headline loss attributable to equity holders of the parent	**(2,919)**	(4,849)	(8,062)
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(532)**	(950)	(1,632)
Diluted headline loss attributable to equity holders of the parent	**(3,451)**	(5,799)	(9,694)

8. Mineral Resources and Mineral Reserves

The group's Mineral Resources and Ore Reserves are under review to provide updated estimations for 2013, however no material changes to the Mineral Resources and Ore Reserves disclosed in the ZCI annual report for the year ended 31 March 2012 are expected other than depletion, due to continued mining activities.

9. Contractual commitments

9.1 Contractual Obligations	Total USD'000	2012 USD'000	2013 USD'000	2014 USD'000
Goods, services and equipment [(a)]	3,641	14	3,627	-
Exploration licenses [(b)]	4,738	1,620	1,923	1,195
Lease agreements [(c)]	432	371	55	6
	8,811	2,005	5,605	1,201

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 the Company's prospecting licences Matsitama is obliged to incur certain minimum expenditures.

c) The Company has entered into agreements to lease premises for various periods

9.2 Investment Advisory and Management Agreement

The dispute around the Investment Advisory and Management Agreement ("IAMA") with iCapital (Mauritius) Limited ("Advisor") as disclosed in the 31 March 2012 annual report, has been partially settled during the period. Payment of an amount of USD1 million for certain of the claims against the fixed fee element of the agreement has been agreed. A portion has already been paid and the remaining amount of USD0.75 million has been included in trade and other payables at period end. The dispute with regards to the interpretation of certain other clauses in the agreement is however still on-going and negotiations are continuing. The extent of the liability, other than the above mentioned settlement included in trade and other payables, cannot be reliably estimated at period end.

There were no other significant changes to commitments and contingencies as disclosed in the 31 March 2012 annual report.

10. Related party transactions

There were no changes with respect to the nature or terms of related party transactions during the period to that previously reported, other than disclosed in note 9.

11. Dividends

No dividends were declared for the period under review.

12. Events after the reporting period

No other material events have taken place since the period end that require adjustment to balances reported.

13. Review opinion

The condensed consolidated interim financial statements of ZCI Limited for the period ended 30 September 2012 have been reviewed by our auditors, KPMG Inc. In their review report dated 6 December 2012, KPMG Inc state that their review was conducted in accordance with the International Standards on Review Engagements 2410, Review of Interim Information Performed by the Independent Auditor of the Entity. They have expressed an unmodified conclusion with an emphasis of matter as follows: "Without qualifying our conclusion, we draw attention to note 5, which indicates that the Group incurred a loss for the six months ended 30 September 2012 of USD 3.9 million. 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."

The review report is available for inspection at the registered office of the Company (Clarendon House, 2 Church Street, Hamilton, Bermuda) and the offices of the sponsor.

Company secretary

John Kleynhans

Registered office

Clarendon House, 2 Church Street, Hamilton, Bermuda

Transfer secretaries

Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa

Sponsor

Bridge Capital Advisors (Pty) Limited, 27 Fricker Road, Illovo Boulevard, Illovo, 2196, South Africa

Auditors

KPMG Inc, KPMG Crescent, 85 Empire Road, Parktown, 2193, Private Bag X9, Parkview, 2122, South Africa

Website: www.zci.lu

ZCI Limited

(Bermuda registration number 661:1969)
(South African registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG9887P1068
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("ZCI" or "the Company" or "the Group")