

Zambia Copper Investments Limited  
(Registered in Bermuda)  
JSE code: ZCI  
ISIN: BMG988431240  
("ZCI")

#### **UPDATE ON CALL OPTION AND UNAUDITED PROJECTED NAV**

The Board of ZCI wishes to respond to shareholders requests for additional information on the status of the call option process and to dispel unfounded rumours relative to the Company and its affairs. The Board has, in addition, noticed that despite the information released to the market by the Company, the share continues to trade at a discount to the projected and expected NAV and, for this reason, felt it prudent to provide shareholders with an unaudited current and projected net asset value figure for ZCI in order that shareholders and investors are fully informed in their decision making process.

Starting with the call option, shareholders will recall that the Company recently announced to the market that Vedanta Resources Plc ("Vedanta") had indicated its intention to complete the acquisition of ZCI's remaining shares in Konkola Copper Mines ("KCM") and effect payment of the purchase price as determined by the Independent Bank. To date, the payment price has not been transferred and the shares remain in ZCI's hands. The reason for the delay relates to the Zambian Competition Commission ("ZCC") having indicated that it was exercising jurisdiction over the transaction. While the ZCC initially granted Vedanta interim authorisation for the transaction, it has subsequently withdrawn this, citing a failure by Vedanta to comply with an understanding on notification that had been reached with the ZCC. While the Company has been kept informed of interactions between the ZCC and KCM, ZCI, as the seller, has had no direct formal interaction with the ZCC and the Company has no direct influence on the negotiations between KCM and the ZCC or their ultimate outcome. Based on assurances received from KCM and Vedanta, the Board has been advised that that the ZCC's present concerns are purely procedural and will in all likelihood be resolved shortly. Further, indications we have received from KCM and Vedanta are that the prospects of the ZCC not granting final approval for the transaction are remote. A further issue being dealt with in parallel to the above is

the conclusion of a suitable termination agreement relating to the New Shareholders Agreement concluded between the shareholders of KCM in November 2004.

Given the history of the matter, the Board naturally desires to complete this transaction with a minimum of further delay and uncertainty and is, together with its advisors, working towards this goal as a priority. Be assured that every effort is being made to conclude the transaction as soon as is practical and on the best possible terms for the Company. Vedanta has been requested to pay interest on the Option Exercise Price pending completion of the transaction.

Turning to the issue of the NAV, you will see below the unaudited projected NAV both before and after receipt of the payment from Vedanta. These figures have not been reviewed by the Company's auditors. The figures in the "pre-transaction" column are current figures, updated from those contained in the reviewed September 2007 interim results, with the main differences being that ZCI received a further deferred payment from Vedanta in December of \$5.2 million and also received an interim dividend from KCM of \$1.6 million. The "post-transaction" column provides the projected position once ZCI receives payment from Vedanta. This calculation does not include provision for any interest that may be receivable on the payment, nor any contingencies for additional costs that may be incurred once the payment has been received, such as the costs of the restructuring of the Company, or the costs of the partial or total distribution of assets to shareholders.

A further announcement will be made as soon as the transaction is formally completed.

**Thomas Kamwendo**  
*Chairman*

Bermuda  
06 March 2008

UNAUDITED PRO FORMA INCOME STATEMENT AND BALANCE SHEET

ZAMBIA COPPER INVESTMENTS LIMITED

(Registered in Bermuda)  
("ZCI" or "the Company")

Unaudited Pro Forma Consolidated Income Statement  
for the eleven months ended February 29, 2008  
*expressed in thousands of US Dollars*

	Unaudited pro forma Post Transaction	Unaudited actual Pre Transaction
Finance income	345	345
General and administration expenses	(5,807)	(5,807)
Income from associated companies	36,268	36,268
Dividend income	1,629	1,629
<b>Profit from operations</b>	32,435	32,435
Gain on disposal of KCM	7,752	-
<b>Profit before taxation</b>	40,187	32,435
Taxation	(62)	(62)
<b>Profit for the period</b>	40,125	32,373
 <b>Headline earnings per ordinary share in US cents</b>	31.80	25.65
<b>Net profit per ordinary share in US Cents</b>	31.80	25.65
 Number of ordinary shares in issue	126,197,362	126,197,362

**Unaudited Pro Forma Consolidated Balance Sheet**  
**as at February 29, 2008**  
*expressed in thousands of US Dollars*

	Unaudited pro forma Post transaction	Unaudited actual Pre transaction
<b>Current assets</b>		
Available for sale investment	12,567	12,567
Accounts receivable	5,115	5,115
Cash and cash equivalents	219,802	6,652
Assets classified as held for sale	-	205,398
	<u>237,484</u>	<u>229,732</u>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	(2,826)	(2,826)
	<u>234,658</u>	<u>226,906</u>
<b>Net current assets</b>		
	<u>234,658</u>	<u>226,906</u>
<b>Net assets</b>		
	<u><u>234,658</u></u>	<u><u>226,906</u></u>
<b>Capital and reserves</b>		
Capital	334,547	334,547
Revaluation reserve	947	947
Deficit on hedging reserve	-	(12,113)
Accumulated deficit	(100,836)	(96,475)
<b>Total Equity</b>	<u>234,658</u>	<u>226,906</u>
Number of ordinary shares in issue	126,197,362	126,197,362
Net asset value (per ordinary share) in USD cents	185.95	179.80

**Notes to the pro forma financial statements  
for the eleven months ended February 29, 2008  
expressed in thousands of US Dollars**

**1. ACCOUNTING POLICIES**

The pro forma financial statement and balance sheet set out above are based on the following assumptions:

- a. the earnings, headline earnings and tangible NAV per ordinary share reflected in the actual Pre Transaction column were extracted from the Company's unaudited results for the eleven months ended 29 February 2007
- b. the "Transaction" is the sale of the 28.4% investment in KCM to Vedanta for USD 213,150,000
- c. the effect on earnings, headline earnings and tangible NAV per ordinary share reflected in the "Pro forma Post Transaction" column assumes that the transaction was effective on 29 February 2008
- d. the deferred consideration to be received in December 2008 was discounted to a net present value at 29 February using a discount rate of 2.46% per annum
- e. no contingencies for possible exceptional future costs have been accrued in the accounts

**2. AVAILABLE FOR SALE INVESTMENT**

The investment represents investments in an equity mutual fund. The fair value for available for sale investments is based on dealer price quotations. Gains and losses arising from changes in the fair value are recognized directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit and loss for the period.

**3. ACCOUNTS RECEIVABLE**

Resulting from the Vedanta transaction in 2004, the Company will receive consideration of USD 23,200,000 for a waiver of their pre-emptive subscription rights to KCM shares. This amount is receivable over a period from 4 November 2004 to 31 December 2008. The deferred consideration is recorded at its discounted net present value.

#### **4. ASSETS CLASSIFIED AS HELD FOR SALE**

As at 30 September 2007, the investment in KCM meets the criteria to be classified as held for sale. The investment is measured at its carrying value as of 30 September 2007 and equity accounting was discontinued as from that date.

#### **5. GENERAL AND ADMINISTRATIVE EXPENSES**

This includes the equivalent of USD 5,015,000 for costs relating to the possible sale of KCM, including arbitration, valuation, cost of valuation, legal, and technical consulting. Also included is the equivalent of USD 792,000 for ordinary operating costs, including, but not limited to, director fees and costs, administration, audit, printing, publication, and currency exchange losses.