ZCI Limited

Chairman's Statement

ZCI Limited
(formerly Zambia Copper Investments 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'S STATEMENT ON THE RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

I am pleased to present the Group's condensed reviewed consolidated interim results for the six months ended 30 September 2010. The Group returned an operating loss of USD6.7 million from activities for the six months to 30 September 2010, compared to a loss of USD4.9 million for the same period in the previous year. The Group commenced the financial period with a net asset value per share ("NAV") of USD2.14 and closed it on a NAV of USD2.11.

The financial results for the interim period ended 30 September 2009, as previously published, have been restated. These results were previously presented as unconsolidated and unreviewed as the reporting frameworks that the group is subject to, does not require reviewed results. Following finalisation of the purchase price allocation and the acquisition of ACU, it was concluded that these results should have been consolidated results, incorporating the results of operations of ACU from 1 July 2009. The financial information presented for the period ended 30 September 2009 has therefore been restated accordingly.

Overall, the Group's financial position has changed significantly from year end with the period under review being the first in which the mine has been in commercial production over the entire period.

The operating result must be seen against the background of the solid progress being made towards achieving full commercial production at the open-pit Mowana Mine. With the additional investment in mobile crushing equipment after 31 March 2010, production increased during the first five months of the financial year with the crushed and milled tonnage, as well as recoveries for August 2010, being the highest ever achieved in the history of the mine. This resulted in the highest copper sales to date, with this success being further accentuated by the buoyant copper price during the period. September production was predominantly down due to trial processing of Thadaku ore, which provided valuable operational parameters for the processing of this ore at the Mowana plant. Mechanical faults also impacted on September production but appropriate systems are being implemented by mine management to reduce down time, with production levels expected to ramp up to budget levels by the end of the year.

During the six months ended 30 September 2010 the Group received approval for the Thakadu Environmental Impact Assessment ("EIA") and the receipt of a Development Permit for its Thakadu copper-silver deposit some 70 km from the Mowana Mine. This allowed trial mining to start during the period, in line with the approved EIA (including the Archaeological Impact Assessment), ahead of the grant of a full Mining Licence from the Botswana Government. The environmental rehabilitation provision increased as a result of recognising the required provisions for this site.

Important steps were taken during the first half of the financial year to advance the Group's growth projects. These growth projects include:

- Exploration of the highly prospective Matsitama Schist Belt, aimed at a new exploration strategy that intends to shift focus onto high quality targets. The ongoing expenditure is also aimed at the retention of the existing prospecting licences that run to June 2011;
- The extension of the Mowana Mine ore resources north of the current Mowana open-pit mine through an infill and exploration drilling programme;
- Resource definition of the Makala copper deposit which lies along strike to the north-west in close proximity of Thakadu. The viability of Makala could have significant impact on the life of mining activity at Thakadu/Makala.

In order to fund the growth projects the ZCI Board approved a Loan Facility to the mine of USD7.5 million at market-related rates, with an initial drawdown of 2.5 million USD being made subsequent to the end of the period.

In accordance with its business plan, the Group continued to explore diverse investment opportunities and has subsequent to period end approved an additional USD4 million short-term loan facility to the Ndola Lime Company at favourable interest rates.

The Group, mindful of the enhanced responsibilities in terms of the King III Report on Corporate Governance, is taking the necessary steps to review its code of corporate governance. The ZCI board will report on the implementation and application thereof in its annual financial statements for the year ending 31 March 2011.

It is therefore on a note of cautious optimism that the Group welcomes in the New Year in the firm belief that it has the requisite resources and skill to meet the challenge of achieving positive cash flows across the Group.

Thomas Kamwendo
Chairman,
Bermuda
29 November 2010

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2010

	Note	**Reviewed Six months ended 30 September 2010 USD'000**	Unreviewed Six months ended 30 September 2009 USD'000	Audited Twelve months ended 31 March 2010 USD'000
Revenue		**11,583**	-	7,392
Cost of sales		**(16,504)**	-	(17,714)
Gross loss from mining activities		**(4,921)**	-	(10,322)
Administrative expenses		**(918)**	(1,236)	(1,531)
Other operating expenses		**(846)**	(1,465)	(4,439)
Selling and distribution expenses		**-**	(18)	(18)
Foreign exchange losses		**(61)**	(2,145)	(2,250)
Operating loss		**(6,746)**	(4,864)	(18,560)
Negative goodwill		**-**	33,905	33,905
(Loss) / profit before net finance income and tax		**(6,746)**	29,041	15,345
Finance income		**463**	240	509
Finance expense		**-**	(45)	(64)
(Loss)/profit before tax		**(6,283)**	29,236	15,790
Income tax		**201**	-	970
(Loss)/profit for the period		**(6,082)**	29,236	16,760
Other comprehensive income:				
Exchange differences on translation of foreign operations		**3,726**	1,482	(2,611)
Total comprehensive income for the period		**(2,356)**	30,718	14,149
Profit attributable to:				
Equity holders of the parent		**(5,049)**	30,069	18,651
Non-controlling interest		**(1,033)**	(833)	(1,891)
Total comprehensive income attributable to:				
Equity holders of the parent		**(1,988)**	31,287	16,506
Non-controlling interest		**(368)**	(569)	(2,357)
Basic (loss)/earnings per ordinary share (US cents)	5	**(9.07)**	54.01	33.50
Diluted (loss)/earnings per ordinary share (US cents)	5	**(9.82)**	54.01	32.13

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Financial Position
For the six months ended 30 September 2010

	Note	**Reviewed 30 September 2010 USD'000**	Audited 31 March 2010 USD'000
ASSETS			
Property, plant and equipment		**40,531**	33,044
Intangible assets		**50,923**	50,923
Other financial assets		**335**	327
Long term receivable		**-**	3,000
Total non-current assets		**91,789**	87,294
Inventory	7	**6,748**	1,780
Trade and other receivables		**1,856**	984
Current portion of long term receivable		**6,051**	3,000
Cash and cash equivalents		**40,253**	48,430
Total current assets		**54,908**	54,194
TOTAL ASSETS		**146,697**	141,488
EQUITY			
Share capital		**102,688**	102,688
Foreign currency translation reserve		**916**	(2,145)
Retained earnings		**13,602**	18,651
Equity attributable to equity holders of the parent		**117,206**	119,194
Non-controlling interest		**5,918**	6,286
Total equity		**123,124**	125,480
LIABILITIES			
Deferred tax		**6,329**	6,530
Environmental rehabilitation provision	8	**5,762**	4,051
Total non-current liabilities		**12,091**	10,581
Trade and other payables		**11,482**	5,427
Total current liabilities		**11,482**	5,427
TOTAL EQUITY AND LIABILITIES		**146,697**	141,488

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2010

	Share capital USD'000	Foreign currency translation reserve USD'000	Retained earnings USD'000	Attributable to equity holders of the parent USD'000	Non-controlling interest USD'000	Total Equity USD'000
Balance as at 31 March 2009	**102,688**	**-**	**-**	**102,688**	**-**	**102,688**
Arising on business acquisition					8,643	8,643
Profit/(loss) for the period	-	-	30,069	30,069	(833)	29,236
Other comprehensive income		1,218		1,218	264	1,482
Foreign exchange income for the period	-	1,218	-	1,218	264	1,482
Total comprehensive income for the period		1,218	30,069	**31,287**	**(569)**	30,718
Balance as at 30 September 2009	**102,688**	**1,218**	**30,069**	**133,975**	**8,074**	**142,049**
Balance as at 31 March 2010						
Total comprehensive income for the period						
Loss for the period	-	-	(5,049)	(5,049)	(1,033)	(6,082)
Other comprehensive income	-	3,061	-	3,061	665	3,726
Foreign exchange loss for the period	-	3,061	-	3,061	665	3,726
Total comprehensive income for the period	-	3,061	(5,049)	(1,988)	(368)	(2,356)
Balance as at 30 September 2010	**102,688**	**916**	**13,602**	**117,206**	**5,918**	**123,124**

Condensed Consolidated Interim Financial Statements
ZCI Limited

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2010

	Reviewed Six months ended 30 September 2010 USD'000	Unreviewed Six months ended 30 September 2009 USD'000
Cash flow from operating activities		
Cash utilized by operations	**(3,744)**	(5,287)
Interest received	**412**	240
Interest paid	**-**	(45)
Cash outflow from operating activities	**(3,332)**	(5,092)
Cash flow from investing activities		
Additions to maintain property, plant and equipment	**(4,558)**	-
Acquisition of subsidiary (net of cash acquired)	**-**	(1,438)
Proceeds of disposal of property, plant and equipment	**65**	-
Repayment of interest bearing borrowings	**-**	(34,414)
Cash outflow from investing activities	**(4,493)**	(35,852)
Cash flow from financing activities		
Effect of foreign currency translation	**(352)**	146
Net decrease in cash and cash equivalents	**(8,177)**	(40,798)
Cash and cash equivalents at the beginning of the period	**48,430**	102,939
Cash and cash equivalents at the end of the period	**40,253**	62,141

Commentary on the results for the six months ended 30 September 2010

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

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

These condensed consolidated interim financial statements were approved for issue on 29 November 2010 by the board of directors.

The financial results for the six months ended 30 September 2010, have been reviewed by the group's auditors, KPMG Inc., in accordance with *ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity",* and their unmodified review opinion is available for inspection at the company's registered office. As there is no requirement to present reviewed results for 2009, the restated 2009 financial results are unreviewed.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS), which include 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. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements and notes for the year ended 31 March 2010.

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 condensed consolidated interim financial statements have been prepared on the historical cost basis, except where fair valuing of assets and liabilities applies.

The same accounting policies, presentation and methods of computation have been followed in these consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 March 2010, except as noted below:

During the period the following accounting pronouncements, that apply to the group, became effective:

- Amendments to IAS27 Consolidated and Separate Financial Statements
- Amendments to IFRS2 Group Cash settled Share-based Payments

These pronouncements had no material impact on the accounting of transactions or the disclosure thereof.

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.

5. (Loss)/earnings per share

	Six months ended 30 September 2010	Six months ended 30 September 2009	Twelve months ended 31 March 2010
Basic (loss)/earnings per ordinary share (US cents)	**(9.07)**	54.01	33.50
Diluted (loss)/earnings per ordinary share (US cents)	**(9.82)**	54.01	32.13
Headline (loss)/earnings per ordinary share (US cents)	**(9.07)**	(6.89)	(27.40)
Diluted headline (loss)/earnings per ordinary share (US cents)	**(9.82)**	(7.49)	(28.77)
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 profit attributable to ordinary shareholders were taken into account in the calculation of diluted earnings per share:			
Attributable to equity holders of the parent	**(5,049)**	30,069	18,651
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(417)**	(336)	(763)
Diluted (loss)/profit attributable to equity holders of the parent	**(5,466)**	29,733	17,888
The following adjustments to profit attributable to ordinary shareholders were taken into account in the calculation of headline and diluted headline earnings per share:			
Attributable to equity holders of the parent	**(5,049)**	30,069	18,651
- Negative goodwill	**-**	(33,905)	(33,905)
Headline loss attributable to equity holders of the parent	**(5,049)**	(3,836)	(15,254)
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(417)**	(336)	(763)
Diluted headline loss attributable to equity holders of the parent	**(5,466)**	(4,172)	(16,017)

Commentary on the results for the six months ended 30 September 2010

6. Mineral Resources and Mineral Reserves

The group's Mineral Resources and Ore Reserves are under review to provide updated estimations for 2011, however no material changes to the Mineral Resources and Ore Reserves disclosed in the ZCI annual report for the year ended 31 March 2010 are expected other than depletion, due to continued mining activities.

7. Inventory

Inventories include ore stockpiles, copper concentrate and supplies and spares and are measured at the lower of cost or net realisable value. As at 31 March 2010 inventory of concentrates were being valued at net realisable value (due to cost being in excess of this as the plant was operating sub-optimally) and ore was valued at USDnil, on the presumption that further production costs exceed the current sales value. As at 30 September 2010 the Group believes the processing of the stockpiles will have a future economic benefit and accordingly values these stockpiles at the lower of cost and net realisable value. The cost of ore stockpiles and copper produced is determined principally by the weighted average cost method using related production costs. Net realisable value is determined with reference to current market prices. Approximately USD5.2 million of the increase in the inventory value, is as a result of the valuation of the ore stockpiles.

8. Environmental rehabilitation provision

During the six months ended 30 September 2010 the Group received approval of the Thakadu Environmental Impact Assessment and the receipt of a Development Permit for its Thakadu copper-silver deposit some 70 km from the Mowana Mine. This allowed mining to start during the period, in line with the approved Archaeological Impact Assessment, in anticipation of the grant of a full Mining License from the Botswana Government.

	USD'000
Opening balance 1 April 2010 – Mowana Mine	4,051
Additional provision - Thakadu	1,290
Foreign exchange on translation	421
Closing balance	5,762

9. Events after the reporting period

On 19 November 2010, ZCI entered into a new facility agreement with Ndola Lime Company Limited to the value of USD 4,000,000. This loan bears interest at 12% per annum and will be repaid within a period of 26 months.

On 23 September 2010, ZCI resolved to enter into a facility agreement with Messina Copper (Botswana) (Pty) Limited ("Messina") to the value of USD 7,500,000 to fund further exploration costs that the Group intends to incur. Subsequent to the end of the period, ZCI agreed to pay the first draw down amount of USD 2,500,000. This loan bears interest at 12% per annum with terms substantially the same as previous loans extended to Messina.

10. Commitments

The commitments and contingencies are consistent with those reported in the 31 March 2010 annual financial report. There were no significant changes to the commitments and contingencies during the six months ended 30 September 2010.

Commentary on the results for the six months ended 30 September 2010

11. Dividends

No dividends were declared for the period under review.

12. Review opinion

The provisional condensed consolidated statement of financial position at 30 September 2010 and the related provisional condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended have been reviewed by our auditors, KPMG Inc. Their unmodified 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.