Zambia Copper Investments Limited

Annual Report
2010

Table of Contents

(Formerly Zambia Copper Investments Limited)

(Registered in Bermuda)

(Bermudian registration number 661:1969)

(South African registration number 1970/000023/10)

JSE code: ZCI

ISIN: BMG9887P1068

Euronext share code: BMG9887P1068

("ZCI" or "the Company")

I am pleased to present the consolidated annual results for the year ended 31 March 2010. Shareholders will observe that the Company returned a profit of USD 16.8 million (2009: USD 0.5 million). The results are a reflection of the effect of the acquisition of African Copper Plc ("ACU"). The Company commenced the financial year with a Net Asset Value per share ("NAVPS") of USD 1.84 and closed the financial year with a NAVPS of USD 2.14.

The year under review was marked by significant change. On 21 May 2009, ZCI subscribed for and acquired 676,570,500 ordinary shares in ACU a public limited Company incorporated and domiciled in England, listed on the AIM market of the London Stock Exchange as well as the Botswana Stock Exchange, effectively obtaining control of this group. The financing transaction of ACU's operations, which was approved by the Company's shareholders at an extraordinary general meeting held on 11 January 2010 effectively ended the Company's classification as a cash shell on the JSE Ltd ("JSE"). The investment became the basis for the Company's relisting on the non-ferrous metal section of the JSE's main board, which was finalised on 15 January 2010. To mark this new era in its history, the Company finalised its name change in May 2010 and is now trading on both its primary and secondary listings under its new name, ZCI Limited, and with a new share code, BMG9887P1068.

The Company's newly acquired subsidiary is the focus of ZCI's business plan, as published in the Company's Circular to Shareholders dated 2 September 2008, and it is an investment of which the Group is justifiably proud. ACU holds exclusive rights for the exploration and development of copper deposits in an extensive area of Botswana. As a prerequisite to its relisting on the JSE, the Company commissioned the preparation of a Competent Persons Report ("CPR") from Read, Swatman & Voigt (Pty) Ltd ("RSV"), in South Africa on ACU's mining and exploration assets. An executive summary of the CPR was included in a Circular to Shareholders dated 17 December 2009 and is one of the many factors engendering an optimistic outlook for the future of the investment.

The year was not without its difficulties however, not least of which was the adverse economic climate in which the Company did business.

Against this background the Company concentrated its investment focus on bringing the newly acquired subsidiary to achieving full commercial production at its open-pit Mowana mine, which had been placed under care and maintenance since January 2009. Production recommenced in late August 2009 and ZCI is confident that significant progress has been made towards achieving sustainable optimum production levels. The subsidiary has turned its attention to exploiting and developing the Thakadu-Makala deposit, situated on the Matsitama belt and conserving its prospecting licences in the areas believed by management to be the most promising (or already hosting known mineralization) based on exploration work completed in and prior to 2008.

The Company continues to review other investment opportunities in accordance with its business plan. In the last quarter of the financial year the Company advanced a loan of USD 6 million at attractive rates of return to the Zambia-based Ndola Lime Company, which is the leading supplier of quicklime to the mining industry in the Zambian/Congolese Copperbelt.

In conclusion, significant progress has been made in implementing the Company's business plan and achieving long-term optimal production at ACU.

I take this opportunity of welcoming Kathryn Bergkoetter as financial director of the Company with effect from 8 September 2009. I can confirm that Ms Bergkoetter's expertise and in-depth knowledge of ZCI has made significant contributions to the Company during a time of considerable change and activity, confirming that the shareholders' faith in her is well-placed.

In accordance with the JSE listing requirements and the recommendations of the King Code and Report on Governance for South Africa ("King Report"), the Company appointed Professor Stephen Simukanga as the Lead Independent non-Executive Director with effect from 8 April 2010. I am confident that Professor Simukanga's integrity and diligence will be of invaluable assistance to the Company in meeting the expectations of the new era of corporate governance.

The Company is in the process of complying with the JSE's Listing Requirements to appoint a Chief Executive Officer. In accordance with a temporary dispensation granted by the JSE, ZCI will settle this issue by 31 March 2011.

It is thus on a note of determination and with a certain measure of optimism that ZCI looks to the year ahead in the belief that it is both strategically and financially placed to aggressively pursue its business plan for the coming year.

Thomas Kamwendo
Chairman,
Bermuda
30 August 2010

ZCI is committed to the principles of openness, integrity and accountability as advocated in the King Report. The directors endorse the Code of Corporate Practices and Conduct (the "Code"), as set out in the report. During the financial year under review, the Board actively implemented the Code and in order to keep abreast of change and within the constraints of its resources and the nature of its investment operations is actively taking steps to meet the requirement that will come into effect on 1 April 2011.

Application

Having regard to the fact that the Company has no employees or administrative infrastructure of its own, many of the requirements of the Code are not applicable to it. The Directors of ZCI have formed board committees and will be implementing procedures in line with the Code as is practical and appropriate. The company presently maintains the following committees which meet at least quarterly, although additional *ad hoc* meetings are envisaged as and when required.

Remuneration Committee

The Remuneration Committee of the Board is responsible, *inter alia*, for considering, reviewing and making recommendations to the Board on remuneration packages and related matters of the Board members and periodically for reviewing ongoing appropriateness and relevance of their remuneration and expense policies. The remuneration committee met on four occasions.

Members:
S. Georgala (Chairman)
S. Simukanga
M.M. du Toit

Audit Committee

The ZCI Audit Committee, comprised of four Non-Executive Directors, is responsible, inter alia, for the appointment of a Financial Director, the review of the procedures and policies of internal control, the review of the measures taken in mitigating risk, the review and recommendation of the annual budget, the review of the adjudication of tenders and award of contracts where appropriate, and the review of any statement on ethical standards for ZCI. Their responsibilities also include the review of the accounting principles, policies and practices adopted in the preparation of the statutory financial statements, the consideration of the appointment and remuneration of external auditors, and the establishment of principles for recommending the use of external auditors for non-audit services. In the year under review the company appointed independent external auditors to carry out non audit services. Such appointments excluded employing the company's external auditors (KPMG) for such services. The audit committee met on six occasions.

<u>Members:</u>
E. Hamuwele (Chairman)
D. Rodier
S. Georgala
S. Simukanga

Investment Committee

Until 14 January 2010, the Company maintained an Investment Committee, which was responsible *inter alia* for considering investment proposals presented to it by the Company's investment adviser and making recommendations thereon to the Board for consideration and approval. The Investment Committee was also responsible for monitoring, through the reports of the investment adviser, progress with ongoing investments and for making the appropriate recommendations in this regard.

At a meeting of the Board of Directors on 14 January 2010, the Board reviewed the efficacy of the committee and resolved to dissolve it. The main motivation for the dissolution was that due to the materiality and weight of matters pending before the committee it was deemed appropriate for these matters to be dealt with and resolved upon by the full board of the company.

Board of directors

As at 31 March 2010, the company's board of directors consisted of seven non-executive directors and the Financial Director. In compliance with the JSE's Listing requirements and the recommendations of the King III report on Corporate Governance, the Board appointed Professor Stephen Simukanga as its Lead Independent Non-Executive Director, who will act in circumstances where the chairman is conflicted or in when the chairman's performance is evaluated. The Board retains full and effective control over the Company. To fulfil their responsibilities, the Company's board of directors has access to accurate, relevant and timely information and to the advice and services of the company secretary who is responsible to the Board for ensuring the board's procedures are followed. 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.

The ZCI board of directors met on fifteen occasions during the year to consider issues of operational strategy, capital expenditure, major projects and other matters having a material effect on the company. All non-executive directors are individuals of high calibre with diverse backgrounds and expertise, which ensures that their views carry significant weight in deliberations and decisions.

Policy for appointment of new board members

The Company's bye laws provide formal and transparent procedures for the appointment and retirement of directors. In summary, the shareholders elect the directors at the Annual General Meeting, having received appropriate notice of the persons being proposed to hold office as directors. The Directors do have the power to fill a casual vacancy, but any Director so appointed can hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Code of conduct

The Company requires that all directors and officers conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. In accordance with this objective, ZCI is in the process of adopting a code of ethics to provide a clear guide as to the behaviour expected of directors and officers.

Thomas Kamwendo

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

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

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

David Rodier

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

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

Mr. Rodier was Noranda's delegate to the World Business Council for Sustainable Development, the International Council for Mining and Metals, the International Zinc Association, the International Copper Association, the Mining Association of Canada and the Canadian Chemical Producers Association. From 2002 to 2007 he worked as a Senior Consultant, Sustainability for Hatch Associates, a global engineering company located in Ontario, Canada, which is devoted to the support of the Mining and Metallurgical industries.

<u>Steven Georgala</u>

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

<u>Michel Clerc</u>

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

<u>Stephen Simukanga</u>

Stephen Simukanga was born in Mufulira, Zambia on 20 May 1957. He is Professor of Metallurgy and Mineral Processing at the University of Zambia and was visiting professor at the University of Cape Town for 10 years. He is also Chief Executive Officer (Vice Chancellor) of the University of Zambia and has a Bachelor’s degree (1982) and a Master’s degree (1986), both in Metallurgy and Mineral Processing from the University of Zambia, and a doctorate (1990) in Process Metallurgy from the University of Strathclyde in the United Kingdom. He is a United Kingdom Chartered Engineer and a Fellow of the Institute of Materials, Minerals and Mining and the Engineering Institution of Zambia.

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

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

Edgar Hamuwele

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

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

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

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

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

Thys du Toit

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

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

Mr du Toit serves on the boards of a number of companies and runs an investment management business for family offices, Rootstock Investment Management.

Kathryn Bergkoetter

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

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

General Statement

In October 2009, ZCI commissioned RSV, an independent consultant, to prepare a Competent Person's Report ("the CPR") of the Thakadu and Mowana assets of ACU.

An executive summary of the CPR and mine asset valuation on the Thadaku and Mowana assets of ACU, is attached as an addendum to the company's Annual Report at page 64 and is provided in compliance with the company's disclosure obligations as set out in 8.63(l) of the JSE's Listing Requirements.

The company's disclosure in accordance with 8.63(l) complies with the South African Code for Reporting Mineral Resources and Mineral Reserves (the SAMREC Code).

Competence

Full name of Lead/Mining Competent Person:

Lancelot Charles Stilwell

Address:

Read, Swatman & Voigt (Pty) Ltd,
86 Main Street,
Johannesburg,
South Africa

Professional qualifications:

Pr.Eng., C.Eng.

Academic qualifications:

A.C.S.M., G.D.E., M.Phil., Ph.D.

Professional memberships:

Member of the Southern African Institute of Mining & Metallurgy.
Member of the Institute of Materials, Minerals and Mining.

***Experience*:**

Dr Stilwell is employed by Read, Swatman & Voigt (Pty) Ltd as a mining consultant. He has over thirty years' experience in the South African mining industry, and has practised continuously as a mining engineer since graduating from the Camborne School of Mines in 1972, apart from one year working as a road surveyor in 1974.

Independence

Dr Stilwell does not have, nor does he expect to have, any direct or indirect interest in either African Copper PLC or ZCI Limited, or any of their subsidiaries or associated companies.

Written confirmation has been obtained from the Lead Competent Person that the information set out in the executive summary of the CPR, attached as an addendum to the annual report and provided in satisfaction of the company's disclosure obligations as set out in 8.63 (l) may be published in the form and context in which it appears.

Mining Properties

Mowana Mine

Overview

The table below sets out key performance details of the Mowana plant since recommencing operations:

	01.07.2009 to 30.09.2009	01.10.2009 to 31.12.2009	01.01.2010 to 31.03.2010	01.04.2010 to 30.06.2010	Total
Ore processed (Metric tonnes ("MT"))	49,925	148,286	92,047	146,052	436,310
Cu grade (%)	1.45	1.25	1.12	1.22	1.24
Recovery Cu (%)	39.30	48.90	41.48	34.12	45.01
Concentrate produced (Mt)	1,141	3,203	1,936	2,641	8,921
Concentrate grade (%)	24.97	28.30	22.04	23.00	25.79
Copper produced in concentrate (Mt)	285	907	428	607	2,227
Concentrates sold (Mt)	-	4,535	2,133	2,300	8,968
Payable copper sold (Mt)	-	975	460	482	1,917

*Includes concentrate produced during plant trial runs

Current performance

On 21 January 2009, the Mowana Mine was placed in care and maintenance pending completion of financing. With the completion of the ZCI Financing in May 2009 operations at Mowana were recommenced in late August 2009. Since that time the plant has produced 8,921Mt of concentrate, at an average concentrate grade of 25.79% copper for 2,227Mt of copper contained in concentrate up to 30 June 2010.

Copper recovery rates peaked at 57.3% in November, in line with the Company's targeted recovery rate of 57%. However, recovery rates subsequently have been lower owing in large part to inconsistent feed bottlenecks in the secondary and tertiary ("SnT") crushing circuit. Production in May and June 2010 have shown very positive trends with the SnT performing better with the rainy season completed, mobile crusher capacity increasing and recoveries moving upwards as the plant is operated on a more consistent basis.

The Mowana operations use a series of crushers and screeners, progressively converting coarse materials into finer gradations, and sorting the product for further processing: each crusher is designed to work for a maximum size of raw material. In sequence, Mowana deploys a primary crusher, an SnT crushing circuit, and a ball mill. Following the onset of the 2009-2010 rainy season (the season typically runs from November to March), the SnT circuit turned into a major constraint on Mowana's productivity. When the crushed ore exiting the primary crusher is wet, it can form a sticky mass which has routinely choked up the SnT feeders, chutes and screens. This problem affected the SnT crusher's availability throughout the year, causing it to be frequently shut down and therefore suspending the flow of material from stockpiles.

Mowana mine management took various steps to address the operational bottlenecks. First, it decided to purchase mobile crushing units, allowing it to bypass the SnT in the short term until engineering design changes could be made to the SnT. The units were ultimately online by mid-April 2010, although they remained in a commissioning and learning phase for much of that month.

Secondly, management has budgeted the addition of a washing plant to screen and wash out the fine fraction from the ore before it enters the SnT from the primary crusher ore stockpile. As discussed above, when the ore is wet, these fines form a sticky mass that choke up feeders, chutes and screens in the SnT. The fines exiting the proposed washing plant will bypass the SnT and be fed directly to the ball mill. Amec Minproc is designing the washing plant for fast-track installation by the end of February 2011.

Mine management is taking other steps, not directly related to these bottlenecks, to increase Mowana's productivity. Consideration is being given to the purchase and installation of a Dense Media Separation ("**DMS**") Plant. The plant provides a pre-concentration of copper prior to milling and flotation and is expected to allow mining to a lower cut-off, to facilitate processing higher grade material through the concentrator and to lead to an overall increase in the contained metal output from the mine.

Secondly, management decided to seek approval from the Government of Botswana to migrate from its existing dry tailings facility to a more conventional wet tailings system, within which tailings containing significantly more process water are discharged continuously into a tailings pond basin. The Company submitted the Environmental Management Plan ("**EMP**") to accommodate this proposed change to the Botswana Government's Department of Environmental Affairs ("**DEA**") only after the financial year end of the company and expects to receive approval in June 2010. Design work on the new tailings facility and technical supervision is being undertaken by Scott Wilson RPA Mining Group. Approval to commence construction of the wet tailings facility was granted on 21 May 2010. Construction of the initial phase of the wet tailings facility will be completed by September 2010. In the interim, wet tailings are being deposited into a temporary tailings pond basin.

The Company is also going to commence deep exploration drilling in and around the Mowana mine. The goal of the drilling is to gather the information required for any future underground mining operation at Mowana to be planned further, and to establish the potential for down-plunge continuity of ore to depths of about 500 – 1000 m below and within the core of the postulated Mowana ore zone (extending some 2 – 4 km north of the presently planned mine).

During the year, the Company held successful discussions with its off-take partner MRI Ag, improving certain terms included in its comprehensive 5-year off-take agreement, including payment for copper concentrate on an ex-mine gate basis and reduced penalties on lower grade concentrates.

Thakadu Project

The higher grade mineral resources at Thakadu lend themselves to a small scale operation with low pre-strip mining requirements, limited overheads and the full support of the Mowana Mine infrastructure and management. The possible significant silver credit associated with Thakadu could also be factored into the costs associated with transporting the run of mine ore to the Mowana Plant which is 70 km away.

The business plan envisages transporting 45,000 tons per month to Mowana for treatment, which will require mobilizing some 22 trucks. Arranging and maintaining this capacity will be the major risk associated with Thakadu, and management is currently in advanced negotiations to put this in place, while also upgrading the road from Thakadu to Mowana.

The Company is awaiting approval of the Environmental Impact Study (“EIA”) and Archaeological Impact Assessment (“AIA”) required to achieve a mining licence for Thakadu. The Company had previously planned to achieve the necessary permitting and to apply for a mining licence during the first quarter of 2010 but it has not been received to date.

Matsitama Project

In line with market conditions and management’s need to aggressively reduce overheads until it secured working capital finance, activity relating to the five exploration permits at the Matsitama Project was curtailed during the fourth quarter of fiscal 2008. The Company re-commenced activities at Matsitama in March 2010. Expenditures are required before mid-2011 to meet the requirements for applying for mining licences over a portion or portions of the exploration permits.

The current programme envisages drilling some 8 – 10 new targets before June 2011. The new targets will be selected by utilizing the Company’s extensive existing datasets, and establishing a panel of six recognized international experts with relevant experience regarding the mineralisation considered to represent the most likely targets within the Matsitama exploration permits. These consultants have all been selected and confirmed their availability to participate. The strategy includes recruiting an Exploration Manager with appropriate expertise, management skills and track record.

After the year end Mine management engaged a consultant to provide a geologist to relaunch the Matsitama field camp and to supervise the geological work required for the start of drilling. Quotes are being obtained to enhance the regional airborne magnetic survey data and make this dataset more useful, and several other enquiries are underway regarding the availability and cost of certain other geophysical datasets which might contribute towards identifying new targets within the permit area.

Shareholders at 31 March 2010

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 2010 was:

	Number of ordinary shares	**Percentage holding**
Non-public shareholders		
Copperbelt Development Foundation	39,845,017	71,56%
Director's indirect beneficial interest	38,646	0.07%
Public shareholders	15,793,980	28.37%
Total	55,677,643	100.00%

At 31 March 2010, the number of public shareholders of the Company was 2,567.

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.	11,670,073	20.96%

Auditors

At the annual genereral meeting held on 16 September 2009, KPMG Inc. was re-appointed as auditor of ZCI. Mr. Kobus Volschenk is the individual registered auditor of the Company. KPMG Inc. has indicated their willingness to continue in office and, accordingly, a resolution for their appointment and the determination of their remuneration will be submitted to the forthcoming annual general meeting.

Annual General Meeting

The annual general meeting will be held at 14.00 CET on Thursday, 23 September 2010. The notice convening the meeting is set out on pages 59 to 62 of this report.

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of ZCI Limited, comprising the statement of financial position at 31 March 2010, and the statements of 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 and the directors' report.
The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's ability to continue as a going concern and there is no reason to believe that the businesses will not be going concern in the year ahead.

The external auditors are responsible for reporting on whether the consolidated financial statements of ZCI Limited are fairly presented in accordance with the appropriate financial reporting framework.

Approval of financial statements

The consolidated financial statements as identified in the first paragraph, were approved by the Board of Directors on 30 August 2010 and are signed on its behalf by

Thomas Kamwendo
Chairman

Kathryn Bergoetter
Financial Director

To the Members of ZCI Limited

Report on the Financial Statements

We have audited the consolidated financial statements of ZCI Limited which comprise the statement of financial position at 31 March 2010, and the statements of comprehensive income, the statement of 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 the director's report, as set out on page 18 to 58.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of ZCI Limited at 31 March 2010, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Inc.
Registered Auditor

Per K Volschenk
Chartered Accountant (SA)
Registered Auditor
Director
30 August 2010

85 Empire Road
Parktown
South Africa

Nature of business

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

Going concern

The directors have assessed the expected ongoing annual operating costs and the amount of available liquid assets at the fiscal year end. The directors are of the view that sufficient funding, ownership and management arrangements have been secured to enable the Group to continue in operation as a going concern for the foreseeable future. Therefore, the Directors consider that the preparation of the financial statements on a going concern basis is appropriate.

Dividends

No dividends were paid or proposed by ZCI in respect of the year ended 31 March 2010 (2009: nil).

Directors and officers

The Board was pleased to announce the election of Kathryn Bergkoetter to the Board as Financial Director with effect from 8 September 2009. The Audit Committee recommended this executive appointment after having satisfied itself that Ms Bergkoetter had the appropriate expertise and extensive relevant experience to adequately perform her duties as the company's Financial Director.

In accordance with the JSE's Listing Requirements and the recommendations of the King Report the Board appointed Professor Stephen Simukanga as the Lead Independent Non-Executive Director, with effect from 8 April 2010, who will act in circumstances where the chairman is conflicted or when the chairman's performance is evaluated.

In compliance with the JSE's Listing Requirements and the recommendations of the King Report the company is in the process of appointing a Chief Executive Officer. In accordance with a temporary dispensation granted by the JSE, ZCI will settle this issue by 31 March 2011.

Directorate

The directors of the Company as at 31 March 2010 and at the date of this report were:

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

Directors meetings and remuneration

Between 1 April 2009 and 31 March 2010, the ZCI board met on fifteen occasions to consider company strategy and issues of an operational nature, as well as those having a material effect on ZCI and the Group.

The total remuneration paid to Directors during the year was USD 658,513 (2009: USD 293,328), which is broken down as follows:

2010 (USD)	Travel & other related expenses	Directors' fees	Directors' bonus plan	Total
T. Kamwendo	72,175	47,125	29,250	148,550
D. Rodier	10,050	36,250	22,500	68,800
S. Georgala	14,616	34,000	22,500	71,116
M. Clerc	25,835	36,250	22,500	84,585
S. Simukanga	23,389	42,500	22,500	88,389
E. Hamuwele	12,576	42,500	22,500	77,576
M.M. du Toit	24,075	42,500	22,500	89,075
K.L. Bergkoetter	13,422	17,000	-	30,422

All the current directors retire at the forthcoming annual general meeting in accordance with Bermudian Law and, being eligible, offer themselves for re-election. Subject to such re-election, the Board proposes to re-elect T. Kamwendo as Chairman. A brief profile of the Directors is included on pages 6 to 9.

Directors' interests

At 31 March 2010 Mr du Toit held an indirect beneficial interest of 38,646 ordinary shares in the company. The other directors held no other shares in ZCI, either beneficially or non-beneficial, nor did they hold any direct or indirect beneficial interests in the company. None of the directors held any shares in the company during the preceding year.

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

ZCI Limited
Consolidated statement of comprehensive income
For the year ended 31 March 2010

	Note	2010 USD'000	2009 USD'000
Revenue		**7,392**	-
Cost of sales	7	**(17,714)**	-
Gross loss from mining activities		**(10,322)**	-
Administrative expenses		**(1,531)**	(2,177)
Other expenses		**(4,439)**	(737)
Selling and distribution expenses		**(18)**	-
Foreign exchange losses		**(2,250)**	-
Operating loss	8	**(18,560)**	(2,914)
Negative goodwill	5	**33,905**	-
Profit/(loss) before net finance income		**15,345**	(2,914)
Finance income	9	**509**	3,652
Finance expense	10	**(64)**	(150)
Profit before tax		**15,790**	588
Income tax	11	**970**	(72)
Profit for the year		**16,760**	516
Other comprehensive income:			
Exchange differences on translation of foreign operations		**(2,611)**	-
Total comprehensive income for the year		**14,149**	516
Profit attributable to:			
Equity holders of the parent		**18,651**	516
Non-controlling interest		**(1,891)**	-
Total comprehensive income attributable			
Equity holders of the parent		**16,506**	516
Non-controlling interest		**(2,357)**	-
Basic earnings per ordinary share (US cents)	12	**33.50**	0.56
Diluted earnings per ordinary share (US cents)	12	**32.13**	0.56

ZCI Limited
Consolidated statement of financial position
As at 31 March 2010

	Note	2010 USD'000	2009 USD'000
ASSETS			
Property, plant and equipment	13	**33,044**	-
Intangible assets	14	**50,923**	-
Other financial asset	15	**327**	-
Long term receivable	16	**3,000**	-
Total non-current assets		**87,294**	-
Inventories	17	**1,780**	-
Trade and other receivables	18	**984**	76
Current portion of long term receivable	16	**3,000**	-
Cash and cash equivalents		**48,430**	102,939
Total current assets		**54,194**	103,015
Total assets		**141,488**	103,015
EQUITY			
Share capital	19	**102,688**	102,688
Foreign currency translation reserve		**(2,145)**	-
Retained earnings		**18,651**	-
Equity attributable to equity holders of the parent		**119,194**	102,688
Non-controlling interest		**6,286**	-
Total equity		**125,480**	102,688
LIABILITIES			
Deferred tax	21	**6,530**	-
Environmental rehabilitation provision	22	**4,051**	-
Total non-current liabilities		**10,581**	-
Trade and other payables	23	**5,427**	327
Total current liabilities		**5,427**	327
Total equity and liabilities		**141,488**	103,015

ZCI Limited
Consolidated statement of changes in equity
For the year ended 31 March 2010

	Share capital	Revaluation reserve of available for sale investment	Foreign currency translation reserve	Assets classified as held for sale 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	US'000	USD'000	USD'000	USD'000
Balance as at 1 April 2008	**334,547**	**702**	-	**(12,113)**	**(100,870)**	**222,266**	**-**	**222,266**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	516	516	-	**516**
Other comprehensive income	-	(702)	-	12,113	-	11,411		**11,411**
Transfer from hedging reserve	-	-	-	12,113	-	12,113	-	**12,113**
Revaluation on available for sale investment	-	(702)	-	-	-	(702)	-	**(702)**
Total comprehensive income for the year	-	-	-	-	516	11,927	-	**11,927**
Transactions with owners, recorded directly in equity								
Share buyback and reduction	(131,505)	-	-	-	-	(131,505)	-	**(131,505)**
Transfer from contribution surplus	(100,354)	-	-	-	100 354	-	-	**-**
Total contributions by and distributions to owners	(231,859)	-	-	-	100 354	(131,505)	-	**(131,505)**
Balance as at 31 March 2009	**102,688**	**-**	**-**	**-**	**-**	**102,688**	**-**	**102,688**
Arising on business acquisition	-	-	-	-	-	-	8,643	**8,643**
Total comprehensive income for the year								
Profit/(loss) for the year	-	-	-	-	18,651	18,651	(1,891)	**16,760**
Other comprehensive income	-	-	(2,145)	-	-	(2,145)	(466)	**(2,611)**
Foreign currency translation differences	-	-	(2,145)	-	-	(2,145)	(466)	**(2,611)**
Total comprehensive income for the year	-	-	(2,145)	-	18,651	16,506	(2,357)	**14,149**
Balance as at 31 March 2010	**102,688**	**-**	**(2,145)**	**-**	**18,651**	**119,194**	**6,286**	**125,480**

ZCI Limited
Consolidated statement of cash flows
For the year ended 31 March 2010

	Note	2010 USD'000	2009 USD'000
Cash flows from operating activities			
Cash utilised by operations	28	**(10,743)**	(4,769)
Interest received		**509**	3,614
Interest paid		**(64)**	-
Income tax paid		**-**	(88)
Cash outflow from operating activities		**(10,298)**	(1,243)
Cash flows from investing activities			
Proceeds from disposal of available for sale investments		**-**	10,733
Proceeds from partial disposal of investment in subsidiary		**-**	5,220
Proceeds from disposal of assets classified as held for sale		**-**	213,150
Additions to maintain property, plant and equipment		**(2,594)**	-
Acquisition of subsidiary (net of cash acquired)	5	**(1,438)**	-
Repayment of interest bearing borrowings		**(34,414)**	-
Funds advanced		**(6,000)**	-
Cash (outflow)/inflow from investing activities		**(44,446)**	229,103
Cash flows from financing activities			
Repurchase own shares		**-**	(131,505)
Cash outflow from financing activities		**-**	(131,505)
Effect of foreign currency translation		**235**	-
Net (decrease)/increase in cash and cash equivalents		**(54,509)**	96,355
Cash and cash equivalents at beginning of the year		**102,939**	6,584
Cash and cash equivalents at the end of the year		**48,430**	102,939

1. Reporting entity

ZCI is a public company incorporated and domiciled in Bermuda. It has a primary listing on the Johannesburg stock exchange and a secondary listing on the Euronext.

The Company's business is not affected by any Government protection or investment encouragement laws.

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

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

The consolidated financial statements of the Company as at and for the year ended 31 March 2010, comprise the company and its subsidiaries (together referred to as the "Group").

2. Basis of preparation

a) Statement of Compliance

The consolidated financial statements of ZCI have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board (IASB).

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except where fair valuing of assets and liabilities applied (refer business combinations and available for sale reserves).

c) Functional and presentation currency

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

2. Basis of preparation - Continued

d) Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the 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 financial statements, and the key areas are summarised below. Areas of judgement that have the most significant effect on the amounts recognised in the financial statements and that have a significant risk of resulting in a material adjustment in the next financial year:

- Fair value of assets and liabilities acquired in business combination (Note 5)
- Useful lives, residual values and impairment of Property Plant and Equipment (Note 13)
- Impairment of intangible assets (Note 14)
- Estimation of share based compensation amounts (Note 20)

e) Changes in accounting policies

(i) Standards and interpretations effective for the first time in 2010
The following standards have been applied by the Group from 1 April 2009:

- IFRS 8 *Operating Segments* – the new standard has not impacted the way management reports segmented information, as the Group has only one segment.
- IAS 1 (Revised) *Presentation of financial statements* – the revised standard has changed the way the Group's primary financial statements have been presented. The revision required information to be aggregated on the basis of shared characteristics and introduce a "statement of comprehensive income" to enable readers to analyse changes in an entity's equity resulting from transactions with owners separately from "non-owner" changes. Comparative information has been re-presented so that it also is in conformity with the revised standard.
- IAS 23 (Amendment) *Borrowing Costs* – the amendment has not impacted the Group's results.
- IFRS 2 (Amendment) *Share based payments* – the adoption of this amendment has not had any material impact on the Group financial statements as the Group already applied these principles when accounting for share-based payments in the past.
- IAS 27 (Amendment) *Consolidated and separate financial statements* – there has been no impact on the Group financial statements.

2. Basis of preparation - Continued

e) Changes in accounting policies - Continued

- IFRS 7 (Amendment) *Financial instruments: Disclosures* – the amendment introduced a three-level hierarchy for fair value measurement disclosures and required entities to provide additional disclosures about the reliability of those fair value measurements. The Group has provided these additional disclosures in the notes to the financial statements.

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

The Group did not early adopt IFRS 3 (2008) to account for the ACU transaction, but applied IFRS 3 (2004).

(ii) Standards and interpretations not yet effective
The following standards and interpretations applicable to the Group were in issue but not yet effective for the current accounting period:

- IAS 24 *Related Party Disclosures* – effective for 31 March 2012 year end
- IAS 27 *Consolidated and Separate Financial Statements* – effective for 31 March 2011 year end
- IAS 32 *Financial Instruments: Presentation: Classification of Rights Issue* – effective for 31 March 2011 year end
- *Improvements to International Financial Reporting Standards 2009* – effective for 31 March 2011 year end
- *Improvements to International Financial Reporting Standards 2010* – effective for 31 March 2010 year end
- IFRS 2 *Group Cash settled Share-based Payments* – effective for 31 March 2011 year end
- IFRS 3 *Business Combinations* – effective for 31 March 2011 year end
- IFRS 9 *Financial Instruments* – effective for 31 March 2014 year end
- IFRIC 17 *Distribution of Non-Cash Assets to Owners* – effective for 31 March 2011 year end
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for 31 March 2012 year end.

The directors are in the process of assessing the impact of the above standards and interpretations on the Group, but it is not expected to have a material effect on the financial statements.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been applied consistently by Group companies.

a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the day that control commences until the day that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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

(iii) Business combinations
Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests 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.

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 capitalised as incurred.

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 period, 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 reporting period.

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 dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to US Dollars at exchange rates at the dates of the transactions.

Foreign currency translation differences are recognised in other comprehensive income and in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

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

3. Significant accounting policies – Continued

c) Financial instruments

(i) Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the 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 assets, a long term receivable and trade and other receivables.

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 statement of cash flows.

(ii) Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group's only non-derivative financial liability is trade and other payables.

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

3. Significant accounting policies – Continued

c) Financial instruments - Continued

(iii) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated amortisation and less any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Pre-production expenditure relating to testing and commissioning is capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

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

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation methods and rates are applied consistently within each asset class except where significant individual assets have been identified which have different economic useful lives. Residual values, depreciation methods and useful lives are reviewed at least annually. Depreciation is not adjusted retrospectively for changes in the residual amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

(i) Mining development and infrastructure
Individual mining assets and deferred stripping costs are depreciated using the units-of-production method based on the estimated economically recoverable metal during the life of mine plan. Mining costs incurred on development activities comprising the removal of waste rock to initially expose ore at the Mowana open pit mine, commonly referred to as "deferred stripping costs," are capitalised.

Land is shown at cost and not depreciated.

3. Significant accounting policies – Continued

d) Property, plant and equipment

(ii) Mining plant and equipment
Individual mining plant and equipment assets are depreciated using the straight line method over the useful life of the asset once the assets are available for use.

(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

e) Deferred exploration and evaluation

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence, are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

Upon demonstration of the technical and commercial feasibility of a project, any past deferred exploration and evaluation costs related to that project will be reclassified as Mine Development and Infrastructure.

Capitalised deferred exploration expenditures are reviewed for impairment losses (see accounting policy note below) at each reporting date. In the case of undeveloped properties, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Group's intentions for development of the undeveloped property.

f) Intangible assets

(i) Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3(a)(iii).

Acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

3. Significant accounting policies – Continued

f) Intangible assets - Continued

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

(ii) Mineral property interest
Mineral property interest represents mineral and surface rights for parcels of land, owned by the Group.

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

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

(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.

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

g) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value ("NRV"). NRV is the estimate selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant accounting policies – Continued

g) Inventories - Continued

Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost.

Obsolete or damaged inventories are valued at NRV. An ongoing review is undertaken to establish the extent of surplus items, and an allowance for impairment is raised for any potential loss on their disposal.

h) 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.

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.

3. Significant accounting policies – Continued

h) Impairment - Continued

For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The Group’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant accounting policies – Continued

i) Employee benefits

(i) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

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

j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

(i) 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, the adjustment 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.

3. Significant accounting policies – Continued

k) Revenue recognition and measurement

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

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

l) 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 and unwinding of the discount on provisions.

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

m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies – Continued

m) Income tax – Continued

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n) 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 convertible notes and share options granted to employees.

o) Group segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. The Group’s only operating segment is the exploration for, and the development of copper and other base metal deposits. All the Group’s activities are related to the exploration for, and the development of copper and other base metals in Botswana with the support provided from 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, no segmental report has been prepared.

4. Going concern and adequacy of project finance

The financial statements have been prepared on the going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The Group's cash flows are generated from operations at the Mowana Mine. The Mowana Mine recommenced operations in August 2009 but has yet to reach full commercial production rates or produce positive cashflow primarily due to start up problems faced.

The Board has reviewed the detailed financial mine plan and deferred non-critical capital expenses such as development of the Thakadu deposits for a period of 6 months. Together with the nearness of anticipated commercial production rates at Mowana, the current market price of copper and the Group's strong cash position at year end, the Group has adequate working capital for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements.

Management also intends to further evaluate developing the underground portion of the mine at Mowana. Further project finance will be required to complete this initiative. The Directors expect that additional capital equipment and other project funding will be required to develop the underground portion of the mine and may be provided in the future by financial institutions in Botswana and/or the UK or by ZCI. Terms of any further funding by ZCI will be subject to separate commercial negotiations between ACU and ZCI if such funds are necessary and become known.

5. Business acquisition

As at 21 May 2009, ZCI Limited acquired 82.16% of the issued capital of African Copper PLC and its subsidiaries for a purchase consideration of GBP 6,765,705.

The purpose of the transaction was to achieve the Company's objective of enhancing meaningful value to shareholders. Prior to the transaction, the Company's assets comprised of cash and the offer to ACU was one of the steps being taken by the board of ZCI in implementing the Company's new business plan.

The ACU Group required funding to continue their operations. As a result of the financial position of ZCI, it was able to provide such funding and could negotiate a favourable purchase price.

The following summarises the amounts of assets acquired and liabilities assumed at the acquisition date:

	Carrying value USD'000	Fair value USD'000
Property, plant and equipment	62,560	36,650
Intangible assets (mineral property interest)	-	52,604
Other financial assets	319	319
Trade and other receivables	1,296	1,296
Inventories	1,453	1,453
Cash and cash equivalents	10,029	10,029
Deferred taxation	-	(7,500)
Environmental rehabilitation provision	(3,762)	(3,762)
Interest bearing borrowings	(39,249)	(34,414)
Trade and other payables	(3,394)	(2,660)
Total identifiable net assets	29,252	54,015
Total purchase consideration		(11,467)
Non-controlling interest arising on acquisition of business		(8,643)
Negative goodwill arising on acquisition		**33,905**

Transaction costs, amounting to USD 0.9 million associated with finalising the transaction, were incurred, all of which relating to the acquisition, was capitalised as part of the investment. The year end of ACU was 31 December but was changed to correspond to that of the holding company.

The contributions to revenue and operating loss since acquisition had the acquisition occurred on 1 April 2009, respectively, are as follows:

	Since acquisition USD '000	For the full year to date USD '000
Revenue	7,392	7,292
Loss before income tax	10,600	12,393

6. Financing of mining activities

On 31 January 2010 ZCI and ACU completed the refinancing of the USD 32.4 million bridge loan facilities that the Company provided to ACU in May 2009 with a four year secured credit facility (the "Facility"). The Facility places African Copper's borrowings from ZCI on a more permanent footing and comprises a convertible Tranche A of USD 8.4 million with a coupon of 12% per annum and Tranche B that is not convertible of USD 24.0 million with a coupon of 14% per annum.

On 31 March 2010 the Company completed a USD 10 million loan with a subsidiary, Messina Copper (Botswana) (Pty) Ltd ("Messina") (the "March Facility"). The terms of the March Facility include an interest rate of 6% per annum payable quarterly, repayment on or before 31 March 2011 and a renewal option. The March Facility is secured under the Facility which includes security over ACU and all other ACU's assets, including the Mowana Mine and a guarantee by ACU. As part of securing the March Facility, the Company also agreed to the deferral of the USD 209,478 interest payment on the facility that was due on 31 March 2010.

The Group remains in a cash positive position with no external long term debt.

7. Cost of sales

	2010 USD'000	2009 USD'000
Productions costs	**11,795**	-
Depreciation and impairment	**3,354**	-
Salaries and professional costs	**2,565**	-
	17,714	**-**

8. Operating loss

Operating loss as stated includes the following:

Auditor's remuneration	**219**	105
- Audit fees - current year	**159**	78
- prior year under provision	**50**	25
- fees for other services	**10**	2
Share based compensation	**169**	-

9. Finance income

	2010 USD'000	2009 USD'000
Interest received:		
Bank	**267**	3,652
Long term receivable	**242**	-
	509	3,652

10. Finance expense

Bank interest paid	**64**	150

11. Income tax

Income tax expense		
Current	**-**	(72)
Deferred	**970**	-
	970	(72)
	%	%
Tax rate reconciliation:		
Statutory Bermuda tax rate	**-**	-
Effect of rate differences (foreign entities)	**(1.5)**	14.0
Effective tax rate	**(1.5)**	14.0

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

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

12. Earnings per share

	2010	2009
Basic earnings per ordinary share (US cents)	**33.50**	0.56
Diluted earnings per ordinary share (US cents)	**32.13**	0.56
Headline earnings per ordinary share (US cents)	**(27.40)**	(0.20)
Diluted headline earnings per ordinary share (US cents)	**(28.77)**	(0.20)
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
	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	**18,651**	516
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(763)**	-
Diluted profit attributable to equity holders of the parent	**17,888**	516

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

2010	**USD'000 Gross**	**USD'000 Tax effect**	**USD'000 Net**
Attributable to equity holders of the parent	**18,651**	**-**	**18,651**
- Negative goodwill	**(33,905)**	**-**	**(33,905)**
Headline loss attributable to equity holders of the parent	**(15,254)**	**-**	**(15,254)**
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(763)**	**-**	**(763)**
Diluted headline loss attributable to equity holders of the parent	**(16,017)**	**-**	**(16,017)**
2009			
Attributable to equity holders of the parent	516	-	516
- Reversal of provision on available for sale investment	(702)	-	(702)
Diluted headline (loss)/earnings attributable to equity holders of the parent	(186)	-	(186)

13. Property, plant and equipment

	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Balance at 1 April 2009	-	-	-	-
Arising on business acquisition (note 5)	9,999	25,128	1,523	36,650
Additions	2,546	-	48	2,594
Exchange adjustments	(884)	(2,222)	(48)	(3,154)
Balance at 31 March 2010	**11,661**	**22,906**	**1,523**	**36,090**
Depreciation and impairment losses				
Balance at 1 April 2009	-	-	-	-
Depreciation charge for the year	(657)	(2,203)	(494)	(3,354)
Exchange adjustments	60	202	46	308
Balance at 31 March 2010	**(597)**	**(2,001)**	**(448)**	**(3,046)**
Carrying value				
Balance at 1 April 2009	-	-	-	-
Balance at 31 March 2010	**11,064**	**20,905**	**1,075**	**33,044**

Impairment review

At 30 June 2009 and 31 March 2010, the Directors undertook reviews of mining assets. In performing their review, the Directors considered each of the Group's exploration and development assets on a project-by-project basis. Three general cash generating units were considered for the purpose of this assessment. These are:

- The Mowana mine itself including pre-operating cost, exploration expenditures on establishing the current resource base, buildings and plant and machinery associated with the mining operations. Includes resources processed from the Thakadu deposit.
- Exploration expenditures on areas within the Mowana environs but which have not yet been exploited and do not form part of the current declared resources.
- Exploration expenditures on the Matsitama tenements.

13. Property, plant and equipment - Continued

Impairment review - Continued

Following this review, and making estimates of the value in use of the Mowana mine, the Directors concluded that no further impairment reversal was required in respect of the Mowana mine or any of the other cash generating units at 31 March 2010.

In deriving the estimate for the value in use in respect for the Mowana mine at 31 March 2010, the Directors' calculated a Net Present Value of the projected cash flow to be derived from the Mowana mine based on the adopted five (5) year mining plan.

The Net Present Value calculation used the following key assumptions:

Commencement of operations	August 2009
Copper price (USD per lb):	
Year 1	USD 3.05
Year 2	USD 2.90
Year 3	USD 2.50
Year 4	USD 2.25
Year 5	USD 2.00
Exchange rate: Pula to USD	6.58
Discount factor	16%
Production period:	
Combined production from Mowana and Thakadu deposits	
5 year ore mined	9.2 million tonnes at 1.04%
5 year ore milled	4.9 million tonnes at 2.0%*

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

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

14. Intangible assets

The Group's intangible assets consist of mineral rights and resources.

	Mowana Mining rights USD'000	Mowana resources USD'000	Matsitama projects USD'000	Total USD'000
Cost				
Balance at 1 April 2009	-	-	-	-
Arising on business acquisition (Note 5)	**28,914**	**2,025**	**21,665**	**52,604**
Balance at 31 March 2010	**28,914**	**2,025**	**21,665**	**52,604**
Amortisation				
Balance at 1 April 2009	-	-	-	-
Amortisation	**(1,681)**	-	-	**(1,681)**
Balance at 31 March 2010	**(1,681)**	-	-	**(1,681)**
Carrying value				
Balance at 1 April 2009	-	-	-	-
Balance as at 31 March 2010	**27,233**	**2,025**	**21,665**	**50,923**

The above three rights and resources are considered separate cash-generating-units for purposes of impairment testing. For impairment testing on the Mowana mining rights, refer to note 13. The Mowana resources and Matsitama projects are not being mined yet and is therefore not yet generating separate cash flows. Impairment testing on these was performed with reference to their fair value less cost to sell as opposed to value in use. As the transaction occurred nine months before year end, the valuation placed on these resources for purposes of the purchase price allocation (updated for changes in key assumptions) was considered a reasonable indication of fair value. No impairment was identified on these rights and resources.

15. Other financial assets

As part of the provision of electricity to the Mowana Mine, a payment guarantee is maintained with the Botswana Power Corporation of USD 327,000 at 31 March 2010 (31 March 2009: nil).

16. Long term receivable

	2010	2009
	USD'000	USD'000
Ndola Lime Company Limited	**6,000**	-
Less current portion	**(3,000)**	-
	3,000	-

The amount owing by Ndola Lime Company Limited (Ndola) bears interest at 12% per annum. It is repayable over 18 months in two equal instalments of which the first is due 12 months from drawdown and the second 18 months from drawdown date.
The loan is secured over property, plant and equipment of the borrower and has a pari passu ranking over assets of the company.

17. Inventories

Stockpile inventories	**233**	-
Consumables	**1,547**	-
	1,780	-

Stockpile inventories have been written down to net realisable value.

18. Trade and other receivables

Financial assets		
Trade receivables	**144**	-
Other receivables	**87**	76
Non-financial assets		
Prepayments	**251**	-
VAT receivables	**445**	-
Withholding tax	**57**	-
	984	76

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

19. Share capital

	No. of shares	USD'000
Authorised		
At 31 March 2009 and 31 March 2010		
Ordinary shares of BD$ 0.24 each (USD 0.24 each)	**130,000,000**	**31,200**
Deferred shares of BD$ 0.24 each (USD 0.24 each)	**50,000**	**12**
Ordinary shares issued	**55,677,643**	**13,363**
Deferred shares issued	**50,000**	**12**
Contribution surplus		**89,313**
Balance at 31 March 2010		**102,688**

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

Deferred shares
The deferred shares do not have any voting rights or right to participate in the profits or assets of the Company, other than the right to receive on the winding up of the Company the amount paid up, up to the amount of 24 US Dollars cents only, after all ordinary shares have received a distribution equal to their par value and any share premium which remains distributable to them.

Contribution surplus
On 20 March 2009, in compliance with the Bermuda Companies Act, the directors resolved to allocate a portion of the contributed surplus, which arose from a restructuring in 2002, to offset the accumulated losses of the Company.

20. Share based payment schemes

a) Company scheme

During the year a share appreciation bonus plan was approved for the benefit of directors of ZCI. In term of the scheme, the directors have the right to receive a cash payment on the vesting date equalling the increase in the deemed asset value per share.

1,095,000 qualifying shares under this bonus plan were granted during July 2009 at a price of USD 1.85 per share. The shares vest in equal amounts over a three year period. The first *tranche*, equalling 365,000 shares vested on 31 March 2010 at an exercise price of USD 2.30 per share.

Another 1,095,000 shares were allocated on 31 March 2010 at USD 2.30, on the same conditions as the first grant.

There were no options exercised or that lapsed during the year.

20. Share based payment schemes – Continued

b) 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. No options were granted during the period ended 31 March 2010.

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

	Weighted average exercise price in £ per share	Number of Options
At 1 April 2009	**76p**	**11,215,000**
Granted		**-**
Forfeited	**74.6p**	**(8,280,000)**
Exercised		**-**
At 31 March 2010	**77.3p**	**2,935,000**
Exercisable at the end of the year	**77.3p**	**2,935,000**

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

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

20. Share based payment schemes – Continued

b) Subsidiary scheme

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

Expiry date	Exercise price in £ per share	31 March 2010
2014	**76p**	**375,000**
2015	**76p**	**60,000**
2016	**77.5p**	**2,500,000**
	77.3p	**2,935,000**

The weighted average remaining contractual life of the outstanding options at 31 March 2010 was 4.5 years.

21. Deferred tax

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

	2010 USD'000	2009 USD'000
Balance at the beginning of the year	**-**	
Arising from business combination (Note 5)	**(7,500)**	-
Current year	**970**	-
Balance at the end of the year	**(6,530)**	-

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

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

As at 31 March the Group had not recognised deferred tax assets of USD 14,387,000 in respect of losses because there is insufficient evidence of the timing of future taxable profits, against which they can be recovered.

The Group's tax losses have no fixed expiry date.

22. Environmental rehabilitation provision

The Group estimates the total discounted amount of cash flows required to settle its environmental rehabilitation obligations at 31 March 2010 is USD 4,051,477. Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site at Botswana Pula 24.3 million. In determining the estimated liability, management used a discount rate of 14%, inflation of 10.2% and a discount period of 7.5 years.

Under the terms of the Mining Licence, by the end of the first financial year in which copper is produced and sold, a trust fund must be established to provide for rehabilitation of the Mowana Mine site once the mine closes. Annual contributions will be made to this fund over the life of the mine so that these capital contributions together with the investment income earned will cover the anticipated costs. At the end of each financial year the Group will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions according. At the date of the annual report, this trust still had to be established.

	USD'000
Balance at the beginning of the year	-
Acquired in business combination (note 5)	**3,762**
Provision raised	**289**
Balance at 31 March 2010	**4,051**

23. Trade and other payables

	2010	2009
	USD'000	USD'000
Financial liabilities		
Trade payables	**3,867**	-
Accrued expenses and other payables	**615**	327
Share based payment liability	**164**	-
Non financial liabilities		
Withholding tax	**22**	-
Salary and wage related accruals	**759**	-
	5,427	327

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

24. Related parties

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

The only change from the previous year is the funding provided to the subsidiaries, all of which is also arm's length and at market related rates.

Identity of related parties
The Company's ultimate controlling party is The Copperbelt Development Foundation.

The shareholders (as listed in shareholder's analysis on page 14) and subsidiaries of ZCI (as listed in note 26) are considered to be related parties. All transactions with these related parties are on a market-related basis. The directors are listed on page 19. One of the directors has an indirect interest in the company (as mentioned in directors' report page 18).

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

Transactions during the year
Financing provided to subsidiaries is disclosed in note 6.

Key management compensation and directors remuneration are disclosed in note 25.

The Company granted a loan of USD 6,000,000 to Ndola. T Kamwendo, director of ZCI, is a director of Ndola.

The Company paid professional fees amounting to USD 1,479,639 (2009: USD 245,885) to ICapital Limited (ICapital) for the provision of technical and operation support to the Company. J Soko, a director of ACU, is a principal of ICapital.

The Company paid fees amounting USD 152,829 (2009: USD 246,016) to Maitland for the administration of the Company. S Georgala, a director of ZCI, is Managing Director of Maitland and K L Bergkoetter, a director of ZCI, is employed by Maitland.

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

25. Remuneration of directors and other key management personnel

	Short term benefits			Share based payments	
	Directors fees	**Other benefits**	**Basic annual remuneration**	**Bonus scheme**	**Total remuneration**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
2010					
Directors ZCI					
T. Kamwendo	**47**	**73**	**-**	**29**	**149**
D. Rodier	**36**	**10**	**-**	**23**	**69**
M. Clerc	**36**	**29**	**-**	**23**	**88**
S. Georgala	**34**	**14**	**-**	**23**	**71**
Prof S. Simukanga	**42**	**23**	**-**	**23**	**88**
M. M. du Toit	**42**	**24**	**-**	**23**	**89**
E. Hamuwele	**42**	**13**	**-**	**23**	**78**
K. L. Bergkoetter	**17**	**13**	**-**	**-**	**30**
Directors ACU					
R. D. Corrans	**27**	**-**	**-**	**-**	**27**
D. Jones	**3**	**-**	**-**	**-**	**3**
J. Soko	**24**	**-**	**-**	**-**	**24**
D. Rodier	**30**	**-**	**-**	**-**	**30**
Prof S. Simukanga	**17**	**-**	**-**	**-**	**17**
B. R. Kipp	**-**	**-**	**111**	**-**	**111**
Total	**397**	**199**	**111**	**167**	**874**
2009					
T. Kamwendo	47	15	-	-	62
D. Rodier	36	22	-	-	58
M. Clerc	36	10	-	-	46
S. Georgala	36	12	-	-	48
Prof S. Simukanga	17	7	-	-	24
M. M. Du Toit	17	12	-	-	29
E. Hamuwele	17	8	-	-	25
Total	206	86	-	-	292

26. Subsidiary undertakings

	Country of incorporation and operation	Physical activity	Holding of equity shares 2010	Holding of equity shares 2009
ZCI Holdings SA	Luxembourg	Investment	**	100%
ZCI Holdings Ltd	Liberia	Investment	**	100%
African Copper Plc	England	Investment	82.16%	-
Mortbury Limited*	British Virgin Islands	Investment	82.16%	-
Messina Copper (Botswana) (Pty) Ltd*	Botswana	Mining	82.16%	-
Matsitama Minerals (Pty) Limited *	Botswana	Exploration	82.16%	-

* indirectly held
** deregistered

27. Commitments

Contractual obligations	Total USD'000	2010 USD'000	2011 USD'000	2012 USD'000	2013 and thereafter USD'000
Goods, services and equipment [(a)]	**8,236**	**3,330**	**106**	**-**	**-**
Exploration licences [(b)]	**1,014**	**-**	**1**	**1,014**	**-**
Lease agreements [(c)]	**277**	**143**	**124**	**9**	**-**
	9,527	**3,473**	**231**	**1,023**	**-**

a) The Company and its subsidiaries have a number of agreements with arms-length third parties who provide a wide range of goods and services and equipment. This includes commitments for capital expenditure.
b) Under the terms of 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.

28. Cash utilised by operations

	2010 USD'000	2009 USD'000
Profit for the year adjusted for:	**16,760**	516
Interest income	**(509)**	(3,652)
Interest expense	**64**	150
Income tax	**(970)**	72
	15,345	(2,914)
Non-cash items		
Depreciation	**3,354**	-
Amortisation	**1,681**	-
Negative goodwill	**(33,905)**	-
Share based payment	**164**	-
Environmental rehabilitation provision	**289**	-
Cash utilised before working capital changes	**(13,072)**	(2,914)
Working capital changes		
Increase/(decrease) in trade and other receivables	**388**	(5,181)
Increase in trade and other payables	**2,276**	6,969
Decrease in inventory	**(327)**	-
Decrease in other financial assets	**(8)**	-
Cash utilised by operations	**(10,743)**	(1,126)

29. Financial instruments

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are market risk including interest rate risk, foreign exchange risk and commodity price risk and liquidity risk each of which is discussed below.

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

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

29. Financial instruments - Continued

The fair value of the Group's financial instruments is reflected by the carrying amount shown in the statement of financial position.

The Group's activities are exposed to a variety of financial risks, which include interest rate risk, foreign currency risk, commodity price risk and liquidity risk and credit risk.

a) Market Risk

(i) Interest rate risk
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. Interest bearing borrowings comprise a fixed rate loans and variable rate vehicle lease obligations. Variable lease obligations are not considered material.

As at 31 March 2010, 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 for the year by approximately USD 304,314 for the year.

(ii) Foreign currency risk
Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk as a result of financial assets and liabilities of 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:

	2010	2009
	USD'000	USD'000
Pound Sterling	**2,543**	161
Canadian Dollar	**25**	-
South African Rand	**11**	-
US Dollar	**45,768**	102,539
Botswana Pula	**78**	-
Euro	**5**	239
	48,430	102,939

29. Financial instruments - Continued

The table below shows an analysis of the Group's exposure to foreign currencies:

	Pound Sterling USD'000	Euro USD'000	South African Rand USD'000	Total USD'000
Trade and other payables	**63**	**23**	**126**	**212**

(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, as it sells its copper concentrate under pricing arrangements whereby the quoted period established for each sale contract to finalise the sales price is the month subsequent to the month of delivery, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in copper market prices result in the existence of an embedded derivative in the trade receivable.

From time-to-time the Group may use derivative transactions by purchasing copper put contracts to manage fluctuations in copper prices in the Group's underlying business operations. The use of derivatives is based on established practices and parameters which are subject to the oversight of the Board of Directors.

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

The Group is exposed to credit risk on its long term receivable, cash and cash equivalents and trade and other receivables as set out in Notes 11, 16 and 18, which also represent the maximum exposure to credit risk The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

29. Financial instruments - Continued

b) Liquidity Risk

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

As at 31 March 2010 the Group had USD 48.43 million in cash and cash equivalents, USD 0.98 million in other receivables and prepayments and USD 5.26 million in trade and other payables.

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

c) 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.

There were no changes to the Group's approach to capital management during the year.

Notice is hereby given that the fortieth annual general meeting of the shareholders of ZCI Limited will be held at the Hotel Novotel, 35 rue du Laboratoire, Luxembourg, on Thursday, 23 September 2010 at 14h00 CET to pass the following resolutions with or without modification:

1.1 To consider the financial statements and the reports of the directors and auditors for the year ended 31 March 2010.

1.2 To propose the re-election of the following directors:

1.2.1 T Kamwendo
1.2.2 D Rodier
1.2.3 S Georgala
1.2.4 KL Bergkoetter
1.2.5 S Simukanga
1.2.6 E Hamuwele
1.2.7 MM du Toit
1.2.8 M Clerc

who retire in terms of the Bye-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 6 to 9 of the annual report.

1.3 To ratify and approve all actions taken by the directors of ZCI to the date of this annual general meeting, including, but not solely limited to the Term Loan Agreement with African Copper Plc and Ndola Lime Company Limited.

1.4 To approve the remuneration of the directors for the period ended 31 March 2010 including the compensation paid to the directors in terms of the Directors' Bonus Plan ("the Plan") as disclosed in the Company's annual financial statements and the annual report. Shareholders are advised that the total value of the Plan together with the directors' remuneration paid in the financial year ended 31 March 2010 did not exceed 1% of the Net Asset Value of the Company.

1.5 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 2011 is Mr Kobus Volschenk.

1.6 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 12 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 12 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 12 months after the date of the general repurchase;

- the Company will provide its Sponsor with all documentation required in terms of Schedule 25 of the Listings Requirements, and will not commence any general repurchase programme until the Sponsor has signed off on the adequacy of its working capital and advised the JSE accordingly.

Other disclosure in terms of the Listings Requirements Section 11.26

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

- Directors and management – page 6;
- Major shareholders of the Company – page 14;
- Directors' interests in securities – page 20; and
- Share capital of the Company – page 48.

Litigation statement

The directors, whose names are given on page 19 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 19 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the Listings Requirements.

Material change or no material changes to report

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

Reason and effect

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

Statement of board's intention

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

Voting and Proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration 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. Proxy forms should be forwarded to reach the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to the transfer secretaries at P O Box 61051, Marshalltown, 2107, South Africa, so as to be received by not more than 48 hours before the time fixed for the holding of the meeting at 14h30 on Thursday, 23 September 2010. Proxy forms should only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

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

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

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.
- A form of proxy is enclosed with this annual report.

By order of the board of directors

John Kleynhans
Company Secretary
30 August 2010

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

Company Secretary
J Kleynhans

Registered Office
Clarendon House
2 Church Street
Hamilton
Bermuda

Website
www.zci.lu

Transfer Secretaries

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

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

French Listing agent
Caceis Corporate Trust
14, rue Rouget de Lisle
F-92862 Issy-Les-Moulineaux
Paris, France

Auditors
KPMG Inc.
85 Empire Road
Parktown 2193
South Africa

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

EXECUTIVE SUMMARY **JSE 12.9(h)**

i. Purpose **JSE 12.9(h)(i)**

Zambia Copper Investments Limited (ZCI) commissioned Read, Swatman & Voigt (Pty) Ltd (RSV), an independent consultant, to prepare a Competent Person's Report of the Thakadu and Mowana assets of African Copper Plc (AC) in accordance with Section 12 of the Johannesburg Securities Exchange's Listing Requirements.

ZCI is an international investment company whose registered offices are at No 3, Church Street, Hamilton, Bermuda. It is listed on the Johannesburg Securities Exchange and Euronext in Paris, France.

AC is an international exploration and development company incorporated in England and Wales. Its registered offices are at Pall Mall, London. AC is involved in the exploration and development of copper deposits in the Republic of Botswana, and has a 100% interest in the rights to two mineral properties in Botswana, the Mowana Project and the Matsitama (Thakadu) Project. Together they give AC exclusive rights to explore the Matsitama Belt of Botswana, including the Mowana and the Thakadu-Makala deposits.

ii. Project outline **JSE 12.9(h)(ii)**

Previously known as the Dukwe Copper Project, the Mowana Mine was re-named during the first quarter of 2007. It is located in north eastern Botswana, some 120 km north-west of Francistown, the second largest city, with its centre on co-ordinates 20º31'38"S and 26º35"46"E. The area is flat semi-desert, with scrub-bush mopane vegetation that slopes gently from east to west, and drains into the Sua Pan salt flats of the Makgadikgadi basin.

Mowana started production in January 2008. Due to a number of factors, chief among which was a lack of working capital and problems with the process plant, production ceased in November 2008. AC then placed the Mine on a care and maintenance basis.

On 21 May 2009, ZCI and AC entered into a subscription agreement under which ZCI has subscribed for 676,570,500 new ordinary shares in the capital of AC (the **"New Shares"**). ZCI consequently owns approximately 82% of the issued share capital of AC, which now has an issued share capital of 823,429,500 ordinary shares.

For further information on the transaction between ZCI and AC, the Reader should consult press releases posted on the ZCI website:

www.zci.lu

As a result of this transaction, ZCI is required to comply with the disclosure requirements of the Johannesburg Securities Exchange, one of which is the submission of a Competent Person's Report prepared in accordance with Section 12 of the JSE Listing Requirements.

AC is listed on the London Stock Exchange's Alternative Investment Market (AIM), and the Botswana Stock Exchange.

Until 21 May 2009, AC was also listed on the Toronto Stock Exchange (TSE), but on that date transferred all shares traded on the TSX to AIM.

For a full account of the events leading up to this delisting, and the subsequent transfer of shares to the Alternative Investment Market, the reader is advised to consult the Canadian Securities Exchange's System for Electronic Data Analysis and Retrieval (SEDAR).

www.sedar.com

and the ""Management Discussion and Analysis" for the year ended 31 December 2008", posted on the AC website:

www.africancopper.com

RSV has compiled this Competent Persons' Report from information supplied by others, as detailed in Section 2 of the report, in a sequence that follows that of the SAMREC Code. Where appropriate, RSV have retained independent experts to contribute to specific sections of this report. The responsibility for, and accuracy of, those sections belongs to the individual authors. RSV has reviewed the work presented herein and found the independent authors have completed it to generally accepted industry standards.

The interpretation of the metallurgical findings and the development of the process design criteria were studied and compared to that which has been constructed. Interviews with senior personnel and a plant visit to the plant were conducted to determine the status of the plant and the operational readiness of the plant for potential future operation.

This report contains no specific recommendations since the process plant was, at the time of writing, undergoing a repair and refurbishment programme. On 10 September 2009, AC announced that it had re-commissioned the plant and re-commenced production.

This report is a review of the situation, as it existed prior to this re-commissioning, and does not take any cognisance of the changed situation.

Location

JSE 12.9(h)(iii)

The Mine is located some 120km northwest of Francistown, a city in north-eastern Botswana, and is centred on coordinates 20º31'38" South and 26º35'46" East at an elevation of 1,005m amsl. (Figure S. 1).

Access to the Mine is via a well-maintained 12.5km gravel road from the sealed Francistown-Maun highway. A modern railway line and a 132kV electrical power line run parallel to this highway. Skilled labour and most services are available in Francistown, and the proximity to the mature mining industry of South Africa ensures that most required services and supplies are available.

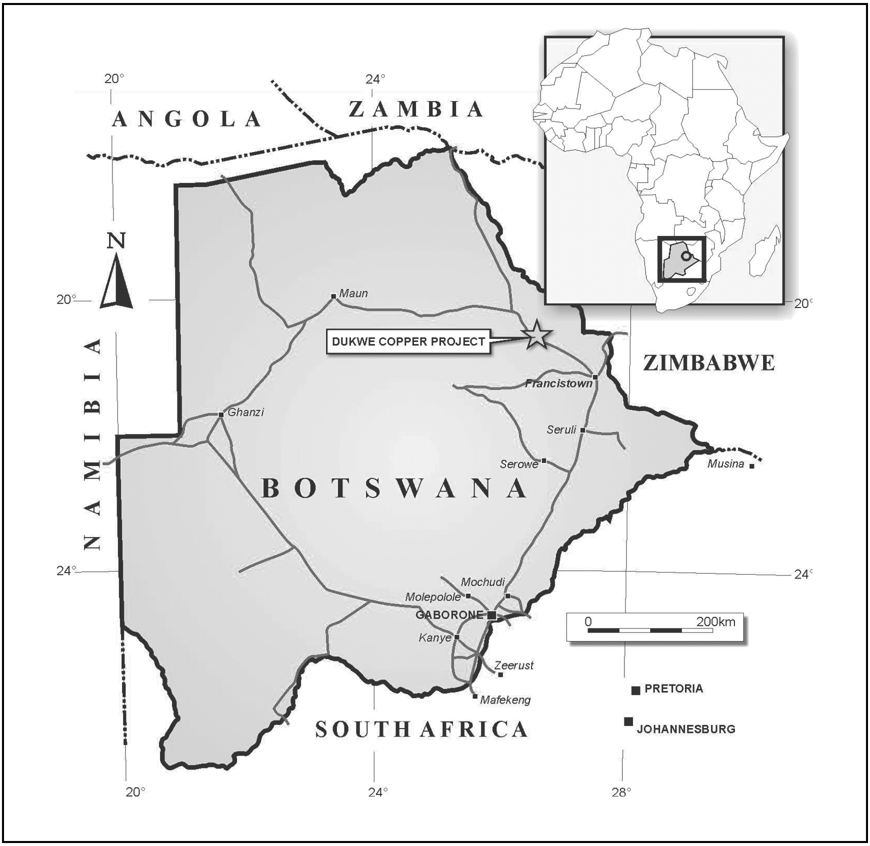


Figure S. 1 Location of the Mowana Mine

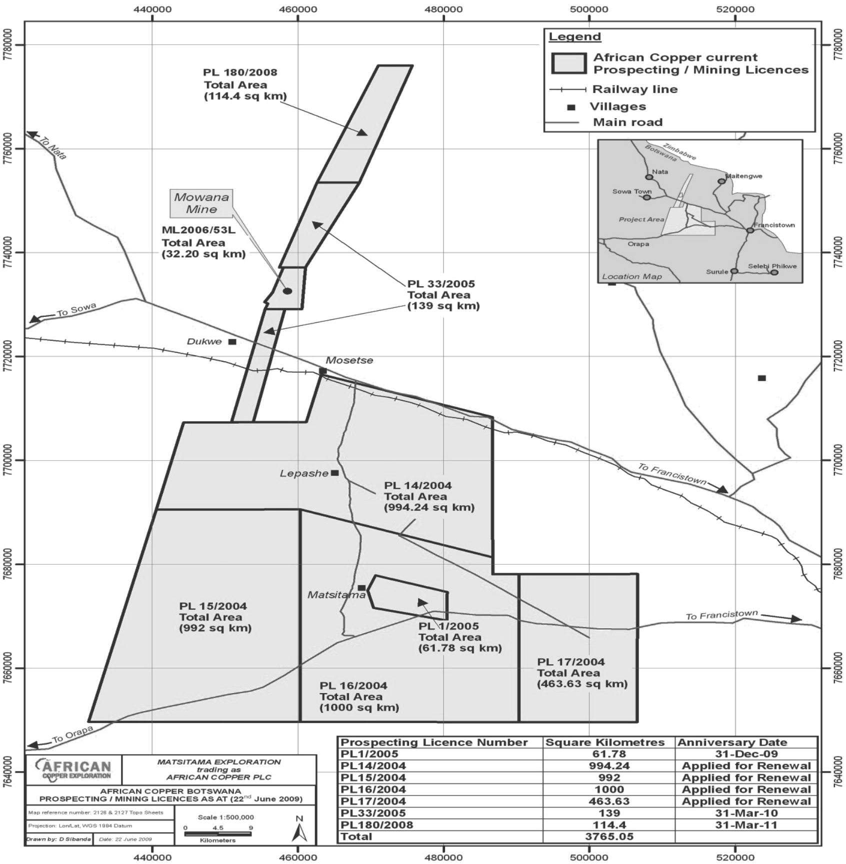
Legal aspects and tenure

JSE 12.9(h(iv)

AC holds a Mining Licence over an area of 32.67km2 and seven Prospecting Licences covering a total area of 3765.1km2 through Messina Copper (Botswana) Pty Ltd (MCB), a wholly owned subsidiary. The anniversary dates of five Prospecting Licences have passed, but AC has applied for their renewal. In terms of Section 19 of the Botswana Mines and Minerals Act (1999), this entails releasing at least 50% of the area in order to renew the remaining licence for a further two years. (See Figure S.2 and Appendices 1 and 2).

In terms of Section 17(3) of the Mines and Minerals Act, holders of prospecting licences may apply for no more than two renewals of such licences, subject to the provisions of Section 17(6) of the Act. Readers should note that AC has applied for a second renewal for six of their prospecting licences.

The licences are free and clear of encumbrances, such as underlying payments or royalties to previous owners. The mineral rights are 100% attributable to AC through wholly owned subsidiaries.



Prospecting Licence Number	Square Kilometres	Anniversary Date
PL1/2005	61.78	31-Dec-09
PL14/2004	994.24	Applied for Renewal
PL15/2004	992	Applied for Renewal
PL16/2004	1000	Applied for Renewal
PL17/2004	463.63	Applied for Renewal
PL33/2005	139	31-Mar-10
PL180/2008	114.4	31-Mar-11
Total	3765.05	

Figure S. 2 Prospecting and mining licences

AC also holds two surface rights to the mining lease area and multi-residential areas in Mosetse Village and Dukwe Village.

Geological setting

JSE 12.9(h)(v)

- Mowana

The Mowana Mine is hosted within NNE striking, steeply east dipping carbonaceous and argillaceous metasediments of the Matsitama Metasedimentary Group that are enclosed within foliated granitoids of the Mosetse Complex. Sulphide mineralization occurs within sub-vertical epithermal quartz-calcite vein breccias containing predominantly chalcopyrite + pyrite ± galena and sphalerite mineralization. Sulphide mineralization is capped by secondary oxide and supergene copper enrichment to depths of approximately 50m and 150m below surface respectively. This in turn is overlain by Phanerozoic Karoo Supergroup siltstones, conglomerates and local tillite over the north and west areas of the deposit with depths to 90m. Regolith cover over the southern extent of the deposit generally consists of shallow (1-3m) clay rich black soils.

Four deformation periods have been interpreted within the project area, the strongest and most significant with regard to veining and mineralization being the deformation that initiated the regional scale Bushman lineament – a NNE-SSW trending major shear zone that forms the western boundary of the Matsitama Schist belt. A final post mineralization deformation event produced a number of NE trending parallel faults transecting the mineralized breccia at a low angle into three main zones of roughly equal length. From north to south, they are Mapanipani North, Mapanipani and Bushman sections.

The footwall argillaceous metasedimentary rocks exhibit alteration mineralogy and textures of retrograde regional greenschist metamorphism from either a higher grade lower amphibolite facies or arguably a more localized thermal metamorphic hornfels. In the Mapanipani and Bushman sections localized but well developed talc/serpentine alteration from metasomatism occurs within dolomitic lithologies.

Sulphide bearing veins are generally spatially associated with carbonaceous (graphitic) argillites and are composed of quartz+calcite ± K feldspar in varying ratio's with three stages of quartz veining having been identified. Only the second vein generation bears Cu, Pb & Zn sulphides. Areas of intense vein stockworks have been termed breccias and form the copper deposits. Fluorite and barite are rare but locally evident. Pyrite + chalcopyrite occur mostly as semi-massive patches and coarse aggregates. Galena±sphalerite occurs locally almost always associated with fluorite in discrete zones generally separate from chalcopyrite mineralization which it slightly post-dates.

In 2005 and 2006, MCB completed an extensive 30,000m diamond drill program which culminated in an October 2006 NI43-101 compliant resource estimate completed by RSG Global Consulting. This report incorporated data collected up until the end of July 2006.

During the first half of 2007, MCB appointed Caracle Creek International Consulting, Inc. (CCIC) an independent firm of geological consultants, to examine the existing geological data and to update the ore resources using available data up to the end of 2006. CCIC published a NI43-101 compliant report in June 2007, in which it estimated the Measured and Indicated mineral resources to total 146.9 million tonnes at an average grade of 0.45% Cu. A further 86.7 million tonnes at an average grade of 0.36% Cu, are classified as Inferred mineral resource.

The CCIC report does not classify the resource stated in Table S.1 below into categories accessible by open pit or underground mean, nor does it state that the reported resources are inclusive or exclusive of reserves.

Geozone	Orebody	Classification	Tonnes	Cu %
	Shells	Measured	11 546 890	1.42
		Indicated	19 485 516	1.41
		Sub total	**31 032 406**	**1.42**
		Inferred	18 369 151	1.16
	Breccia	Measured	62 717 926	0.21
		Indicated	53 190 422	0.16
		Sub total	**115 908 348**	**0.19**
		Inferred	46 309 310	0.15
	Combined Orebody	Measured	74 264 816	0.40
		Indicated	72 675 938	0.49
		Sub total	**146 940 754**	**0.45**
		Inferred	86 669 778	0.36

NOTE: CCIC is an independent consulting firm commissioned by African Copper. The CCIC estimate was prepared under the supervision of Justin Glanvill Bsc.(Hons), Pr. Sci. Nat.. and a “Qualified Person” for the purposes of NI43-101 in Canada. A report entitled "Dukwe Copper Project-2007 Geological Modelling and Resource Reestimation-Effective Date 14th June 2007" is available at www.sedar.com for review. The estimate has been completed to SAMREC, JORC and NI43-101 definitions and standards. CCIC utilized an indicator kriging methodology to complete this estimate. This resource estimate is shown at a 0% cut-off.

Table S. 1 Mowana mineral resources

- Thakadu

The Thakadu Copper Project, is hosted within WNW striking, SSW dipping carbonaceous, felsic and argillaceous metasediments and volcanics of the Achaean Matsitama Metasedimentary Group, which are enclosed within foliated granitoids of the Mosetse Complex. The schist belt is one of the many Archaean granite-greenstone belts in Southern Africa and exhibits the characteristic arcuate shape with a long axis of approximately 50km and a variable 15km average cross axis.

The Thakadu deposit, has been defined over a strike length of 600m and to a depth of 400m below surface. The copper mineralization is generally strata-bound and, is hosted by a complexly folded sequence of felsic sedimentary rocks some 50-100m thick. Above and below the felsic package are amphibolites and volcaniclastics.

The principal Matsitama Metasedimentary Group lithologies enclosing the deposit are quartz and quartz-carbonate arenites, siliceous carbonates, biotite schists, graphitic carbonates, calcareous phyllite and minor conglomerate and limestone units. Footwall and hangingwall lithologies consist of amphibolites, mafic/intermediate volcanics and volcaniclastic rocks.

Due to the lack of outcrop exposure at the Thakadu Copper Project with the exception of the ancient pit, most structural data and subsequent interpretation, is collected from oriented drill core. At the completion of the programme, a total of 1,228 planar and 177 linear measurements were collected. From the resultant orientation data and subsequent observations four deformation events have been recognised.

Economic copper mineralization within the hypogene zone at the Thakadu Copper Project occurs as chalcopyrite ± bornite in disseminations and irregular stringers hosted dominantly within quartz-carbonate rocks. Mineralization also occurs within mica schists, quartz-carbonate veins and graphitic calcareous rocks adjacent to the quartz carbonate units. The near surface parts of this zone, have been enriched in a thin sporadic supergene blanket, while the parts closest to surface have been oxidized with the development of copper carbonate, silicate and oxide minerals as well as native copper. Thakadu hosts significant silver grades but no discrete silver minerals have been isolated and it is, assumed that the silver occurs predominantly in the bornite.

This largely strata-bound deposit has a variable overall true width ranging from <2m to 35m, is largely continuous along strike but thickens gradually to the south east and more significantly at the south east end of the deposit, due to deformation and folding.

The estimation was undertaken using Ordinary Kriging. A three-pass estimation strategy was used, applying progressively expanded and less restrictive sample searches to successive estimation passes, and only considering blocks not previously assigned an estimate.

A visual and statistical review was, completed on the estimates prior to accepting the model. Acceptable levels of mean reproduction are noted between the block model and input composite data. RSG Global considers the resource estimate to be appropriate and robust.

	Tonnage	Grade Cu (%)	Content lbs	Tonnage	Grade Ag (g/t)	Content Troy ozs
Footwall Mineralized Zone						
Oxide	732,000	2.63	42,455,000	731,000	22	512,000
Sulphide	2,376,000	1.53	80,207,000	1,707,000	13	727,000
	3,108,000	1.79	122,663,000	2,438,000	16	1,239,000
Hangingwall Mineralized Zone						
Oxide	410,000	2.10	19,006,000	410,000	24	313,000
Sulphide	1,197,000	1.40	37,057,000	710,000	14	330,000
	1,607,000	1.58	56,063,000	1,120,000	18	643,000
Thakadu Copper Project						
Oxide	1,142,000	2.44	61,461,000	1,141,000	22	825,000
Sulphide	3,573,000	1.49	117,264,000	2,417,000	14	1,057,000
	4,715,000	1.72	178,726,000	3,558,000	16	1,882,000

Inferred Mineral Resource			
Sulphide	961,000	1.29	27,374,000

Table S. 2 Indicated Thakadu mineral resource

vi. Exploration programme and budget

JSE 12.9(h)(vi)

Exploration in the Matsitama area, which constitutes the Thakadu Project, continues. Table S.3 summarise the planned expenditure in each of the prospecting areas, and Tables 1 to 7 in the report give details of the planned activities.

Prospecting licence	2007	2008	Year 1	Year 2	Year 3
PL 1/2005	P4,149,674	P5,398,481	P4,671,600	P500,000	Nil
PL 14/2004	P3,135,173	P3,961,346	P1,567,400	P2,963,280	Nil
PL 15/2004	P3,135,176	P3,688,570	P430,000	P290,000	Nil
PL 16/2004	P8,678,233	P4,496,731	P2,181,175	P2,169,292	Nil
PL 17/2004	P6,791,936	P5,304,892	P1,957,325	P3,124,650	Nil
PL 33/2005	P4,500,000	P4,467,361	P 1,750,000	P1,000,000	Nil
PL 180/2008	Nil	P250,000	P1,750,000	P1,000,000	P1,000,000

Table S. 3 Planned and past exploration expenditure

vii. Key modifying factors

JSE 12.9(h)(vii)

- Governmental

There are no outstanding governmental matters.

- Environmental

See Section viii below.

- Social

ZCI have advised RSV that mining operations in Botswana do not require social management.

- Mining

AC and ZCI have developed a short-term (4-year) plan to bring the Mowana Mine back to profitable production. This involves reducing production from the Mowana open pit and supplementing this with higher-grade ore from the Thakadu Project, which is located in the extensive and highly prospective Matsitama exploration tenements.

Producing ore form Thakadu early in 2010 as planned is therefore a key factor to the success of the project.

Although not considered in this report, the depth extension of the Mowana deposit offers the potential to extend operations beyond 2020, when mining at the Mowana open pit will cease.

- Metallurgical

The Mowana plant is a conventional plant for the treatment of sulphide and oxidised sulphide minerals by milling and flotation. The plant design is robust and will be able to cope with a variation in feedstock.

The plant consists of a three-stage crusher circuit followed by a conventional ball mill-cyclone circuit. Although such a circuit may be more costly from a capital and operating cost perspective when compared to the single stage SAG mill operation. This comminution circuit will produce more consistent feed to the flotation circuit, with a concomitant improvement in plant efficiency.

Two-ore stockpiles are included to provide surge capacity in the circuit. The first stockpile is between the primary crusher and secondary crusher. The second stockpile is on the mill feed. The philosophy of stockpiles is good, although unfortunately the design of the stockpiles has resulted in very little surge capacity due to dead volumes.

The two stage rougher flotation circuit consists of a primary sulphide rougher for the recovery of the sulphide copper minerals e.g. chalcopyrite, bornite, chalcocite, followed by sulphidisation and a secondary rougher for the recovery of the oxidised copper minerals. This is standard practise for such a sulphide-oxide orebody.

Separate cleaning of the rougher concentrates from the sulphide and oxide rougher cells produces a sulphide concentrate and oxide concentrate that are thickened and stored in separate storage tanks. Concentrate is filtered in standard plate-and-frame filters and the concentrate is dumped on the ground in the filter building.

The tailing from the plant is thickened in a tailing thickener from where the tailing thickener underflow is filtered on a belt filter. Filtered tailing is conveyed and mechanically deposited on the tailing dam.

The plant was commissioned on 10 September 2009.

The crusher plant has been designed to process 90000 tonnes per month of ore operating on a 12-hour day. The rest of the circuit can process 90000 tonnes of ore per month.

A number of problems were experienced during the initial commissioning in 2008 namely:

- Failure of the primary crusher lubrication circuit;
- Damage to the primary crusher flywheel;
- Lower head grade – the plant head grades were < 1 % Cu where the design head grade was approximately 2.5% Cu. Grades of final products were lower than anticipated from the test work;
- Black cotton soil – the presence of black cotton soil was a major problem throughout the plant but particularly in the tailing thickening and filtration section, making commissioning of those impossible. It also consumed excessive reagent;
- Problems with the mill lubrication circuit;

- Lack of operator training – it appears that many of the operators on the plant had not previously had metallurgical operations experience. This was problematic especially in the crushing and milling areas;
- Lack of critical spares and commissioning spares – resulted in long periods of down time waiting for new spares;
- Problems is stabilising the tailing thickener and filter circuit;
- The presence of graphite in the ore was a problem for the flotation circuit – resulted in high reagent consumptions, affected slurry rheology.

In order to assess the design of the plant Metallicon returned to first principles and analysed all available test work information. The following conclusions were made:

- Sufficient mineralogical analysis of the three distinct ore types was done to provide information for ore classification and metallurgical definition;
- Sufficient laboratory test work was done in open circuit rougher and cleaner tests as well as locked cycle tests;
- Pilot plant test work was done however we question how representative the sample was;
- A variability test work programme was done however only seven drill cores were considered.

The findings of the metallurgical test work can be summarised as follows:

- Although leaching would be normally be considered as an alternative to flotation for the extraction of copper from oxidised copper sulphides, this was not financially viable as an alternative due to the very high acid consumptions and long leach times;
- Mineralogical analysis of the ores indicated that primary and secondary sulphides were present, interspersed with significant amounts of oxidised copper minerals such as malachite and chrysocolla. This would result in a variable flotation response depending on the relative amounts of copper mineral. The ore body was thus defined as either sulphide, supergene or oxidised depending on the ore mineralogy;
- Comminution test work showed average work and abrasion indexes – standard crusher/ball mill configurations will be suitable for grinding;
- Bench scale flotation results have demonstrated the amenability of oxide, supergene and sulphide ore to recovery within a standard flotation concentrator;
- The use of a sulphidising agent such a sodium hydrosulphide (NaHS) would be beneficial in the recovery of oxidised copper minerals;
- Recoveries were obtained at a coarse grind (150 micron) for all the three types of ore;
- Sulphide recoveries of 90% have been achieved to produce a concentrate containing 32% copper from the bench scale and locked cycle tests;
- Supergene recoveries exceed those expected from heap leach – 83% recovery indicated from supergene zones producing a 30% concentrate grade;

- A recovery of circa 58% can be expected from the oxide ore;
- No mention is made in the test work with regard the recovery of silver from the ore;
- A detailed analysis of the concentrate produced indicate no deleterious elements that may result in future penalties;

In the analysis of the design documentation made available, it was apparent that cognisance was taken of the findings of the test work. In the review of the test work a number of observations and recommendations have been made that may be considered for future process improvement.

The proposed changes to the plant have been reviewed and can be justified. The associated capital cost is a good estimate from a metallurgical perspective.

The operating cost has been reviewed and the values appear to be low.

A review of test work reports describing work done on the Thakadu deposit have indicated that the plant will be able to process ore from Thakadu. The test work has indicated that processing of the Thakadu ore will benefit from the installation of a rougher concentrate regrind mill. In addition, the test work indicated that improved recoveries could be achieved on the Thakadu ore at a finer grind than that for the Mowana ore.

The introduction of a Dense Media separating (DMS) plant for the upgrading of low-grade ores is justified. Mowana has budgeted for the installation of a pilot unit late 2009, and based on the results of the test programme, will install a full-scale unit in 2010.

- Marketing

AC has an off-take agreement with MRI Trading AG, based in Zug, Switzerland, whereby MRI will purchase all the concentrates produced at Mowana. The agreement is valid for five years from March 2009. RSV did not examine the copper market, nor did AC provide any further marketing data.

- Legal

As far as RSV is aware, there are no outstanding legal matters.

viii. Key environmental matters **JSE 12.9(h)(viii)**

Primitive mining and smelting sites in various parts of the Matsitama region, including the area around the Mowana Mine, indicate that production of copper occurred during the period 1300AD – 1600AD.

The area in which AC operates is therefore both environmentally and archaeologically sensitive.

All operations at the Thakadu and Mowana sites are subject to the conditions of the Environmental Management Plan and the Archaeological Management Plan, contained in Appendices 3 and 4, respectively.

ix. Mineral resources and mineral reserves **JSE 12.9(h)(ix)**

Turgis Consulting, an independent firm appointed by Messina Copper, used their Report No. 30100-01, prepared in January 2007, as a basis for their review of the mine design. Using Mine2-4D® and Datamine® software, Turgis prepared a resource depletion schedule for the period 2007 to 2014 which indicated Mowana would reach its production target of 3 Mtpa in 2010.

RSV examined the Turgis Mine2-4D® and Datamine® models, and is satisfied that the work seen is sound and reasonable and satisfies the requirements for classification of the Measured and Indicated Resources that fall within the practical pit design as a Proven and Probable reserve, as shown in Table S.4. These reserves have a 0.1% cut-off grade.

Category	Tonnage	Copper	Contained metal
	Mt	%	Tonnes Cu
Proven	10.82	1.00%	108 200
Probable	3.98	1.40%	55 720
Sub Total	14.80	1.11%	163 920
In-pit Inferred Resource	4.33	0.80%	34 640

Table S. 4 SAMREC compliant Proven & Probable In-pit Reserves and In-pit Inferred Resources as at 26 November 2007

Using a 0.25% cut off grade, RSV re-estimated the Reserves as shown in Table S. 4.

Category	Tonnage	Copper	Contained metal
	Mt	%	Tonnes Cu
Proven	8.27	1.25%	103,381
Probable	3.15	1.61%	50,644
Sub Total	11.42	1.35%	154,025
In-pit inferred Resource	2.56	1.20%	34,640

Table S. 5 SAMREC compliant Mowana Deposit: Proven & Probable In-pit Reserves, and in-pit inferred resources as at 06 August 2009

The reserve was calculated to a cut-off of 0.5% Cu.

The Whittle optimisation software allows one to apply a cut off mining grade to the imported resource model. In the case of the Thakadu model, the grade applied for mining cut-off was 0.5%.

The pit design and schedule were then based on the economic shell produced from the optimisation economic pit shell.

In 2010 AC plan to process ore from the Thakadu project area. Table S.5 shows the RSV estimate of these Reserves and Resources.

Category	Tonnage	Copper	Contained metal
	Mt	**%**	**Tonnes Cu**
Proven	Nil	Nil	Nil
Probable	2.77	2.15	59,477
Sub Total	2.77	2.15	59,477
In-pit inferred Resource	Nil	Nil	Nil

Table S. 6 Thakadu Deposit: Proven & Probable In-pit Reserves, and in-pit inferred resources as at 06 August 2009

The inferred material has been included at the bottom of the reserve statement because it is incidental to the mine plan. The inferred material only occurs in the later stages of the mine schedule (2017 to 2020) so has no impact on the five-year financial forecast.

The LOM has not been adjusted.

The following parameters form the basis of the cut-off grade:

- The forward copper price curve as supplied by AC –
  i.e. 2009 - 2010 = $2,25/lb and 2011 – 2020 = $2,00/lb;
- Operating costs;
- Metallurgical recoveries;
- Prevailing Botswana tax rates;
- Average smelter charges ("TC/RCs").

Transport costs to the ports of Durban/Richards Bay, in Kwa-Zulu Natal, South Africa. Also see Section v.

x. Risks JSE 12.9(h)(x)

AC have indentified the following risks. Section 9 of the report discusses these in detail:

- Working capital deficit and completion of the financing package;
- Decisions by ZCI affecting the direction of operations;
- Continued financial support from ZCI;
- Dependence on the Mowana Project;
- Commercial viability of Mowana Mine cannot be guaranteed;
- Accuracy of capital and operating estimates;
- Validity of the copper price;
- Availability of smelting facilities;
- Retention of key personnel;
- Foreign investment risks;
- Changes in Government legislations;
- Foreign exchange fluctuations;
- Prevalence of HIV/AIDS in Botswana;
- Insurance adequacy;
- Lack of operating history;
- Outcome of exploration activities.

xi. Competent Person's statement JSE 12.9(h)(xi)

The lead Competent Person, identified in Section 22, hereby declares that this summary is a true reflection of the full Competent Person's Report and Mine Asset Valuation.

xii. Valuation summary JSE 12.9(h)(xii)

The valuation deals with the deposits covered by mining licence ML 2006/53L, known as the Mowana Mine, and the deposits covered by prospecting licences PL 1/2005, PL 14/2004, PL 15/2004, Pl 2004/16, PL 2004/17, PL 33/2005, PL 180/2008, known as the Thakadu deposit.

The valuation presents a production profile based on the assumption that AC will meet their objective of producing ore from Mowana with ore from Thakadu early in 2010. It combines this with the reduced Mowana production profile to calculate the present values of the resultant cash flows.

The future focus of the Mowana operation will be to access the deeper sulphide ore, which constitutes approximately 80% of the remaining resource. AC and ZCI have completed an internal assessment of the potential offered by the deeper sulphide resources, but have not released this for general disclosed.

The valuation uses two approaches:

- The Cash –flow approach;
- The Market approach.

The results of which are shown in Table S. 7 and Table S. 8 respectively.

	Discount Rate					
	0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
	Present value of Operating Margin					
Life of mine [$000]	219 906	155 917	115 740	89 308	71 150	58 179
5-year forecast (2009-2013) [$000]	98 845	83 403	71 032	61 006	52 797	46 010
Number of post subscription shares	823 429 500					
	Discount Rate					
	Present Value per share (823,429,500 ordinary shares issued)					
Life of mine [$]	0.267	0.189	0.141	0.108	0.086	0.071
5-year forecast (2009-2013) [$]	0.120	0.101	0.086	0.074	0.064	0.056

Table S. 7 Cash flow approach summary

21-May-09	£1.00	=	$1.5719
31-Aug-09	£1.00		$1.6311

Agreed Buyer/Seller Value of African Copper on			21-May-09	was	$13 084 959
	or	$0.0157	per share		

Table S. 8 Marketing approach summary

Three input variables, revenue, mining costs and process cost, were varied from -20% to +20% and applied to the cash flows obtained at two discount rates, 10% and 25%. T discount rate of 25% is considered appropriate because this is the rate at which the projected cash flow most closely approaches the ruling AIM stock price.

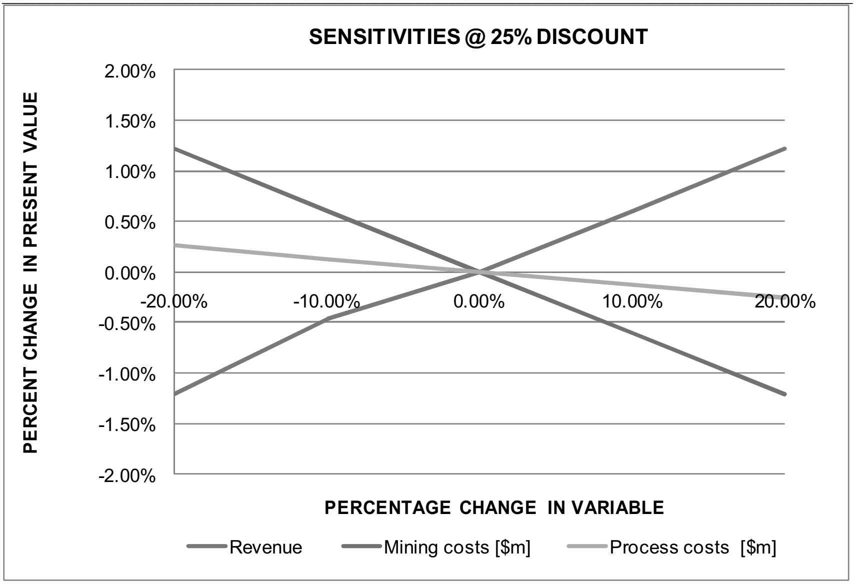


Figure S. 3 Percentage Sensitivity of input parameters @ 25% discount

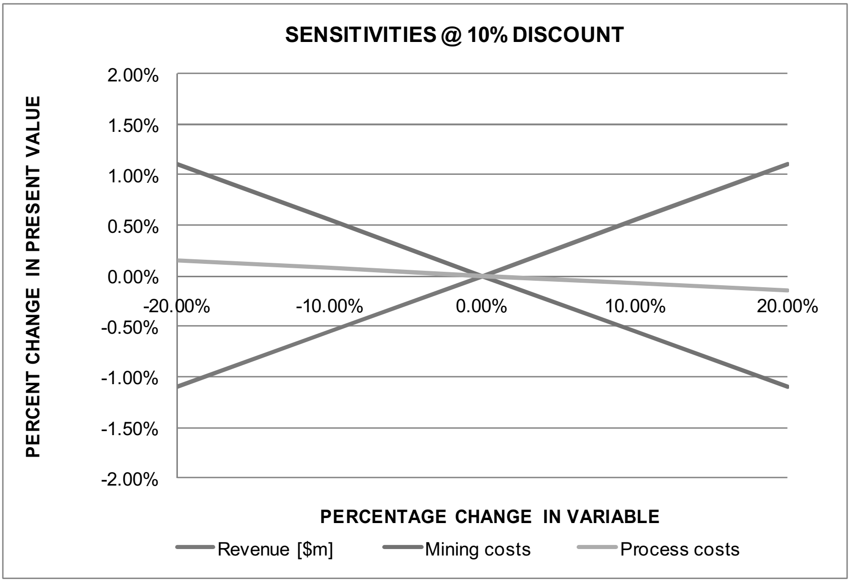


Figure S. 4 Percentage Sensitivity of input parameters @ 10% discount

L.C. Stilwell, Pr.Eng
Competent Person

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