

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, you should consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

Zambia Copper Investments Limited
(Registered in Bermuda)
(South African registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240
("ZCI" or "the company")

CIRCULAR TO SHAREHOLDERS

Relating to:

- an offer by ZCI to purchase from all shareholders all or a portion of their ZCI shares at a price of 186.48 United States cents per share, being the net asset value of each ZCI share as at 31 August 2008;
- a new business plan for the company; and
- the appointment of additional directors.

Incorporating:

- a notice of special general meeting approving the offer and appointing additional directors;
- a form of proxy for the special general meeting for use only by certificated shareholders and own name dematerialised shareholders; and
- a form of irrevocable acceptance and surrender for use only by certificated shareholders.

Dematerialised shareholders should contact their CSDPs, European banks, brokers or other registered nominees as no forms have been included for them.

Date of issue: 2 September 2008

COMPANY ADVISERS AND INFORMATION

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BS13 8AE
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French listing agent

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Auditors

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Luxembourg

JSE sponsor

Rand Merchant Bank
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1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196

Directors (all non-executive)

T Kamwendo (Chairman)
DD Rodier
S Georgala
M Clerc

The definitions and interpretations set out in Annexure 1 apply throughout this circular.

This circular is available in English and French. Copies may be obtained from the office of the company secretary, the sponsor and the transfer secretaries and may be downloaded from the company's website, **www.zci.lu**.

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Attached:

NOTICE OF SPECIAL GENERAL MEETING

FORM OF PROXY FOR THE SPECIAL GENERAL MEETING

FORM OF IRREVOCABLE ACCEPTANCE AND SURRENDER (FOR USE ONLY BY CERTIFICATED SHAREHOLDERS)

ACTION REQUIRED BY SHAREHOLDERS

If you are in any doubt as to what action to take, consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

1. ATTENDANCE AND VOTING AT THE SPECIAL GENERAL MEETING

1.1 Certificated shareholders and own name dematerialised shareholders:

You may attend the special general meeting, to be held on Wednesday 24 September 2008 at Hotel Novotel, 35 rue du Laboratoire, Luxembourg at 11h30 (Central European time) in person or you may appoint a proxy to represent you at the special general meeting by completing the enclosed form of proxy in accordance with its instructions and returning it to the transfer secretaries, so as to be received by them by no later than 11h30 on Monday 22 September 2008.

1.2 Dematerialised shareholders:

1.2.1 Your CSDP, European bank, broker or other registered nominee (“intermediary”) should contact you and ascertain your instructions as to how you wish to cast your votes at the special general meeting. If you have not been contacted by your intermediary it would be advisable for you to contact your intermediary as soon as possible and within the time and date stipulated by your intermediary and furnish it with your instructions as to how you wish to cast your votes at the special general meeting. If your intermediary does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard, to abstain from voting.

1.2.2 Dematerialised shareholders must not complete the form of proxy for the special general meeting included in this circular.

1.2.3 If you wish to personally attend the special general meeting and vote thereat, you must obtain the necessary letter of representation from your intermediary.

2. ACCEPTANCE OF THE OFFER

2.1 Dematerialised shareholders and own name dematerialised shareholders:

Your intermediary should contact you and ascertain whether or not you intend to sell all or some of your ZCI shares in terms of the offer. If you have not been contacted by your intermediary and you wish to sell ZCI shares pursuant to the offer, you must contact and inform your intermediary as soon as possible and within the time and date stipulated by your intermediary, of your intention to sell ZCI shares as well as the number of ZCI shares that you wish to sell. If your intermediary does not obtain confirmation of your wish to sell any ZCI shares, the intermediary will be obliged to act in terms of the mandate between you and your intermediary. If the mandate is silent in this regard, your intermediary will not sell any ZCI shares on your behalf.

2.2 Certificated shareholders:

You are required to complete the enclosed form of irrevocable acceptance and surrender in which you must indicate the number of ZCI shares that you wish to sell and return it together with the share certificate(s) or other documents of title (in negotiable form) in respect of all your ZCI shares to the transfer secretaries, so as to be received by them by no later than 12h00 on Friday 10 October 2008.

If you do not wish to sell any ZCI shares pursuant to the offer, you do not need to take any further action relating to the offer.

3. RECEIPT OF THE OFFER CONSIDERATION AND SURRENDER OF DOCUMENTS OF TITLE

3.1 Dematerialised shareholders and own name dematerialised shareholders

If the offer becomes operative and you have validly accepted the offer, the relevant account held by you with your intermediary will be reduced by the number of ZCI shares that are being disposed of and the offer consideration will be paid on the settlement date (Friday 17 October 2008). ZCI will transfer the offer consideration to Strate or Euroclear, as applicable, and thereafter procure that your relevant account at your CSDP, European bank, broker or other registered nominee, as applicable, is credited with the offer consideration due to you.

3.2 Certificated shareholders

3.2.1 Certificated shareholders are required to surrender their share certificate(s) or other documents of title (in negotiable form) in order to participate in the offer and receive the offer consideration. It is recommended that you send these documents to the transfer secretaries by registered mail (although you are not obligated to do so).

3.2.2 Acceptances by certificated shareholders will not be considered valid unless all the relevant documents of title are included with the form of irrevocable acceptance and surrender. However, if the documents of title are lost or destroyed, and the certificated shareholder requests the necessary documentation to have the lost or destroyed documents of title replaced, it will be treated as a valid acceptance. The offer consideration due to certificated shareholders, whose documents of title were lost or destroyed will only be paid once the process for the replacement of documents of title has been concluded.

3.2.3 You should note that if you surrender your documents of title in advance, you will be unable to dematerialise and/or deal in your ZCI shares from the date of surrender, however your right to attend and vote at the special general meeting will remain unaffected.

3.2.4 If the offer becomes operative and you have validly accepted the offer, the offer consideration will be paid as follows on the settlement date:

(a) if bank account particulars are recorded in the South African register on the record date, the offer consideration will be paid into your bank account; or

(b) if no bank account particulars are recorded in the South African register on the record date or you are recorded on the United Kingdom register, a cheque will be issued and posted at your risk to the address recorded in the register on the record date.

3.2.5 If you prefer not to dematerialise your remaining ZCI shares after the offer, a new share certificate, reflecting the balance of the ZCI shares following the repurchase in terms of the offer, will then be issued to you. This certificate will be posted to you by registered post at your risk to the address recorded in the register on the record date.

3.2.6 If the offer does not become operative (in the event that the resolution at the special general meeting is not duly passed), the transfer secretaries will, within five business days of the date of the special general meeting or receipt of your documents of title, whichever is later, return your documents of title to you, by registered post, at your risk.

4. **GENERAL**

- 4.1 ZCI shareholders are referred specifically to the provisions of paragraphs 3.19.3 and 3.19.4 on page 11 of this circular and are advised to consult their professional advisers about their tax position regarding their participation in the offer and receipt of the offer consideration.
- 4.2 ZCI shareholders must satisfy themselves as to the full observance of the laws of any relevant territory concerning the participation by them in the offer and their receipt of the offer consideration, including obtaining any requisite governmental, exchange control or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Shareholders on the South African register are referred to Annexure 5 of this circular which contains a summary of the relevant South African Exchange Control Regulations. Shareholders who are in any doubt as to their position should consult their professional advisers.

IMPORTANT DATES AND TIMES

2008

Conditional offer opens at 09h00 on	Tuesday 2 September
Last day to lodge forms of proxy for the special general meeting by 11h30 on	Monday 22 September
Special general meeting to be held at 11h30 on	Wednesday 24 September
Results of special general meeting released on SENS and published in the press on	Thursday 25 September
Offer becomes unconditional on	Thursday 25 September
Last day to trade to participate in the offer is	Friday 3 October
ZCI shares trade ex the offer from	Monday 6 October
Closing date of the offer at 12h00 on	Friday 10 October
Record date for purposes of participating in the offer is	Friday 10 October
Rand equivalent of the offer consideration payable to shareholders on the South African register to be determined at close of business on	Friday 10 October
Results of the offer and Rand amount payable to shareholders on the South African register, released on SENS on	Monday 13 October
Settlement date (offer consideration paid) on	Friday 17 October
Dematerialised shareholders' CSDP, European bank or broker accounts updated by	Friday 17 October
Certificates representing the balance of ZCI shares of certificated shareholders who accept the offer for some of their ZCI shares, posted on or about	Friday 17 October

Notes:

1. These dates and times are subject to change. Any such change will be released on SENS.
2. All dates and times referred to in this circular are South African and Central European (GMT+1) times.
3. Share certificates may not be dematerialised or re-materialised between Monday 6 October 2008 and Friday 10 October 2008, both days inclusive.
4. Dematerialised shareholders who wish to sell ZCI shares pursuant to the offer must notify their CSDP, European bank, broker or other registered nominee in the manner and time stipulated in the agreement governing the relationship between them.

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(South African registration number 1970/000023/10)
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("ZCI" or "the company")

CIRCULAR TO ZCI SHAREHOLDERS

1. INTRODUCTION

- 1.1 As advised in the announcement released on SENS on 8 August 2008, following the completion of the sale by ZCI of its 28.4% share of Konkola Copper Mines Plc ("Konkola") to Vedanta Resources Plc for the amount of US\$213.15 million, in terms of the JSE Listings Requirements, the Company has been reclassified as a cash shell with effect from 10 April 2008. ZCI was advised by the JSE on 12 August 2008 that if ZCI fails to enter into an agreement to acquire a viable asset prior to 10 October 2008, the JSE will seek to enforce its Listings Requirements and suspend the ZCI shares from trading for a period of 3 months from 10 October 2008. Such suspension will trigger a simultaneous suspension on Euronext.
- 1.2 For the past 6 months, ZCI shares have been trading at a significant discount to net asset value.
- 1.3 In order to offer ZCI shareholders a means of selling their ZCI shares at a fair value, the directors have resolved to make the offer contained in this circular to repurchase all or some of each ZCI shareholder's ZCI shares at a price of 186.48 United States cents per share, being the unaudited net asset value of the Company as at 31 August 2008.
- 1.4 With the remaining cash resources of the company following the offer, the directors have also resolved to pursue a new business plan for the Company. The details of the business plan are set out in Annexure 2 to this circular. However, the new business plan will only proceed if the offer is accepted in respect of less than 78% of the ZCI shares currently in issue.
- 1.5 In order to implement the new business plan, the directors propose the following additional measures:
 - 1.5.1 the appointment of 3 new directors, being Messrs MM du Toit and E Hamuwele and Professor Simukanga, whose details are set out in Annexure 2; and
 - 1.5.2 revised remuneration and incentives for the ZCI board, which will be disclosed in due course once the new business plan has been implemented.
- 1.6 If the offer is accepted in respect of 78% or more of the ZCI shares currently in issue, the directors do not intend pursuing the new business plan and the remaining shareholders after the offer is implemented will be requested to authorise the voluntary liquidation of the company, the distribution of the remaining assets to those shareholders and the termination of ZCI's listings on the JSE and Euronext.
- 1.7 The purpose of this circular is to:
 - 1.7.1 implement the offer and provide ZCI shareholders with the terms and conditions thereof;
 - 1.7.2 set out information relating to the new business plan as currently formulated by the directors; and

- 1.7.3 convene a special general meeting of the company to approve the repurchase mechanism of the offer, as required by the JSE, and appoint the additional directors, including the amendment of the company's constitution to allow such appointments.

2. RATIONALE

- 2.1 The directors have been reviewing various alternatives since the company disposed of its stake in Konkola, resulting in the company effectively becoming a cash shell.
- 2.2 As stated in 1.2 above, ZCI shares have been trading at a significant discount to net asset value for the last 6 months. This has resulted in ZCI shareholders being unable to trade in their shares at fair value. In addition, the JSE is seeking to enforce its Listing Requirements relating to cash shells and plans to suspend the ZCI shares from trading for a period of 3 months from 10 October 2008. Such suspension will trigger a simultaneous suspension on Euronext.
- 2.3 Therefore, the directors deem it appropriate and in the interests of all shareholders to make the offer for the following reasons:
 - 2.3.1 the offer is open to all ZCI shareholders irrespective of the size of their shareholdings;
 - 2.3.2 each ZCI shareholder is able to individually decide whether or not to accept the offer;
 - 2.3.3 a ZCI shareholder wishing to accept the offer may decide whether to sell some or all of his ZCI shares; and
 - 2.3.4 the offer enables every ZCI shareholder to sell ZCI shares in an inexpensive manner without incurring transaction costs.
- 2.4 The directors have also resolved that, subject to the 78% offer acceptance threshold referred to in 1.4 above not being reached, with the remaining cash resources of the company following the implementation of the offer, the company will seek to make various investments in the mining and minerals industry in certain countries in sub-Saharan Africa, being the Republics of Botswana, Malawi, Namibia, Tanzania and Zambia. At this stage, the ZCI board intends retaining the listings on the JSE and Euronext. Further details and the full rationale for pursuing this course of action is set out in Annexure 2 attached to this circular.

3. TERMS OF THE OFFER

- 3.1 Subject to the fulfilment of the condition precedent set out in 3.8 below, ZCI will repurchase all of those ZCI shares in respect of which ZCI shareholders validly accept the offer.
- 3.2 The offer price for each ZCI share is 186.48 United States cents, subject to the equivalent Rand amount being paid to all shareholders on the South African register, as set out in 3.18.2 below.
- 3.3 The offer consideration will be funded out of the cash and liquid assets of the company, comprising bank deposits and investments in an equity mutual fund.
- 3.4 All ZCI shareholders recorded in the register as such on the record date are entitled to sell all or a portion of their ZCI shares in terms of the offer.
- 3.5 The total quantity of ZCI shares tendered by a ZCI shareholder may not exceed the total number of ZCI shares held by such ZCI shareholder on the record date.
- 3.6 ZCI shareholders are not obligated to sell any ZCI shares if they do not wish to do so.

- 3.7 All ZCI shares which are properly surrendered for sale will be purchased by the company and cancelled in terms of the company's constitution and the Bermuda Companies Act.
- 3.8 ZCI has the necessary authority to implement the offer in terms of its constitution and the Bermuda Companies Act. However, in order to comply with the provisions of the JSE Listings Requirements, the offer is subject to the condition precedent that the secretary or any director of ZCI confirms in writing that a resolution of ZCI shareholders authorising the offer has been duly passed at the special general meeting of the company convened to be held on Wednesday 24 September at 11h30 (or 10 minutes after the conclusion of the annual general meeting of the company convened for 11h00, whichever is the later). In terms of the JSE Listings Requirements, this resolution must be passed by a majority of not less than three-fourths of the shareholders of the company voting in person or by proxy and entitled to vote at the meeting. A copy of the notice of the special general meeting is attached to this circular.
- 3.9 The results of the special general meeting will be released on SENS and published in the press on Thursday 25 September 2008. The results of the offer will be released on SENS on Monday 13 October 2008.
- 3.10 ZCI shareholders are not liable to pay any transaction costs in relation to ZCI shares sold and repurchased pursuant to the offer.
- 3.11 The offer opens at 09h00 on Tuesday 2 September 2008 and closes at 12h00 on Friday 10 October 2008. Any acceptances received after 12h00 on the closing date of the offer will not be accepted. The closing date may be extended by the directors of ZCI in their sole and absolute discretion.
- 3.12 The directors may in their sole and absolute discretion change the dates and/or times in relation to the offer. Any such change shall be notified to shareholders via SENS, subject to JSE approval.
- 3.13 Shareholders are referred to the section "Action required by ZCI shareholders" commencing on page 4 of this circular for details of the action required to attend, speak or vote at the special general meeting and the procedure for acceptance of the offer.
- 3.14 **Validity of acceptances**
- 3.14.1 ZCI reserves the right, without prejudice to its own rights, to waive non-compliance by any shareholder with any formality relating to accepting the offer or surrendering documents of title.
- 3.14.2 Neither ZCI nor any other person will be under any duty to give notification of any defect or irregularity in any acceptance or the procedures for acceptance of the offer nor will they incur any liability for failure to give any such notification.
- 3.14.3 In respect of certificated shares, ZCI reserves the right, in its sole and absolute discretion, to:
- (a) treat as valid or invalid, forms of irrevocable acceptance and surrender not accompanied by valid documents of title or in the case of lost or destroyed documents of title, if proper application for replacements of such documents of title has not been made; or
 - (b) require proof of the authority of the person signing the form of acceptance and surrender where such proof has not yet been lodged with or recorded by the transfer secretaries.

3.15 Irrevocability of acceptances

Valid acceptances of the offer may not be withdrawn by shareholders once made.

3.16 Certificated share transfers

No receipts will be issued for the documents of title lodged with the transfer secretaries pursuant to the acceptance of the offer unless specifically requested in writing. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the form of irrevocable acceptance and surrender and the documents of title lodged.

3.17 Computation of the offer consideration

For purposes of calculating the net asset value of the company which determined the offer consideration, the directors have prepared an unaudited balance sheet and income statement of the company as at 31 August 2008, as contained in Annexure 4 to this circular. The balance sheet and income statement were prepared in accordance with International Financial Reporting Standards and the same accounting policies as applied by the company in preparation of its last annual results for the year ended 31 March 2008. A letter from the auditors confirming this basis of preparation will be provided to the JSE prior to Monday 22 September 2008.

3.18 Offer consideration currency

3.18.1 Subject to 3.18.2 below, the offer consideration will be paid in United States Dollars. It is the responsibility of each shareholder to obtain advice regarding any applicable exchange control regulations applicable to the receipt of United States Dollars.

3.18.2 The offer consideration payable to ZCI shareholders on the South African register will be paid in Rands. The Rand equivalent of the offer consideration to be paid to such shareholders will be based on the exchange rate quoted by FirstRand Bank Limited to its retail customers exchanging US Dollars for Rands at the close of business on Friday 10 October 2008. The Rand equivalent will be announced on SENS on Monday 13 October 2008.

3.19 Further terms and conditions of the offer

3.19.1 The failure of any person to receive a copy of this circular or the forms enclosed herewith shall not invalidate any aspect of the offer.

3.19.2 The offer shall be governed by and construed in accordance with the laws of Bermuda.

3.19.3 The making of the offer to a shareholder may be affected by the laws of the relevant jurisdiction in which the shareholder resides. All shareholders should inform themselves about and observe fully all applicable legal requirements of their applicable jurisdiction. It is the responsibility of any shareholder wishing to accept the offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer, capital gains or other taxes or other requisite payments due to such jurisdiction. All shareholders shall be responsible for such applicable taxes and ZCI and any person acting on their behalf shall be fully indemnified and held harmless by all shareholders accepting the offer for any taxes the shareholders may be required to pay.

3.19.4 Shareholders accepting the offer should seek advice from appropriate professional advisers if they are in any doubt whatsoever about their tax position and in particular to

confirm how the applicable tax legislation applies in their specific personal circumstances and the consequences thereof.

3.20 Pro forma financial effects of the offer

In order to comply with the JSE Listings Requirements, a range of the unaudited pro forma financial effects of the offer is set out below. These pro forma financial effects are the responsibility of the directors and have been prepared for illustrative purposes only to provide information about how the offer may impact shareholders and because of their nature may not give a fair reflection of the company's financial position, changes in equity, results of operations or cash-flows after implementation of the offer, or of the company's future earnings. Due to the inherent uncertainty regarding the exact level of acceptance of the offer, the directors have prepared the below effects calculations assuming either 30% acceptance or 70% acceptance of the offer.

3.20.1 Effects assuming 30% acceptance

	Before the offer Audited as at 31/03/2008	Adjustments Unaudited pro forma	After the offer Unaudited pro forma
Basic earnings per share (US cents)	22.17	8.84	31.01
Headline earnings per share (US cents)	25.63	8.48	34.11
Net asset value per share (US cents)	176.126	8.62	184.744
Tangible net asset value per share (US cents)	176.126	8.62	184.744
Number of shares in issue	126,197,362	(37,859,209)	88,338,153
Weighted average number of shares in issue	126,197,362	(37,859,209)	88,338,153

Assumptions:

For the purposes of computing the pro forma basic and headline earnings per share, it was assumed that:

- (a) the offer was effected on 1 April 2008 (this date was used instead of 1 April 2007 due to the change in accounting presentation by the company during that financial year);
- (b) a total of 37,859,209 shares (30% of the current issued share capital) were repurchased for an aggregate consideration of US\$70,600,000;
- (c) estimated costs of US\$580,000 relating to the offer were incurred;
- (d) the proceeds received by ZCI from the sale of the shareholding in Konkola Copper Mines Plc ("Konkola") (US\$213,150,000) were used to fund the offer consideration; and
- (e) all US\$ amounts are rounded to the nearest thousand.

For the purposes of computing the pro forma net asset value, it was assumed that:

- (a) the offer was effected on 31 March 2008;
- (b) a total of 37,859,209 shares (30% of the current issued share capital) were repurchased for an aggregate consideration of US\$70,600,000;
- (c) estimated costs of US\$580,000.00 relating to the offer were incurred;
- (d) the proceeds from the sale of the shareholding in Konkola (US\$213,150,000) were received on 31 March 2008; and
- (e) all US\$ amounts are rounded to the nearest thousand.

3.20.2 Effects assuming 70% acceptance

	Before the offer Audited as at 31/03/2008	Adjustments Unaudited pro forma	After the offer Unaudited pro forma
Basic earnings per share (US cents)	22.17	50.20	72.37
Headline earnings per share (US cents)	25.63	53.96	79.58
Net asset value per share (US cents)	176.126	6.30	182.429
Tangible net asset value per share (US cents)	176.126	6.30	182.429
Number of shares in issue	126,197,362	(88,338,153)	37,859,209
Weighted average number of shares in issue	126,197,362	(88,338,153)	37,859,209

Assumptions:

For the purposes of computing the pro forma basic and headline earnings per share, it was assumed that:

- (a) the offer was effected on 1 April 2008 (this date was used instead of 1 April 2007 due to the change in accounting presentation by the company during that financial year);
- (b) a total of 88,338,153 shares (70% of the current issued share capital) were repurchased for an aggregate consideration of US\$164,733,000;
- (c) estimated costs of US\$580,000 relating to the offer were incurred;
- (d) the proceeds received by ZCI from the sale of the shareholding in Konkola (US\$213,150,000) were used to fund the offer consideration; and
- (e) all US\$ amounts are rounded to the nearest thousand.

For the purposes of computing the pro forma net asset value, it was assumed that:

- (a) the offer was effected on 31 March 2008;

- (b) a total of 88,338,153 shares (70% of the current issued share capital) were repurchased for an aggregate consideration of US\$164,733,000;
- (c) estimated costs of US\$580,000.00 relating to the offer were incurred;
- (d) the proceeds from the sale of the shareholding in Konkola (US\$213,150,000) were received on 31 March 2008; and
- (e) all US\$ amounts are rounded to the nearest thousand.

The unaudited pro forma balance sheets and income statements which were used to prepare the above range of financial affects are included in Annexure 4 to this circular.

4. **DIRECTORS' RESPONSIBILITY STATEMENT**

- 4.1 The directors of ZCI, listed on page 2 of this circular, collectively and individually accept responsibility for the accuracy of the information contained in this circular 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 circular contains all information required by applicable law and the JSE Listings Requirements.
- 4.2 The directors of ZCI confirm, after considering the effect of the offer contemplated in this circular, that to the best of their knowledge and belief, for a period of 12 months after the date of this circular:
 - ZCI will be able in the ordinary course of business to pay its debts;
 - the assets of ZCI will be in excess of the liabilities of ZCI;
 - the share capital and reserves of ZCI will be adequate for ordinary business purposes; and
 - the working capital of ZCI will be adequate for normal business purposes.

5. **DIRECTORS' INTERESTS**

- 5.1 No director of ZCI has any beneficial interest, direct or indirect, in the issued share capital of ZCI.
- 5.2 There have been no dealings in ZCI shares by any director of ZCI between the date of the last audited financial statements, being 31 March 2008, and 31 August 2008.
- 5.3 The directors of ZCI at 31 August 2008 were:
 - 5.3.1 **Thomas Kamwendo (Chairman) (Zambian):**

- (a) Thomas Kamwendo 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.
- (b) 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 also current chairman of two

development financing institutions, and is chairman of the Copperbelt Development Foundation.

- (c) 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.

5.3.2 **David Rodier (Canadian):**

- (a) 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.
- (b) 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.
- (c) 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. He currently works as 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.

5.3.3 **Steven Georgala (Luxembourgish):**

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 LLB. 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 where he became a partner of the firm in 1987. The European offices of Webber Wentzel Bowens became Maitland & Co in 1993 and Mr. Georgala, now resident in Paris, France continues as a principal of the Maitland firm where he specialises in international tax planning.

5.3.4 **Michel Clerc (French):**

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, specialising 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.

The addresses of all the current directors of the company are care of Maitland Luxembourg S.A., whose address is set out on page 2 of this circular.

6. MAJOR SHAREHOLDERS

According to information available to the directors, at 31 August 2008, the following ZCI shareholder beneficially held more than 5% of ZCI shares directly:

Name	Number of ZCI shares	Percentage shareholding
Copperbelt Development Foundation	55,932,533	44.3%

7. SHARE CAPITAL

The authorised and issued share capital of ZCI at 31 August 2008 is as follows:

	BD\$ 000's
<i>Authorised share capital</i>	
130,000,000 ordinary shares of BD\$0.24 each	31,200
50,000 deferred shares of BD\$0.24 each	12
	<hr/> 31,212
<i>Issued share capital</i>	
126,197,362 ordinary shares of BD\$0.24 each	30,287
50,000 deferred shares of BD\$0.24 each	12
	<hr/> 30,299
Contributed surplus	304,248
Total capital	<hr/> 334,547

All ZCI shares purchased by ZCI in terms of the offer will be cancelled.

8. TRADING HISTORY

The trading history of ZCI shares on the JSE is set out in Annexure 3 to this circular.

9. MATERIAL CHANGES

There have been no material changes in the financial or trading position of ZCI and its subsidiaries since the last audited financial statements of the company for the year ended 31 March 2008.

10. LITIGATION STATEMENT

There are no individual legal or arbitration proceedings that are pending or threatened of which ZCI is aware which may have, or has had during the 12-month period preceding the date of this circular, a material effect on the financial position of ZCI as at 31 August 2008.

11. CONSENTS

The company's sponsor, legal adviser, auditors and transfer secretaries have all provided their written consents to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of ZCI during normal business hours on any business day from the date of this circular up to and including 20 October 2008:

- 12.1 the audited financial statements of ZCI for the three financial years ended 31 March 2006, 2007 and 2008;
- 12.2 the constitution of the company;
- 12.3 the consent letters set out in paragraph 11 above; and
- 12.4 a signed copy of this circular.

13. DIRECTORS' OPINION

The board of directors of ZCI recommends that ZCI shareholders vote in favour of all the resolutions to be proposed at the special general meeting.

14. TRANSACTION EXPENSES

The estimated total expenses incurred or to be incurred by the company in connection with the offer and this circular is US\$580,188, being:

Advisers	US\$
Maitland Advisory LLP	291,840
Maitland Luxembourg S.A.	145,920
Computershare Investor Services (Pty) Ltd	2,601
Computershare Investor Services PLC	9,100
Caceis Corporate Trust	7,440
Sterling Greenaways (printing and posting)	18,200
JSE Listings fee	1,883
JSE sponsor fee	19,506
Conyers Dill & Pearman (Bermudian legal advisers)	8,000
iCapital Mauritius Limited	40,000
KPMG Audit S.à.r.l.	13,392
INCE (press announcements)	10,403
Tectrad (French translation)	11,904

For and on behalf of the company

Mr J Kleynhans

Company secretary

2 September 2008

Annexure 1

DEFINITIONS AND INTERPRETATION

In this circular, unless the context indicates otherwise, reference to the singular shall include the plural and vice versa and words denoting one gender include the other. All dates and times referred to in this circular are South African and Central European (GMT+1) times. Expressions denoting natural persons include juristic persons and associations of persons and vice versa and the words in the first column have the meanings stated opposite them in the second column, as follows:

“Bermuda Companies Act”	the Bermuda Companies Act 1981;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the South African Securities Services Act, No 36 of 2004;
“business day”	a day, other than a Saturday, Sunday or official public holiday in South Africa, Luxembourg or France;
“certificated shareholder”	a ZCI shareholder holding certificated shares;
“certificated shares”	those ZCI shares that are represented by a share certificate or other document of title, which has not been surrendered for dematerialisation in terms of the requirements of Strate;
“this circular” or “the circular”	this bound document to ZCI shareholders, dated 2 September 2008, comprising of inter alia a circular to ZCI shareholders and notice of special general meeting and the annexures, attachments and enclosures hereto;
“closing date”	the date on which the offer closes and the last date on which shareholders may surrender their ZCI shares, being at 12h00 on Friday 10 October 2008;
“constitution”	the incorporating act and the bye-laws of ZCI as at the date of this circular;
“CSDP”	Central Securities Depository Participant, registered as such in terms of the South African Securities Services Act, No 36 of 2004;
“dematerialised shareholder”	a person who holds a beneficial interest in ZCI shares through a CSDP, European bank, broker or other registered nominee, excluding own name dematerialised shareholders;
“documents of title”	share certificates and/or certificated transfer deeds and/or balance receipts or any other acceptable documents of title to shares including transfer forms, blank as to transferee;

“form of irrevocable acceptance and surrender”	the form of irrevocable acceptance and surrender, for use by certificated shareholders, attached to this circular;
“form of proxy”	the form of proxy for the special general meeting, to be used by certificated shareholders and own name dematerialised shareholders, attached to this circular;
“JSE”	the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, which is licensed as an exchange under the Securities Services Act, No 36 of 2004;
“last day to trade”	the last business day to trade to participate in the offer, being Friday 3 October 2008;
“Listings Requirements”	the listings requirements of the JSE in force as at the date of this circular;
“the offer”	the offer by ZCI to its shareholders set out in and subject to the terms and conditions contained in this circular;
“offer consideration”	186.48 US cents per ZCI share, subject to the payment of the Rand equivalent calculated in accordance with paragraph 3.18.2 of this circular;
“offer period”	the period from Tuesday 2 September 2008 until the closing date;
“own name dematerialised shareholders”	ZCI shareholders that have dematerialised their shares and elected own name registration and whose CSDP is Computershare Investor Services (Pty) Ltd in South Africa;
“own name registration”	the registration of dematerialised shares in the name of the beneficial owner thereof (as opposed to in the name of a nominee for the beneficial owner) in the South African share register;
“Rands” or “ZAR”	the lawful currency of South Africa;
“record date”	the date on which shareholders must be recorded in the register in order to participate in the offer, being the close of business on Friday 10 October 2008;
“SENS”	the Securities Exchange News Service of the JSE;
“settlement date”	the date on which the offer consideration will be paid to shareholders, being Friday 17 October 2008;

“South Africa”	the Republic of South Africa;
“special general meeting”	the special general meeting of the shareholders of the company to be held at Hotel Novotel, 35 rue du Laboratoire, Luxembourg, on Wednesday 24 September at 11h30 (Central European time) (or 10 minutes after the conclusion of the annual general meeting of the Company convened for 11h00, whichever is the later), for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions contained in the notice of special general meeting attached to this circular;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, and registered as a central securities depository in terms of section 1 of the Securities Services Act or, as the context requires, the electronic clearing, settlement and custody system for securities listed on the JSE, which is managed by Strate Limited;
“transfer secretaries”	in South Africa, Computershare Investor Services (Pty) Ltd and in the United Kingdom, Computershare Investor Services PLC, whose addresses are listed on page 2 of this circular;
“US Dollars” or “United States Dollars” or “US\$”	the lawful currency of the United States of America;
“United States cent” or “US cents”	one hundredth of one US Dollar;
“ZCI board” or “the board”	the board of directors of ZCI as at the date of this circular;
“ZCI directors” or “directors”	the ZCI directors as at 31 August 2008;
“ZCI shareholders” or “shareholders”	holders of ZCI shares;
“ZCI shares” or “shares”	ordinary shares in the issued share capital of ZCI having a par value of BD\$0.24 each; and
“ZCI” or “the company”	Zambia Copper Investments Limited, a public company registered in Bermuda and as an external company in South Africa with registration number 1970/000023/10.

Annexure 2

NEW BUSINESS PLAN AND DETAILS OF PROPOSED NEW DIRECTORS

The implementation of the proposed business plan set out below, should it be pursued and ZCI remain listed on the JSE, will be subject to the Listings Requirements of the JSE.

1. BACKGROUND

- 1.1 Since the change of ZCI's status on the JSE to a cash shell, ZCI shares have traded at a significant discount to the net asset value of the company. This is in part attributable to uncertainty regarding the future status of ZCI which may result in costs and ultimately lower distributions to shareholders and the fact that ZCI does not have significant operational influence over any investments at this moment.
- 1.2 In consultation with external advisers, the directors examined a variety of investment and acquisition opportunities as well as strategies in different industry sectors which might enable the company to not only revert to its normal status on the JSE but also avert a suspension, eliminate the discount and, in so doing, maximise value to its shareholders.
- 1.3 ZCI retained iCapital Mauritius Limited ("iCapital") to act as its financial advisor in connection with a review of strategic alternatives including:

- 1.3.1 As option 1, relinquishing control of ZCI to a third party. Under this option, a counterparty that saw the opportunity to create value from a cash rich listed structure, such as that offered by ZCI, would be willing to pay an equity premium in order to access ZCI's cash. Such a proposition could potentially deliver value above both market price and NAV. This option entailed the solicitation of non-binding expressions of interest in acquiring ZCI.

Whilst there was clearly great demand for equity capital as evidenced by the responses received, the Directors opted not to pursue any of the offers received under option 1 for the following reasons:

- Most of the offers were not "best and final" and, therefore, could have left a lot of value on the table. The directors did not believe that there was enough time available before the shareholders meeting to properly structure any of the promising offers received. Moreover, there was little guarantee and certainty that spending the extra time and resources in pursuing any of the offers would have yielded the required results.
- The business models offered covered sectors which were unfamiliar to the majority of ZCI shareholders.

- 1.3.2 As option 2, re-launching ZCI as a regional mining and metals company ("the Mining and Metals Option"). Salient features of this option include:

- ZCI would develop and implement a business model in the mining and metals sector as an investment company. This is a sector in which the company has been invested for over 30 years.
- That a sufficient level of capital be retained in the company in order to implement the Mining and Metals Option.

2. RECOMMENDATION OF THE BOARD OF DIRECTORS

- 2.1 The directors formulated and approved a strategy to take an active role in the establishment of a mining and metals investment company. With significant cash balances resulting from the sale of its stake in Konkola Copper Mines Plc, ZCI is in a unique position to assume the role of an active investor seeking opportunities in the mining sector at a time when capital raising on the financial markets is becoming increasingly difficult and yet good opportunities exist in exploration and new mine development in Central Southern Africa.
- 2.2 Accordingly, the board of directors of ZCI (“the Board”) has given its fullest consideration to the factors underpinning the Mining and Metals Option and has unanimously determined that adoption of this option is in the best interests of the company. The decision was based on the view that such a business:
- 2.2.1 Could enable ZCI to deliver superior returns and would, thereby, create wealth for all its shareholders;
 - 2.2.2 Could be leveraged with debt and, therefore, potentially accessing further funds for purposes of investing in mining and metals resources; and
 - 2.2.3 Could have access to investors who desire to invest in African mineral resources given its current listings on the JSE and Euronext.
- 2.3 The directors are of the view that ZCI’s shareholder profile, the financial resources at its disposal, its strategy and the ability to secure an entrepreneurial management team will provide ZCI with a long term competitive advantage in its chosen niches in the mining and metals sector.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Board has carefully considered all aspects of the Mining and Metals Option and has, among other things, received advice from its advisors.
- 3.2 The Board has concluded that the Mining and Metals Option is in the best interests of both the Shareholders and ZCI.
- 3.3 In reaching this conclusion, as well as its decision to recommend that Shareholders adopt the Mining and Metals Option, the Board considered a number of factors, including the following:
- 3.3.1 **Option comes at a time of Historically High Metal Prices:** Metal prices are at an all time high, driven by a combination of strong demand fundamentals and a scarcity of new supply which is estimated to be sustainable in the medium term.
 - 3.3.2 **Low Execution Risk:** There is no material competition, anti-trust or other regulatory issues which are expected to arise in connection with the Mining and Metals Option to prevent its implementation.
 - 3.3.3 **Control over the Direction and Management:** This option provides great potential upside to the ZCI shareholders as well as control over the direction and management of their investment.
 - 3.3.4 **Familiarity with the Mining and Metals Sector:** Mining and metals is a sector the ZCI shareholders are already familiar with and presumably would want continued exposure to. Therefore, this would be an easier option for them to understand.

- 3.3.5 **Availability of Immediate Opportunities:** The mining and metals model is advanced in its development and has some outstanding opportunities, probably not easily obtainable elsewhere.
 - 3.3.6 **Ease of Implementation:** The option can be implemented immediately by a competent and entrepreneurial management team with minimal corporate restructuring being required.
 - 3.3.7 **Opportunity to Optimise the Portfolio:** ZCI will be moving away from a scenario of holding one large investment in one country to a scenario of having a well balanced portfolio of investments across several countries and commodities.
 - 3.3.8 **Joint Ventures:** A key strategy for developing the investment portfolio will be for ZCI to work with carefully selected financial and industry partners. These strategic partners will be tapped for either industry knowledge, technical capability or other strategic reason that allows ZCI to leverage off the relationship and avoids the need for ZCI to try and recreate such capacity internally itself.
- 3.4 The foregoing discussion of the information and factors considered by the Board of Directors is not intended to be exhaustive of all the factors which could have been considered by the Board. In addition, in reaching the conclusion that the Mining and Metals Option be adopted by the Shareholders, the Board did not find it practical to, and did not, assign any relative or specific weight to the different factors which were considered, and individual directors may have given differing weights to different factors.

4. **RATIONALE FOR THE MINING AND METALS OPTION**

- 4.1 The directors' view is that despite the large number of institutions operating in the Central Southern African mining and metals arena, significant growth opportunities exist within selected niche areas of activity. Such opportunities exist in base metals and energy minerals in Central Southern Africa.
- 4.2 ZCI's objectives would include:
 - 4.2.1 to develop and maintain an outstanding portfolio of mining and metals assets which diversify risk and provide sustainable earnings growth;
 - 4.2.2 to maximise the return on investment on each asset in the portfolio by adopting a disciplined investment approach;
 - 4.2.3 to create and maintain a market profile which would enhance the marketability of its shares and create wealth and income for all of ZCI's stakeholders; and
 - 4.2.4 to develop strong relationships with governments of host countries and local communities that ZCI would be invested in and be recognized as a key partner in national resource development.
- 4.3 ZCI, therefore, has an excellent opportunity of becoming a significant player by adopting a strategy of becoming a minerals and metals investment company across the sub-region, and not merely an operator of just one large asset in one country. This is important in order to obtain controlled exposure to different risks and rewards arising from various base metals and energy mineral deposits in different countries and to exploit different emerging opportunities in the sector.
- 4.4 In order to realise this vision, the current corporate structure of ZCI is to be changed. A management team with mining and metals experience and entrepreneurial flair focused on

creating value for the shareholders has been put in place. The management contract structure seeks to provide a core team of highly motivated and experienced people to drive the strategy while providing administrative flexibility.

- 4.5 The ZCI shareholders can reap this potential upside by way of a corporate restructuring and reinvestment into the business while keeping control of the strategy and management of the business.
- 4.6 With a sound business model, rapidly developing deal pipeline and an entrepreneurial management team readily available, this option is ready for immediate implementation.

5. INVESTMENT STRATEGY

5.1 Strategic vision:

ZCI's new strategic focus would be to create wealth and maximise value for its stakeholders by acquiring, developing and managing quality mining and metals projects in Central Southern Africa. An innovative and entrepreneurial management team shall identify opportunities where value can be realised by development, strategic repositioning, consolidation, vertical integration, growth or turn-around of these mining and metals investment assets.

- 5.2 As a relatively "late comer" to the mining and metals industry in the sub-region, ZCI shall focus on following a high growth investment strategy. This strategy involves exploiting opportunities across different countries and commodities, and focusing on being one of the most innovative and focused long term resources investor in the region, and partnering with well selected major players on projects as and where necessary.
- 5.3 ZCI shall be a strong partner to governments and local communities and strongly supports the ideals of the Extractive Industries Transparency Initiatives ("EITI").
- 5.4 ZCI's investment strategy will be underpinned by the following components:
 - 5.4.1 a mineral resources investment focused on base metals and energy minerals with a strong spread of quality production and exploration assets which are available in the target geographical area;
 - 5.4.2 low-cost production in operating assets through optimization of operations and efficient management;
 - 5.4.3 highly skilled and motivated management team that can structure value creating deals using a disciplined investment approach for profitable returns;
 - 5.4.4 regional focus in an area that is politically and economically liberalized and stable;
 - 5.4.5 strong accountability with social and environmental responsibility and strong relationships with local communities and governments;
 - 5.4.6 operational leanness based on optimised capital expenditure coupled with the use of specialist service providers;
 - 5.4.7 the company shall have controlling ownership and management control of its target assets; and
 - 5.4.8 good quality and scale of target mineral resources and projects.
- 5.5 In order to maximise value to ZCI shareholders, ZCI will be transformed into a regionally focused mining and metals company that would be actively involved in the management of the projects it

would invest in. ZCI would only invest in projects with high growth prospects where it would have controlling or significant ownership and management control.

5.6 In order to immediately implement the strategic vision of ZCI in the highly competitive resources sector, it is critical for the management team to be fully aligned with the performance of the company as well as have its own administrative flexibility.

5.7 **Investment policy:**

5.7.1 All investments shall have prior approval of the board and will be structured to ensure the most efficient corporate structure. ZCI shall acquire a controlling or significant interest in each investee company in such a manner as to secure Board and Management control.

5.7.2 The company shall look to leverage its equity with external debt financing as and where appropriate. Such external debt shall sit on the balance sheet of either the investee companies or ZCI itself.

5.8 **Investment scope:**

ZCI's target assets would include prospecting rights, mines, smelters, refineries, processing plants and marketing/selling rights to metals. These would be focused on the following resources and territories:

5.8.1 **Base Metals:** A portfolio of base metal projects would diversify risk; both price and project, and would provide more options beyond copper that ZCI had been focused on since its inception.

5.8.2 **Energy Minerals:** The current regional power deficits and a renewed worldwide focus on non-oil energy sources present new investment opportunities in energy minerals. There have been new discoveries of large coal deposits in Botswana, new interest in methane coal bed exploration in the region, and promising uranium exploration results in Zambia and Malawi.

5.8.3 **Territories:** The initial target territories for ZCI would be Botswana, Namibia, Malawi, Tanzania and Zambia ("Central Southern Africa"). These countries have proved to be politically stable democracies that have recently experienced smooth handovers of political power. They also have been liberalising their economies over the last ten years, and now have little or no exchange controls and no limits on repatriation of both profits and capital. Ownership of assets and rights is also better recognized in these countries, especially due to their legal systems that derive largely from English law.

5.8.4 Due to historically low base metal prices from the early 1970s, most of these territories have been under-explored. Some countries such as Zambia, have introduced new mining and minerals acts that bring transparency to the industry and seek to allow in new players by rationalising idle exploration tenements. Exploration for new resources such as uranium and oil and gas is also being encouraged. Most of the mining codes in the sub-region were promulgated with the assistance of the World Bank.

5.8.5 Malawi at the moment is a hive of activity in uranium exploration, with uranium exports projected to be second only to agriculture in contribution to its GDP in the near future. Botswana is rapidly diversifying its mining from diamonds to other minerals such as copper and coal. Tanzania in the meantime has hugely developed its gold mining to become the third largest gold producer in Africa.

5.8.6 Despite recent changes in tax regimes in Zambia and Tanzania, the fiscal environments in these countries are still facilitative to new and expanded investments in mining

projects. Quite often, the revised mining taxes attempted to bring these countries to the level of taxes in peer countries such as Chile. Zambia is still reviewing its new tax regime with a view to ensuring that it still remains attractive to investment capital.

5.8.7 Nascent local stock markets, especially in Botswana and Zambia, are supportive of local companies. A key component of diversifying risks, developing local commitment to the investment projects and realising value on some investments will be to float some companies in the portfolio on these local exchanges.

5.8.8 These countries are increasingly being targeted by sophisticated institutional investors. There are other well-known investors in the sub-region who are privately invested in mining projects, with sovereign wealth funds from the Middle East and Asia also becoming increasingly active.

5.9 **Investment structure:**

The entrepreneurial management team would structure investments in such a way as to give growth and also ensure cash flow as quickly as possible. This would entail targeting investment opportunities at different stages of development, or in sectors that have been ignored, are fragmented or are undercapitalised:

5.9.1 **Exploration and Development:** Exploration is the key for any mining company to developing value. Given the recent interest in the resources sector, the acquisition of exploration properties is becoming fiercer and fiercer especially in known highly prospective mining areas of the world such as in Central Southern Africa. With ZCI coming into the 'resources game' rather late, it makes it imperative for ZCI to make a strategically bold and aggressive move into the exploration space if it wants to compete for properties and realise the value from being an early stage investor. Such opportunities could become available to ZCI through exploration and development joint ventures as outlined in section 7.

Target early project stages: Key to this strategy would be entering projects at the early stages of value creation and by using the ZCI balance sheet for leverage. To deliver on its vision, ZCI would seek to use its balance sheet as follows:

- **Fund exploration companies to “earn in”:** There are many exploration entities that acquire valuable tracts of territory without the requisite funds to be able to delineate resources, develop bankable feasibility studies and develop those reserves. ZCI shall seek opportunities where it would fund more promising exploration properties with the aim of earning greater amounts of equity with increased amounts of funding.
- **Buy into near production projects:** Near production projects are useful for producing cash flows. Buying into such projects promises quick access to cash flows, which could help balance a portfolio.

5.9.2 **Development Opportunities in Tailings Dams:** There are currently a number of old mine tailings dams containing recoverable copper whose promoters/owners are looking to develop. All these projects are looking for capital to take them into production as soon as possible. Processing of old tailings dams offers lower risk, lower production cost minerals and are actively being pursued. These projects are in near production and offer good cashflow potential.

Utilising its balance sheet, ZCI will contribute the required capital to bring these projects on stream while also assembling a team with strong metallurgical operations experience to drive the projects forward.

- 5.9.3 **Consolidation in copper mining and production:** Most copper projects that are currently being evaluated or developed are relatively small. In the target countries, Lumwana Mine owned and operated by Equinox Minerals is the only new large scale (167,000 mtpa) copper mining operation to be developed in recent years. Most other projects are or will be in the production range of 10,000 to 40,000 tonnes of copper per annum. While these projects can survive under current high prices, the Board considers that:
- greater value can be had by going for consolidation, with a streamlined head office and individual operating units being run as profit centres. Economies of scale would be obtained from shared processing facilities, combined logistics and procurement functions and also in sales and marketing.
 - ZCI shall seek to house these smaller operations under one corporate structure while implementing synergies and the economies of scale. This entity could later be listed separately on a local or regional exchange.
- 5.9.4 **Beneficiation:** While exploration, development and consolidation of mining projects shall form the initial portfolio, ZCI will also be a significant investor in the metals processing and beneficiation sector. With potentially higher margins in metals and the push by host governments for higher local beneficiation of minerals, supported by tax and other incentives, metals projects could be structured as very attractive investments. A potential pipeline of such projects has already been identified and will be actively pursued.
- 5.9.5 **Commodities Supply Chain:** While investments in physical assets would form the base of the portfolio, ZCI shall consider exploiting opportunities by strategic positioning itself in the commodities supply chain. An opportunity of an investment in a Uranium Project in Zambia under such a model is being examined. The proposed model being considered is described below.
- 5.9.6 A lot of uranium exploration projects have been initiated recently in the sub-region. However, most of these projects will be constrained to find the requisite capital to go into production. While it may not be desirable to buy these projects outright it may be entirely feasible for ZCI to provide funding that will allow development of these projects without being exposed to the operating cost pressures of owning an operating company.
- 5.9.7 Instead as a provider of capital, ZCI could have the right to buy a certain portion of the mine products at a fixed price over either the life of mine or a set period and sell the metal at spot prices or under long term contracts.
- 5.9.8 There could be significant upside, especially with the renewed international interest in nuclear energy as a source of clean energy with minimal environmental impact, if properly handled such as the case in the French power industry.
- 5.9.9 Off-takers of the uranium product could be established uranium users or companies with significant technological resources that are able to help bring these projects to fruition.
- 5.9.10 We believe that this is an approach that could work well with uranium because of the various uncertainties surrounding this emerging mining sector, especially regarding the optimum size of operations, the likely costs and also the technology to use in beneficiation.
- 5.9.11 **Energy:** Energy is one of the highest priority issues of the 21st century from both a supply as well as demand perspective. Demand in the Central Southern Africa region is no exception.

- 5.9.12 Already severe power shortages are being experienced in Southern Africa and impacting adversely on economic activities in the sub-region from South Africa through Zambia to Tanzania. By positioning ZCI to be a provider of energy to resources sector projects, energy can be used as currency to buy into deals/projects.
- 5.9.13 The power acquired under this strategy would be either traded in the emerging energy market or used as currency to buy into projects requiring energy not obtainable from any other source. This strategy could be particularly effective during the period 2012 - 2016 when energy demand for new mining projects will be at its highest, while new energy generation from the state power utilities would still not have come on-line.
- 5.9.14 The energy strategy is therefore to develop a source of long term power supply, owned or purchased, that can be either traded or used as currency to buy into power hungry mining and metals projects.

5.10 **Investment process:**

- 5.10.1 The company will appoint a manager to provide it with investment and management services in relation to the proposed strategy and investments under a management contract.
- 5.10.2 The manager will be responsible for identifying potential investments, making recommendations and providing advice to the Board regarding investments and management of these investments. The Board will consider the advice and recommendations of the manager and any other advice received from additional third party external experts and service providers, to the extent required, prior to making an investment decision. Once the Board approves an investment, the manager will be responsible for negotiating, implementing and executing the transaction within the approved parameters and will also be responsible for the management of the investments thereafter.

6. **FUTURE PROSPECTS FOR ZCI**

- 6.1 With a sufficient capital base and the possibility of leveraging this with external debt underpinned by a strong deal pipeline, ZCI would be re-launched as a mining and minerals investment company and the directors currently intend maintaining an appropriate public listing for this venture. Its investment portfolio would be growth oriented and comprise projects that ZCI would control and manage.
- 6.2 The company does not hold any investments at this stage but projects significant value uplift through development of its investment strategy and deal pipeline. The manager is currently developing investment opportunities for the company.

7. **STRATEGIC ALLIANCES WITH MAJOR RESOURCES INVESTORS**

- 7.1 As part of the new business strategy, ZCI will consider the creation of exploration and development joint ventures with major resources investors.
- 7.2 The aim of the joint ventures would be to combine the current and future exploration rights of these investors with the resources of ZCI to explore and develop these exploration properties.
- 7.3 Partnering with already established resources investors would help ZCI quickly develop a strong exploration and development pipeline and put it in a strong position amongst private sector mining and metals groups seeking opportunities in Africa.

8. INVESTMENT RETURNS AND FINANCIAL PERFORMANCE

With its portfolio of both growth and operating businesses, investment returns are expected from dividends and growth in the value of the business. Pending conclusion of an investment no financial projections are yet available for the company. However, comparisons with other mining and metals businesses indicate potential for good earnings and capital growth.

9. THE MANAGER

- 9.1 The ability to cultivate close relationships with government agencies, regulators, and key industry players is important, especially in Africa in general and the resources sector in particular. Developing such relationships is a key strategy of the new ZCI. To be able to do this with confidence, a management team with an entrepreneurial attitude and deep relationships with key players is essential.
- 9.2 This strategy will enable ZCI to distinguish itself from other current resource investors and to help develop its deal pipeline through its strong relationships with governments throughout the region.
- 9.3 In order to immediately implement the strategic vision of the new ZCI in the highly competitive resources sector, it is critical for the management team to be fully aligned with the performance of the company as well as have its own administrative flexibility. This will be achieved by management being provided through a management contract with the manager
- 9.4 The directors have approved iCapital Management Services as the manager for purposes of implementing the strategy.
- 9.5 iCapital Management Services, a limited liability company incorporated in Mauritius, part of the iCapital group, will therefore be responsible for managing the contract and will be responsible for identifying, evaluating and recommending suitable investments, the financing and structuring thereof as well as the on-going management of the investments.
- 9.6 The iCapital group is an advisory and private equity firm managed by professionals with backgrounds in mining, banking, private equity, public administration, financial management and management consultancy.
- 9.6.1 iCapital's advisory side covers corporate finance, commercial advisory services, interim management services as well as financial management, taxation and management consultancy.
- 9.6.2 On the private equity side, iCapital is a deal origination firm. The model adopted by the company is based on developing transactions using its corporate network, to design, structure and then syndicate transactions to investors and private financiers either on a fee and/or equity participation basis.
- 9.7 The manager will provide ZCI with advisory and management services in relation to investments and the management of thereof, including monitoring the performance of investments and, when appropriate, recommending financing options thereof; nominating and managing the performance of directors and/or officers of investee companies and liaising and consulting with investee companies.
- 9.8 The Board will consider the advice and recommendations of the manager and any other advice received from additional third party external experts and service providers, to the extent required, prior to making any investment decision. Once the directors resolve that the company should participate in an investment, the manager will be responsible for negotiating, implementing and concluding the transaction within the parameters set by the Board.

- 9.9 The management team proposed by the manager would draw some of its members from the current iCapital team. Additional technical and project management skills will be drawn from currently active technical and project personnel in the region.
- 9.10 The management team has extensive experience in the natural resources industry, with in-depth knowledge of the assets, companies, people and trends in Central Southern Africa. The senior executives of the manager are well regarded internationally with a strong contact network which would allow the manager to engage key industry players at the highest levels, attract first rate management and operational teams into investments and to utilise leading advisers and specialists.

10. IMPLEMENTATION OF THE RECOMMENDED STRATEGY

Having decided upon its new investment strategy, once the offer has been concluded, ZCI will set about implementing the strategy with a sufficient amount in equity capital and a clean balance sheet. The new ZCI is well positioned to:

- fund projects in various stage of exploration and early production mining ventures;
- acquire mining and metals assets that can be consolidated under a single corporate structure;
- capitalise new beneficiation and energy projects in the region;
- be in control of the resources, strategy and management of the businesses it invests in; and
- leverage its balance sheet by raising external debt financing through bank syndicated loans, project finance and/or long term bonds.

11. DETAILS OF THE PROPOSED ADDITIONAL DIRECTORS

The following persons will be proposed at the special general meeting for appointment as additional directors of the company:

11.1 “Thys” du Toit

11.1.1 Thys du Toit matriculated in 1976 with an ‘A’ aggregate from Bonnievale High School in South Africa. At school he held various leadership positions; in 1975 he was selected to represent the Cape Province at Die Burger newspaper’s “Youth Leaders’ Conference”.

11.1.2 In 1980 he graduated with a Bachelor of Science degree, with majors in Biochemistry and Chemistry, from the University of Stellenbosch. Thereafter he completed a MBA, cum laude in 1982. While studying he initiated the development of a “risk analysis system” for the Stellenbosch Business School and published several articles in various journals.

11.1.3 While undergoing national service in 1983 and 1984 he lectured Business Economics at the Stellenbosch University’s Faculty of Military Science in Saldanha, before spending a brief period in the project finance department of one of the major banks.

11.1.4 He officially started his working career at George Huysamer & Partners (stockbrokers) in 1985 and was admitted as a member to the Johannesburg Stock Exchange. He became a partner in 1986 aged 28 and worked as a research analyst and trader in both equities

and bonds. Mr du Toit continued as one of the partners until 1990 and before his departure he was in charge of the fixed interest team.

- 11.1.5 In 1990 he relocated to Cape Town and joined Syfrets Managed Assets (SMA) as a portfolio manager, managing a number of retirement funds. In 1993 he and four senior colleagues broke away to form a new fund management business – Coronation Fund Managers (“Coronation”).
- 11.1.6 Mr du Toit was CEO of Coronation for 10 years from April 1997 until November 2007 (his predecessor was one of his “break-away” colleagues, Leon Campher, who acted as the first CEO of Coronation from 1993 until 1997). Coronation under Mr du Toit’s leadership 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. At the end of the financial year in September 2007, Coronation had assets under management of R134bn and made profits of R285m. Over its 15-year history, a unit trust company, a life company, and an international multi-manager operation was added to the business. He has been instrumental in the formation of empowerment initiatives such as Namibia Asset Management, African Harvest, Kagiso Asset Management and Coronation Fund Managers (Botswana).
- 11.1.7 Furthermore, he was also instrumental with his erstwhile colleague Leon Campher to initiate the Investment Management Association of South Africa and subsequently has contributed to the consolidation of the industry and the formation of a bigger and more encompassing industry body.
- 11.1.8 Mr du Toit remains a significant shareholder in Coronation as well as non-executive director thereof. Mr du Toit has chosen to start a niche fund management business, Rootstock Investment Management, to manage his “family savings/investments” and would like to leverage this ability to offer these products and services to like individuals and families.

11.2 **Edgar Hamuwele**

- 11.2.1 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”).
- 11.2.2 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.
- 11.2.3 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.
- 11.2.4 He has been actively involved in the development of the accountancy profession in Zambia and is the immediate past president of ZICA.
- 11.2.5 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.

11.3 **Stephen Simukanga**

- 11.3.1 Stephen Simukanga was born in Mufulira, Zambia on 20th May 1957.

- 11.3.2 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.
- 11.3.3 He 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.
- 11.3.4 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.
- 11.3.5 He chairs the boards of the National Institute for Scientific and Industrial Research and the Examinations Council of Zambia and is a member of three other boards of directors.

Annexure 3

TRADING HISTORY OF ZCI SHARES ON THE JSE

Set out below is the trading history of ZCI shares on the JSE denominated in Rands and South African cents.

Daily

DATE	LOW (cents)	HIGH (cents)	VOLUME	VALUE (Rands)
25/08/2008	1050	1070	52550	561870
22/08/2008	1051	1056	11000	115858
21/08/2008	1056	1070	70000	748412
20/08/2008	1080	1080	61100	659880
19/08/2008	-	-	0	0
18/08/2008	1060	1060	50	530
15/08/2008	-	-	0	0
14/08/2008	-	-	0	0
13/08/2008	1055	1107	1450	15655
12/08/2008	1090	1110	15700	171270
11/08/2008	1110	1110	45000	499500
08/08/2008	-	-	0	0
07/08/2008	1080	1080	3000	32400
06/08/2008	1059	1060	20900	221440
05/08/2008	-	-	0	0
04/08/2008	1051	1060	39700	419996
01/08/2008	1080	1082	32109	346903
31/07/2008	1125	1175	5000	57250
30/07/2008	1050	1050	53000	556500
29/07/2008	1045	1081	18040	190412
28/07/2008	1080	1080	60	648
25/07/2008	1005	1062	9141	96803

Monthly

DATE	LOW (cents)	HIGH (cents)	VOLUME	VALUE (Rands)
31/07/2008	980	1175	579283	6226856
30/06/2008	1100	1200	201879	2276697
31/05/2008	1015	1200	511876	5416539
30/04/2008	1080	1295	301985	3513562
31/03/2008	1080	1200	437738	5049787
29/02/2008	1000	1200	118749	1323669
31/01/2008	855	2895	476144	8136537
31/12/2007	2000	2490	41003	898386
30/11/2007	1975	2360	119356	2560565
31/10/2007	2005	2349	78998	1751119
30/09/2007	2005	2380	189000	4249633
31/08/2007	1800	2250	262111	5517376

Quarterly

DATE	LOW (cents)	HIGH (cents)	VOLUME	VALUE (Rands)
30/09/2008	980	1175	931842	10020570
30/06/2008	1015	1295	1015740	11206798
31/03/2008	855	2895	1032631	14509993
31/12/2007	1975	2490	239357	5210070
30/09/2007	1800	2700	1172502	26244347
30/06/2007	1500	2500	1711613	33807161
31/03/2007	1222	1800	854772	14278860
31/12/2006	1250	1900	446151	7553000
30/09/2006	1521	1900	423976	7150800

Source: I-Net Bridge

Annexure 4

UNAUDITED INCOME STATEMENTS AND BALANCE SHEETS

1. INCOME STATEMENT AND BALANCE SHEET FOR PURPOSES OF COMPUTING THE OFFER CONSIDERATION:

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 APRIL 2008 TO 31 AUGUST 2008

expressed in thousands of US Dollars

	Unaudited 31 August 2008	Audited 31 March 2008
Finance income	2,143	465
General and administration expenses	(1,318)	(5,956)
Income from associated company	-	36,268
Net cost arising from assets classified as held for sale	-	(2,732)
	<hr/>	<hr/>
Profit before taxation	825	28,045
Taxation	(57)	(67)
	<hr/>	<hr/>
Profit for the year	768	27,978
	<hr/> <hr/>	<hr/> <hr/>
Headline earnings per ordinary share in US cents	0.61	25.62
	<hr/> <hr/>	<hr/> <hr/>
Net profit per ordinary share in US cents	0.61	22.17
	<hr/> <hr/>	<hr/> <hr/>
Number of ordinary shares in issue	126,197,362	126,197,362

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2008

expressed in thousands of US Dollars

	Unaudited 31 August 2008	Audited 31 March 2008
Current assets		
Available for sale investment	12,517	12,322
Assets classified as held for sale	-	205,398
Accounts receivable	5,220	5,258
Cash and cash equivalents	219,364	6,584
	<hr/>	<hr/>
	237,101	229,562

Current liabilities

Accounts payable and accrued liabilities	(1,759)	(7,296)
	<u> </u>	<u> </u>
Net current assets	235,342	222,266
	<u> </u>	<u> </u>
Total assets less current liabilities	235,342	222,266
	<u> </u>	<u> </u>
Net assets	235,342	222,266
	<u> </u>	<u> </u>
Capital and reserves		
Capital	334,547	334,547
Revaluation reserve	897	702
Amounts recognised directly in equity relating to assets classified as held for sale	-	(12,113)
Accumulated deficit	(100,102)	(100,870)
	<u> </u>	<u> </u>
Shareholders' equity	235,342	222,266
	<u> </u>	<u> </u>
Net asset value per ordinary share in US cents	186.48	179.58
	<u> </u>	<u> </u>

Notes:**1. Accounting policies**

This income statement and balance sheet were prepared in accordance with International Financial Reporting Standards ("IFRS") and must be read together with the company's last annual audited financial statements for the year ended 31 March 2008, which are available on the company's website.

The company has applied the same accounting policies as described in the consolidated financial statements for the year ended 31 March 2008.

2. Finance income

	31 Aug 2008	31 March 2008
Interest income on cash and cash equivalents	2,028	135
Interest income on accounts receivable	115	-
Unwinding of discount on deferred purchase consideration	-	330
	<u> </u>	<u> </u>
	2,143	465
	<u> </u>	<u> </u>

3. General and administrative expenses

General and administrative expenses for the year ended 31 March 2008 included ordinary operating costs as well as costs relating to the arbitration proceedings related to the sale of the company's stake in Konkola Copper Mines Plc. The period to 31 August 2008 includes an estimate of US\$580,000 for the costs of this circular and the offer, in addition to ordinary operating expenses.

4. Income from associated company

With effect from 30 September 2007, the investment in Konkola met the criteria to be classified as held for sale in accordance with IFRS 5. From that date, it was no longer considered to be an associated company, and equity accounting was discontinued.

5. Net cost arising from assets classified as held for sale

	31 Aug 2008	31 March 2008
Dividend income	-	1,629
Negative fair value of derivative financial instrument	-	(4,361)
Disposal of assets classified as held for sale	-	-
	<u>-</u>	<u>-</u>
	-	(2,732)
	<u>-</u>	<u>(2,732)</u>

6. Available for sale investment

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

7. Assets classified as held for sale

Vedanta settled its obligations under the terms of the Vedanta call option deed with an effective date of 9 April 2008. The 28.4% equity investment in Konkola was transferred to Vedanta on that date in exchange for the cash receipt of the exercise price of Vedanta's call option, US\$213,150,000.

8. Cash and cash equivalents

The increase in cash is the result of the receipt of the Vedanta call option exercise prices (see note 7), interest earned on cash deposits and cash equivalents, less payment of operating expenses.

9. Accounts payable and accrued liabilities

The decrease of US\$5,537,000 is the sum of the net reduction in creditors and accrued expenses, and the settlement of the liability derivative financial instrument of US\$4,361,000.

2. UNAUDITED PRO FORMA INCOME STATEMENT AND BALANCE SHEET USED FOR DETERMINING PRO FORMA FINANCIAL EFFECTS ASSUMING 30% ACCEPTANCE OF THE OFFER:

The unaudited pro forma income statement and balance sheet below, used to prepare the pro forma financial effects set out in this circular, are the responsibility of the directors and have been prepared for illustrative purposes only to provide information about how the offer may impact shareholders and because of their nature may not give a fair reflection of the company's financial position, changes in equity, results of operations or cash-flows after implementation of the offer, or of the company's future earnings. Due to the inherent uncertainty regarding the exact level of acceptance of the offer, the directors have prepared the below effects calculations assuming either 30% acceptance or 70% acceptance of the offer.

**UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2008**

expressed in thousands of US Dollars

	After the offer	Before the offer
	Pro forma	Audited
	31 March	31 March
	2008	2008
Finance income	465	465
General and administration expenses ^{note 1}	(6,536)	(5,956)
Income from associated company	36,268	36,268
Net income / (cost) arising from assets classified as held for sale ^{note 2}	1,629	(2,732)
Net loss on sale of assets classified as held for sale ^{note 2}	(4,361)	-
	<hr/>	<hr/>
Profit before taxation	27,465	28,045
Taxation	(67)	(67)
	<hr/>	<hr/>
Profit for the year	<u>27,398</u>	<u>27,978</u>
	<hr/>	<hr/>
Headline earnings per ordinary share in US cents	<u>34.11</u>	<u>25.62</u>
	<hr/>	<hr/>
Net profit per ordinary share in US cents	<u>31.01</u>	<u>22.17</u>
	<hr/>	<hr/>
Number of ordinary shares in issue	88,338,153	126,197,362

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

expressed in thousands of US Dollars

	After the offer	Before the offer
	Pro forma	Audited
	31 March	31 March
	2008	2008
Current assets		
Available for sale investment	12,322	12,322
Assets classified as held for sale ^{note 2}	-	205,398
Accounts receivable	5,258	5,258
Cash and cash equivalents ^{note 2, note 3}	149,134	6,584
	<hr/>	<hr/>
	166,714	229,562
Current liabilities		
Accounts payable and accrued liabilities ^{note 1, note 2}	(3,515)	(7,296)
	<hr/>	<hr/>

Net current assets	163,199	222,266
Total assets less current liabilities	163,199	222,266
Net assets	163,199	222,266
Capital and reserves		
Capital ^{note 3}	263,947	334,547
Revaluation reserve	702	702
Amounts recognised directly in equity relating to assets classified as held for sale ^{note 2}	-	(12,113)
Accumulated deficit	(101,450)	(100,870)
Shareholders' equity	163,199	222,266
Net asset value per ordinary share in US cents	184.74	179.58

Notes:

1. General and administrative expenses, as well as accounts payable and accrued liabilities, are increased to include an estimate of US\$580,000 (see page 17 of this circular) for costs of the offer and this circular.
2. The audited 31 March 2008 results before the offer included the negative fair value of the derivative financial instrument of US\$4,361,000, which was computed as the difference between the exercise price of the Vedanta call option of US\$213,150,000 less the carrying cost of the assets classified as held for sale of USD 205,398,000 and amounts recognised directly in equity relating to assets classified as held for sale of USD 12,113,000. For this pro forma presentation, the carrying cost of assets classified as held for sale, amounts recognised directly in equity relating to asset classified as held for sale, and current liabilities arising from negative value of derivative financial instrument were reduced; while cash was increased for the receipt of the Vedanta call option exercise price.
3. Capital, as well as cash and cash equivalents, are reduced by US\$70,600,000 paid to shareholders for the repurchase and cancellation of 37,859,209 ZCI shares in respect of which shareholders are assumed to have accepted the offer at a price of US cents 186.48.

Assumptions:

For the purposes of computing the pro forma basic and headline earnings per share, it was assumed that:

- (a) the offer was effected on 1 April 2008 (this date was used instead of 1 April 2007 due to the change in accounting presentation by the company during that financial year);
- (b) a total of 37,859,209 shares (30% of the current issued share capital) were repurchased for an aggregate consideration of US\$70,600,000;
- (c) estimated costs of US\$580,000 relating to the offer were incurred;

- (d) the proceeds received by ZCI from the sale of the shareholding in Konkola Copper Mines Plc (“Konkola”) (US\$213,150,000) were used to fund the offer consideration; and
- (e) all US\$ amounts are rounded to the nearest thousand.

For the purposes of computing the pro forma net asset value, it was assumed that:

- (a) the offer was effected on 31 March 2008;
- (b) a total of 37,859,209 shares (30% of the current issued share capital) were repurchased for an aggregate consideration of US\$70,600,000;
- (c) estimated costs of US\$580,000.00 relating to the offer were incurred;
- (d) the proceeds from the sale of the shareholding in Konkola (US\$213,150,000) were received on 31 March 2008; and
- (e) all US\$ amounts are rounded to the nearest thousand.

3. UNAUDITED PRO FORMA INCOME STATEMENT AND BALANCE SHEET USED FOR DETERMINING PRO FORMA FINANCIAL EFFECTS ASSUMING 70% ACCEPTANCE OF THE OFFER:

The unaudited pro forma income statement and balance sheet below, used to prepare the pro forma financial effects set out in this circular, are the responsibility of the directors and have been prepared for illustrative purposes only to provide information about how the offer may impact shareholders and because of their nature may not give a fair reflection of the company’s financial position, changes in equity, results of operations or cash-flows after implementation of the offer, or of the company’s future earnings. Due to the inherent uncertainty regarding the exact level of acceptance of the offer, the directors have prepared the below effects calculations assuming either 30% acceptance or 70% acceptance of the offer.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2008

expressed in thousands of US Dollars

	After the offer	Before the offer
	Pro forma	Audited
	31 March	31 March
	2008	2008
Finance income	465	465
General and administration expenses ^{note 1}	(6,536)	(5,956)
Income from associated company	36,268	36,268
Net income / (cost) arising from assets classified as held for sale ^{note 2}	1,629	(2,732)
Net loss on sale of assets classified as held for sale ^{note 2}	(4,361)	-
	<hr/>	<hr/>
Profit before taxation	27,465	28,045
Taxation	(67)	(67)
	<hr/>	<hr/>
Profit for the year	27,398	27,978
	<hr/> <hr/>	<hr/> <hr/>
Headline earnings per ordinary share in US cents	79.58	25.62

Net profit per ordinary share in US cents	72.37	22.17
Number of ordinary shares in issue	37,859,209	126,197,362

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

expressed in thousands of US Dollars

	After the offer	Before the offer
	Pro forma	Audited
	31 March	31 March
	2008	2008
Current assets		
Available for sale investment	12,322	12,322
Assets classified as held for sale ^{note 2}	-	205,398
Accounts receivable	5,258	5,258
Cash and cash equivalents ^{note 2, note 3}	55,001	6,584
	<u>72,581</u>	<u>229,562</u>
Current liabilities		
Accounts payable and accrued liabilities ^{note 1, note 2}	(3,515)	(7,296)
	<u>69,066</u>	<u>222,266</u>
Net current assets	69,066	222,266
Total assets less current liabilities	<u>69,066</u>	<u>222,266</u>
Net assets	<u>69,066</u>	<u>222,266</u>
Capital and reserves		
Capital ^{note 3}	169,814	334,547
Revaluation reserve	702	702
Amounts recognised directly in equity relating to assets classified as held for sale ^{note 2}	-	(12,113)
Accumulated deficit	(101,450)	(100,870)
Shareholders' equity	<u>69,066</u>	<u>222,266</u>
Net asset value per ordinary share in US cents	<u>182.43</u>	<u>179.58</u>

Notes:

1. General and administrative expenses, as well as accounts payable and accrued liabilities, are increased to include an estimate of US\$580,000 (see page 17 of this circular) for costs of the offer and this circular.
2. The audited 31 March 2008 results before the offer included the negative fair value of the derivative financial instrument of US\$4,361,000, which was computed as the difference between the exercise price of the Vedanta call option of US\$213,150,000 less the carrying cost of the assets classified as held for sale of US\$205,398,000 and amounts recognised directly in equity relating to assets classified as held for sale of US\$12,113,000. For this pro forma presentation, the carrying cost of assets classified as held for sale, amounts recognised directly in equity relating to asset classified as held for sale, and current liabilities arising from negative value of derivative financial instruments were reduced; while cash was increased for the receipt of the Vedanta call option exercise price.
3. Capital, as well as cash and cash equivalents, are reduced by US\$164,733,000 paid to shareholders for the repurchase and cancellation of 88,338,153 ZCI shares in respect of which shareholders are assumed to have accepted the offer at a price of US cents 186.48.

Assumptions:

For the purposes of computing the pro forma basic and headline earnings per share, it was assumed that:

- (a) the offer was effected on 1 April 2008 (this date was used instead of 1 April 2007 due to the change in accounting presentation by the company during that financial year);
- (b) a total of 88,338,153 shares (70% of the current issued share capital) were repurchased for an aggregate consideration of US\$164,733,000;
- (c) estimated costs of US\$580,000 relating to the offer were incurred;
- (d) the proceeds received by ZCI from the sale of the shareholding in Konkola (US\$213,150,000) were used to fund the offer consideration; and
- (e) all US\$ amounts are rounded to the nearest thousand.

For the purposes of computing the pro forma net asset value, it was assumed that:

- (a) the offer was effected on 31 March 2008;
- (b) a total of 88,338,153 shares (70% of the current issued share capital) were repurchased for an aggregate consideration of US\$164,733,000;
- (c) estimated costs of US\$580,000.00 relating to the offer were incurred;
- (d) the proceeds from the sale of the shareholding in Konkola (US\$213,150,000) were received on 31 March 2008; and
- (e) all US\$ amounts are rounded to the nearest thousand.

Annexure 5

SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

Note: The following provisions only apply to shareholders who are recorded on the South African register, either in their own name or through an intermediary.

The following is a summary of the South African Exchange Control Regulations insofar as they may have application to shareholders who are recorded on the South African register on the record date. In the event of any doubt, shareholders are advised to consult their professional advisers as soon as possible.

1. Residents of the common monetary area

For all shareholders whose addresses are within the common monetary area and whose documents of title or accounts have not been restrictively endorsed in terms of the South African Exchange Control Regulations, the offer consideration will be freely paid in accordance with the "Action Required by Shareholders" section of this circular.

2. Emigrants from the common monetary area

In the case of shareholders who are emigrants from the common monetary area, the offer consideration will:

- 2.1 in the case of certificated shareholders whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be forwarded to their authorised dealer in foreign exchange in South Africa controlling such shareholder's blocked assets in terms of the South African Exchange Control Regulations. If details of their authorised dealer are not provided to the transfer secretaries, the offer consideration will be held by ZCI for the benefit of the certificated shareholders concerned pending receipt of the necessary information or instructions. No interest will accrue or be paid on the offer consideration so held; or
- 2.2 in the case of dematerialised shareholders, be credited to the bank account of the shareholders' CSDP or broker which shall arrange for the same to be credited directly to the shareholders' blocked Rand bank accounts held by the shareholders' authorised dealers and held to the order of the shareholders' authorised dealers in foreign exchange in South Africa.

3. All other non-residents of the common monetary area

The offer consideration accruing to non-resident shareholders whose addresses recorded in the register are outside the common monetary area and who are not emigrants from the common monetary area will:

- 3.1 in the case of certificated shareholders whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be posted to the addresses of the non-resident shareholders concerned recorded on the register on the record date; or
- 3.2 in the case of dematerialised shareholders, be credited by their duly appointed CSDP or broker directly to the accounts nominated by the shareholders in terms of the provisions of the custody agreement with their CSDP or broker.

The South African Exchange Control Regulations define the common monetary area as South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho.

Zambia Copper Investments Limited
(Registered in Bermuda)
(South African registration number 1970/000023/10)
("ZCI" or "the Company")

Notice of special general meeting

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of the Company will be held at Hotel Novotel, 35 rue du Laboratoire, Luxembourg, on Wednesday 24 September at 11h30 (Central European time) (or 10 minutes after the conclusion of the annual general meeting of the Company convened for 11h00, whichever is the later), for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolutions:

1. "The Company is authorised, as a specific approval required in terms of the Listings Requirements of the JSE Limited, to purchase such number of ordinary shares in the Company at a price of 186.48 United States cents per share from those shareholders who elect to tender their shares for sale, pursuant to the offer contained in the circular to shareholders dated 2 September 2008."

In terms of the Listings Requirements of the JSE Limited, resolution 1 must be passed by a majority of not less than three-fourths of the members of the Company voting in person or by proxy and entitled to vote at the meeting.

2. "Resolved as an extraordinary resolution that Bye-Law 74 of the Company is hereby deleted and replaced with the following new Bye-Law 74, as follows:

"Subject as hereinafter provided the directors shall be not less than four nor more than eight in number."

The effect of resolution 2 is to increase the maximum number of directors capable of appointment from four to eight. This resolution must be passed by a majority of not less than three-fourths of the members of the Company voting in person or by proxy and entitled to vote at the meeting.

3. "The company hereby appoints Mr MM du Toit as a director of the Company."
4. "The company hereby appoints Mr EN Hamuwele as a director of the Company."
5. "The company hereby appoints Professor S Simukanga as a director of the Company."

Resolutions 3, 4 and 5 are each subject to the condition that resolution 2 is duly passed.

SEE NOTES OVERLEAF

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 special general meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. Proxies are not required to be shareholders of the Company. Forms of proxy should be forwarded to reach the Company's transfer secretaries by 11h30 South African and Central European time on Monday 22 September 2008 at the following addresses:

In South Africa:

Computershare Investor Services
(Proprietary) Limited
70 Marshall Street, Johannesburg
2001, or
P O Box 61051,
Marshalltown,
2107

In the United Kingdom:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol
BS99 6ZY

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 shall have one vote for every share held in the Company by such member.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their 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 special general meeting, to obtain the necessary letter of representation to do so.

A form of proxy is enclosed with the circular to which this notice of special general meeting is attached.

By order of the board of directors

Mr J Kleynhans
Secretary

2 September 2008

Zambia Copper Investments Limited
(Registered in Bermuda)
(South African registration number 1970/000023/10)
("ZCI" or "the Company")

Form of proxy

For use by shareholders at the special general meeting to be held on Wednesday 24 September 2008 at Hotel Novotel, 35 rue du Laboratoire, Luxembourg at 11h30 (Central European time) (or 10 minutes after the conclusion of the annual general meeting of the Company convened for 11h00, whichever is the later).

I/we (full name)

of (address)

being the holder/s of ZCI shares, appoint (see note 1):

1. _____ or failing such person,

2. _____ or failing such person,

3. the chairperson of the general meeting,

as, my/our proxy to act for me/us and on my/our behalf at the special general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per share)		
	For	Against	Abstain
Resolution number 1 (approval of repurchase offer)			
Resolution number 2 (increase of maximum number of directors)			
Resolution number 3 (appointment of Mr MM du Toit as director)			
Resolution number 4 (appointment of Mr EN Hamuwele as director)			
Resolution number 5 (appointment of Professor S Simukanga as director)			

Signed at

(place) on

2008

Signature

Assisted by me (where applicable)

Please read the notes on the reverse side hereof.

Notes:

1. Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and, on a poll, vote in place of that member at the general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairperson of the general meeting". The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her, but the total number of votes for or against the resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
5. Forms of proxy must be lodged with or posted to the company's transfer secretaries to be received by no later than 11h30 South African and Central European time on Monday 22 September 2008, at the following addresses:

In South Africa:

Computershare Investor Services
(Proprietary) Limited
70 Marshall Street, Johannesburg
2001, or
P O Box 61051
Marshalltown
2107

In the United Kingdom:

Computershare Investor Services
PLC
The Pavilions, Bridgwater Road
Bristol
BS99 6ZY

6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy should such member wish to do so.
7. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairperson of the general meeting.
9. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in accordance with these instructions and notes, provided that the chairperson is satisfied as to the manner in which a member wishes to vote.
10. Dematerialised shareholders who are not registered with own name registration in the sub-register who wish to attend the general meeting or be represented by proxy must timeously contact their Central Securities Depository Participant, European bank or broker, who will furnish them with the necessary letter of representation to attend the special general meeting or be represented by proxy.

Zambia Copper Investments Limited
(Registered in Bermuda)
(South African registration number 1970/000023/10)
JSE code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240
("ZCI" or "the company")

Form of irrevocable acceptance and surrender

For use only by certificated shareholders of ZCI who wish to accept the offer

The definitions set out in Annexure 1 of the circular to which this form of acceptance and surrender is attached have, where appropriate, been used in this form of acceptance and surrender.

Instructions:

1. This form of irrevocable acceptance and surrender must be completed by all certificated shareholders of ZCI who wish to accept the offer in whole or in part. Details of the offer are contained in the circular to which this form of acceptance and surrender is attached.
2. You must indicate the number of ZCI shares that you wish to sell and return it together with the share certificate(s) or other documents of title (in negotiable form) in respect of all your ZCI shares to the transfer secretaries.
3. Non-compliance with these instructions and the notes overleaf may result in the rejection of this form and you may be deemed not to have validly accepted the offer.
4. If you are in any doubt as to how to complete this form, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.
5. A form of acceptance and surrender will be rejected if it is not received by the transfer secretaries in South Africa or the United Kingdom at the addresses below prior to 12h00 on Friday 10 October 2008.
6. A separate form of acceptance and surrender is required for each shareholder or joint shareholders, as the case may be.
7. The offer consideration will be paid on Friday 17 October 2008 as follows:
 - a) if bank account particulars are recorded in the South African register on the record date, the offer consideration will be paid into your bank account; or
 - b) if no bank account particulars are recorded in the South African register on the record date or a shareholder is recorded on the United Kingdom register, a cheque will be issued and posted at your risk to the address recorded in the register on the record date.
8. If documents of title are lost or destroyed, and the shareholder requests the necessary documentation to have the lost or destroyed documents of title replaced prior to 12h00 on Friday 10 October 2008, it will be treated as a valid acceptance. The offer consideration due to a shareholder whose documents of title were lost or destroyed will only be paid once the process for the replacement of documents of title has been concluded.
9. If you surrender your documents of title in advance, you will be unable to dematerialise and/or deal in your ZCI shares from the date of surrender, however your right to attend and vote at the special general meeting will remain unaffected.
10. If applicable, a new share certificate, reflecting the balance of your ZCI shares following the repurchase in terms of the offer, will then be posted to you by registered post at your risk to the address recorded in the register on the record date.
11. If the offer does not become operative (in the event that the resolution at the special general meeting is not duly passed), the transfer secretaries will, within five business days of the date of the special general meeting or receipt of your documents of title, whichever is later, return your documents of title to you, by registered post to the address recorded in the register on the record date, at your risk.

This form of acceptance and surrender can be delivered to or mailed by registered post to:

In South Africa:

Computershare Investor Services
(Proprietary) Limited
70 Marshall Street, Johannesburg
2001, or
P O Box 61763, Marshalltown, 2107

In the United Kingdom:

Computershare Investor Services PLC
Corporate Actions Projects
The Pavilions, Bridgwater Road
Bristol
BS99 6AH

I/we, the undersigned, hereby irrevocably and unconditionally accept the offer in respect of that number of ZCI shares indicated below.

My/our signature(s) on this form of acceptance and surrender constitutes my/our execution of an instrument of transfer of the shares held by me/us and for which the offer is accepted and I/we hereby irrevocably nominate and constitute any director or duly authorised representative of ZCI in my/our name, place and stead to sign all further document(s) necessary to give effect to the transfer and cancellation of the shares by ZCI.

I/we hereby authorise and instruct you to pay the offer consideration due to me/us into accordance with the terms of the offer and the notes contained herein.

I/we, being the registered holder(s) of the number of shares specified below, which are free of encumbrance, hereby surrender and enclose the below-mentioned share certificates and other documents of title.

Full name(s) of shareholder(s)	
Physical address	
Postal address (if different from physical address above)	
Signature of shareholder(s)	
Assisted by me (if applicable)	
Date:	2008

Certificate number(s)	Number of shares represented by each certificate	Number of shares I/we wish to sell in terms of the offer	Number of shares I/we do not wish to sell in terms of the offer

Complete all the above boxes (insert NIL where applicable). Should you require more space, kindly prepare a separate schedule and attach it hereto.

Notes:

1. No receipts will be issued for this form of acceptance and surrender or the document(s) of title lodged with it. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping with the document(s) lodged.
2. A minor on the South African register must be assisted by his/her parent(s) or guardian(s).
3. When shares are jointly held, this form of acceptance and surrender must be signed by all joint holders.
4. If this form of acceptance and surrender is submitted under a power of attorney, such power of attorney must be produced unless it has already been registered with the transfer secretaries or the documents have been lodged with a JSE stockbroker and this form bears the stamp of that stockbroker.
5. If the offer is accepted by a recognised nominee company on behalf of its principal(s), a form of surrender may be completed in aggregate or in respect of each principal ZCI shareholder on whose behalf the offer is accepted.
6. If any document(s) of title have been lost or destroyed and the shareholder produces evidence to this effect to the satisfaction of ZCI, then ZCI may dispense with the surrender of such document(s) of title against provision of an indemnity which is acceptable to ZCI. Only indemnity forms obtained from the transfer secretaries will be regarded as suitable.
7. The offer is subject to the fulfilment of the condition precedent set out in the circular to which this form of acceptance and surrender is attached.
8. In order to comply with the requirements of the South African Financial Intelligence Centre Act, 2001 (Act 38 of 2001), as amended, the transfer secretaries in South Africa will be unable to record any changes of address unless the following documentation is received from the relevant shareholder:
 - a) a certified copy of an original identification document; and
 - b) a certified copy of proof of residential address.