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

Provisional Condensed Consolidated Financial Statements for the year ended 31 March 2011

Chairman's report

I am pleased to present the reviewed provisional condensed consolidated financial statements of ZCI Limited (the "Company" or "Group") for the year ended 31 March 2011.

The year under review presented many challenges but I am satisfied that the Group has made significant progress towards achieving its goal of delivering sustainable value to shareholders from its investments in central southern Africa.

Investment activities

African Copper Plc ("ACU"), Messina Copper (Pty) Limited and Matsitama Minerals (Pty) Limited (the "ACU Group")

The initial results from the Company's additional investment in ACU are pleasing and it is with a measure of pride that I am able to report a gross profit from mining activities of USD2.1 million during the year under review. This is particularly significant when compared to the loss of USD10.3 million reported in 2010.

During the year additional financing amounting to USD20 million was provided to the ACU Group. In broad terms, these facilities were utilised to enable exploration activities within the Matsitama Schist Belt in north- eastern Botswana, spearhead the infrastructure enhancement and planned investment programmes at the Mowana Mine, as well as to launch and accelerate mining of the high-grade copper-silver deposits at Thakadu, following on the grant of the Thakadu mining licences in December 2010.

The further exploration conducted, enabled Matsitama Minerals (Pty) Ltd, the Company's indirectly held, wholly-owned exploration company, to obtain a two-year extension from Botswana's Minister of Minerals, Energy and Water Resources, for the four existing prospecting licences in the area.

I am delighted with the encouraging results of the initial exploration activities as detailed under "Mining and mineral reserves" hereunder.

Following the growth trend established during the financial year under review, the ACU Group has commissioned key plant CAPEX projects, which are expected to be delivered during the next financial year. These projects will be financed, to the extent required, by utilising the undrawn balance of the loan facilities (both internal and external) already secured by the ACU Group.

Ndola Lime Company Limited

In the second half of the financial year under review, the Company, in accordance with its business plan, provided a second, new loan of USD4 million at attractive rates of return to the Ndola Lime Company Limited, the leading supplier of quicklime to the mining industry in the Zambian/Congolese Copperbelt.

The first tranche of the initial loan together with interest was repaid, in compliance with the covenants, in the first week of April 2011, reducing the Company's investment in this Zambian-based enterprise to USD7 million at the date of this report. The remaining tranche of the first facility is due to be repaid in the first half of the current financial year and will provide additional liquidity for the Group's investment activities.

Corporate Governance developments

In March 2011, the JSE Limited extended the temporary dispensation granted to the Company, in relation to the appointment of a Chief Executive Officer for the Group until 30 September 2011. The Company is actively addressing the issue.

This is the first year that the Group will report in accordance with the King Report on Governance for South Africa ("King III"). Notable progress has been made in applying principles of Integrated Reporting to the Group's areas of main impact. Significant effort and human resource investment have been made during the year in raising the Group's commitment to stakeholder engagement aimed at identifying risks and opportunities associated with the Group's sustainable economic, social and environmental growth.

I would like to take this opportunity of thanking our capable and committed team employed in all areas of the Group's activities: I am confident that their efforts at this pivotal period off the Group's growth will be a key and dynamic element in realising the full potential of the Group's current investments.

Thomas Kamwendo
Chairman
Bermuda
30 June 2011

Commentary

For the year ended 31 March 2011

Operational review - Mowana mine and exploration

At the Mowana Mine, the programme to upgrade and de-bottleneck the production facilities was continued, with key plant CAPEX projects awaiting delivery, installation and commissioning of units following placement of orders. Throughput has risen and progress is being made on opening up the Mowana pit by increasing the stripping ratios in the short term to increase the available ore extraction footprint. Following the award of a Mining Licence for the Thakadu deposit, the start of ore extraction further increased the utilisation of the Mowana facilities. Currently, ore processing at the Mowana facilities continues to be batch processed on an alternating basis between Mowana and Thakadu ores due to differences in ore quality that requires different chemical reagent suites to maximize copper recovery.

At Thakadu itself, full scale mining has commenced with a ramp up to required volumes expected in the next few months. Thakadu operations have created both mining and processing flexibility with marked positive impact on de-stressing mining operations at the Mowana pit. There are some positive indications of ore quality improvement with significant pockets of sulphide ore having been extracted resulting in copper recoveries being higher than target for this ore.

At the beginning of the financial year under review, exploration activities on exploration permits at the adjacent Matsitama Project recommenced. A panel of internationally recognized geological experts was assembled and an experienced exploration manager was hired. The expert panel identified ten new and highly prospective targets during the review process and the Matsitama exploration staff have systematically executed on an exploration programme to assess these targets. Due to the positive results to date and the planned exploration programme aimed at further defining known targets, applications were submitted to renew these rights, and a two year renewal on these prospecting licences was granted by the Minister for Minerals, Energy and Water Resources, Botswana, subsequent to year end.

Financial review

As a result of the more than doubling of ore processed year-on-year, the increases in grades and recovery and generally buoyant copper prices, revenues for the year to 31 March 2011 were USD24.7 million (2010: USD7.4 million). This also resulted in an increase in trade receivables at year end.

Operating costs per ton remained above budgeted levels as a result of the higher maintenance costs (caused by major component inefficiencies and design upgrades), throughout the plant than originally anticipated. The increase in activities and corresponding operating costs, furthermore impacted trade payables outstanding during the year.

Property, plant and equipment increased following the significant capital spent to improve bottlenecks at the Mowana Mine.

Due to non-optimisation of the production and processing operations, the value of run on mine stock piles were insignificant in the prior year. As a result of the increase in copper prices, as well as increased production, the stock piles were valued in the current year.

With the commencement of mining at Thakadu, the rehabilitation provision was reassessed and an additional amount provided for relating to the environmental rehabilitation at that site.

Outlook

The Group's resources and reserves provide tremendous opportunities for growth. However, to achieve this potential we must realize the full operational capacity at the Mowana mine as soon as possible. There is no doubt that the upcoming year will be a pivotal time in the Group's development as many of the key initiatives at Mowana are implemented to maximize production and minimize costs. The Group's goal this year is to have the operations at Mowana and Thakadu reach sustainable profitability so we can start to leverage off the considerable investment we have in Botswana.

Mining, mineral reserves and exploration results

Mowana Mine

The table below sets out estimates of proven and probable mineral reserves and additional inferred mineral resources at the Mowana Mine.

These reserves have been reestimated allowing for depletions due to mining between the period August 2009 and 31 March 2011.

[SAMREC, JORC and NI 43-101 compliant] Proven & Probable In-pit Mineral Reserves and In-pit Inferred Mineral Resources at a 0.25% Cu cut-off as at 31 March 2011:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	7.46	1.26	93,970
Probable Reserves	3.14	1.60	50,179
Sub Total	10.60	1.36	144,080
In-pit Inferred Resources	2.51	1.20	30,127

*Rounding of Figures may result in minor computational discrepancies.

The inferred material has been included at the bottom of the Mowana Mineral Reserve statement because it is incidental to the mine plan. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

During the year under review, African Copper completed the drilling of a deep borehole north of the current open pit to confirm the existence of mineralization below 500 metres depth. This borehole showed copper mineralization to 1000 metres depth before passing into footwall lithologies.

A drilling exploration programme commenced in January 2011 to evaluate copper mineralization over a 2km strike length northwards of the current Mowana Open pit. The Mowana orebody is known to extend northwards from previous sparse exploration drilling carried out by Falconbridge exploration during the early 1980's.

Thakadu Mine
The table below sets out the most recent estimates of probable mineral reserves at the Thakadu Mine.

These reserves have been reestimated allowing for mining depletions between the period August 2009 and 31 March 2011.

[SAMREC, JORC and NI 43-101 compliant] Probable In-pit Mineral Reserves at a 0.5% Cu cut-off as at 31 March 2011:

Category	Tonnage (Mt)*	Copper (%)*	Contained metal* (Tonnes Cu)
Proven Reserves	Nil	-	-
Probable Reserves	2.36	2.14	50,584
Sub Total	2.36	2.14	50,584
In-pit Inferred Resources	Nil	-	-

*Rounding of figures may result in minor computational discrepancies.

The resource and reserve tabulations and the technical information pertaining to the Mowana and Thakadu Mines has been reviewed and approved by David De `Ath BSc (Hons), MSc, GDE Mining, MIMMM, and MAusIMM, the company's Manager Geology for the Mowana and Thakadu Mines, who is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC Codes.

Matsitama Minerals
Matsitama Minerals holds title to six prospecting licenses ("PL's") in east-central Botswana, 60km to 90km west of Francistown. The PL's are contiguous with the Mowana mine to the north and the Thakadu mine to the south. The licenses cover much of the highly prospective Matsitama Schist Belt ("MSB") and total 2,084.8km2 in extent.

Exploration activities recommenced in the MSB in March 2010 after a hiatus of some 15 months. An experienced exploration manager was hired to oversee exploration activities and the belt was re-examined with fresh "eyes" and from a totally new perspective. A number of world renowned earth scientists skilled in a range of disciplines were brought into Botswana to assess and evaluate the existing datasets. The international panel applied the latest thinking and generated a number of new, highly prospective, hitherto unexplored targets.

A one year, fast-track exploration program was drawn up in June 2010 and USD2.5 million was committed for spending over the upcoming twelve-month period. Fieldwork commenced in the latter half of 2010 and the new ideas and concepts put forward by the panel of international experts were quickly shown to hold true. It was soon realized that intensive field programs spanning a number of years would be required to move the new exploration targets forward so that detailed mineral resource assessments and economic studies, if warranted, could be carried out.

Exploration in the MSB is now focused on iron-oxide-copper-gold ("IOCG") mineralization. These deposits can be very large, capable of supporting mining operations for periods of 30 or more years. It has long been believed that the MSB may host IOCG mineralization but until recently no conclusive proof had been found to confirm the existence of this type of deposit in the belt.

Three highly prospective IOCG targets have now been identified in the MSB, namely the Nakalakwana, Lepashe and Matsitama West targets. The Nakalakwana target also hosts a pre-tectonic, copper-rich protore of possible basaltic affinity. Resources for the protore have recently been estimated by the MSA Group using historical, unverified drillhole data. The resource estimate was completed in order to guide future exploration activities at Nakalakwana.

In addition, the company is currently evaluating banded iron formation ("BIF") exposures in the Gamogae area for both iron and gold. The BIF can be traced over a distance of 13km. Very limited sampling has been completed to date.

The locality of the target areas is shown in a map available at:
http://www.africancopper.com/i/maps/2011-06-22_NR1.jpg

Results from the current programme were announced on 24 June 2011 and included the following (Tables 1 to 5):
Table 1. Nakalakwana IOCG target.

Borehole ID 1	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)
NTRC02	72	160	88	0.12	0.23
Includes:	95	123	28	0.21	0.69
	98	102	4	0.62	0.90
	99	104	5	0.46	2.42

1 Borehole drilled October 2010.

Table 2. Nakalakwana protore resource estimate.1

Target	Cut-off (% Cu)	Tonnage (Mt)	Cu (%)	Au (g/t)
Nakalakwana Hill	0.3	18.8	0.52	0.06
	0.0	33.7	0.39	0.05

1 The resource estimate is based on historical, unverified drillhole data. Consequently, Matsitama Minerals does not consider the estimate to be compliant with modern reporting codes but does consider the estimate to be a reasonable indication of the potential.

Table 3. Matsitama West IOCG target.

Grab sample (selection of better assays)1

	Cu (%)	Au (g/t)	Ag (g/t)
	1.90	0.89	8.66
Gossanous quartz-chlorite schist	0.33	3.71	1.26
	1.74	0.95	6.34
Gossanous vein quartz	3.02	0.50	5.79

1 Total of 28 samples taken; average Cu value = 1.22%; average Au value = 0.49g/t; average Ag value = 2.39g/t; samples taken across two areas measuring 200m × 75m and 175m × 75m, respectively, in extent.

Table 4. Lepashe IOCG target

Grab sample (all samples) 1	Cu (%)	Au (g/t)	Ag (g/t)
Amphibolite, quartz-haematite breccia	2.14	0.05	3.47
Amphibolite	1.82	0.05	1.07
Quartz-haematite breccia	0.64	0.18	2.06

1 Total of three samples taken over an area measuring 25m × 25m in extent.

Table 5. Gamogae BIF target

Grab sample (all samples) 1	Fe (%, lowest value)	Fe (%, highest value)	Fe (%, average value)
BIF, Fe-rich quartzite	10.4	41.0	26.6

1 Total of 35 samples taken over the northern and central portions of the BIF.

Note
The technical information in this announcement has been reviewed and approved by Warwick Bullen, M.Sc., Pr.Sci.Nat., Exploration Manager - Matsitama Minerals. Warwick Bullen is a Qualified Person for the purposes of NI 43-101, and a Competent Person for the purposes of SAMREC and JORC and the current Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in June 2009.

Exploration data is acquired by Matsitama Minerals and its consultants under strict quality assurance and quality control protocols. Samples are prepared and assayed at ALS Chemex laboratory located near Johannesburg, South Africa. All gold assay values are accredited in accordance with the recognized International Standard ISO/IEC 17025:2005. All copper samples assaying at >0.2% Cu are re-assayed using the ALS Chemex Cu-OG62 method and these sample assays are similarly accredited. On-site quality control procedures follow industry standard protocols.

Four key exploration licenses, namely PL's 14/2004, 15/2004, 16/2004 and 17/2004, were set to expire on 30 June 2011. All four licenses, which total 1,988.6km2 in extent, have now been extended by the Botswana government for another two years. Detailed exploration activities have been planned for the upcoming two-year period and budgets determined accordingly.

Provisional condensed consolidated statement of comprehensive income
For the year ended 31 March 2011

	Reviewed 2011 USD'000	Audited 2010 USD'000
Revenue	24,731	7,392
Cost of sales	(22,663)	(17,714)

Gross profit/(loss) from mining activities	2,068	(10,322)
Administrative expenses	(5,150)	(1,531)
Other expenses	(2,726)	(4,439)
Selling and distribution expenses	-	(18)
Foreign exchange gains/(losses)	63	(2,250)
Operating loss	(5,745)	(18,560)
Negative goodwill	-	33,905
(Loss)/profit before net finance income	(5,745)	15,345
Finance income	1,384	509
Finance expense	(1,118)	(64)
(Loss)/profit before tax	(5,479)	15,790
Income tax	(657)	970
(Loss)/profit for the year	(6,136)	16,760
Other comprehensive income:		
Exchange differences on translation of foreign operations	7,006	(2,611)
Total comprehensive income for the year	870	14,149
(Loss)/profit attributable to:		
Equity holders of the parent	(4,718)	18,651
Non-controlling interest	(1,418)	(1,891)
Total comprehensive income attributable to:		
Equity holders of the parent	1,181	16,506
Non-controlling interest	(311)	(2,357)
Basic (loss)/earnings per ordinary share (US cents)	(8.47)	33.50
Diluted (loss)/earnings per ordinary share (US cents)	(9.31)	32.13

Provisional condensed consolidated statement of financial position
For the year ended 31 March 2011

	Reviewed 2011 USD'000	Audited 2010 USD'000
ASSETS		
Property, plant and equipment	47,966	33,044
Intangible assets	51,425	50,923
Other financial assets	345	327
Long term receivable	4,000	3,000
Total non-current assets	103,736	87,294
Inventories	10,483	1,780
Trade and other receivables	3,847	984
Current portion of long term receivable	6,048	3,000
Cash and cash equivalents	26,417	48,430
Total current assets	46,795	54,194
Total assets	150,531	141,488
EQUITY		
Share capital	102,688	102,688
Foreign currency translation reserve	3,701	(2,145)
Retained earnings	14,701	18,651
Equity attributable to equity holders of the parent	121,090	119,194
Non-controlling interest	5,260	6,286
Total equity	126,350	125,480
LIABILITIES		
Deferred tax	7,187	6,530

Environmental rehabilitation provision	7,150	4,051
Total non-current liabilities	14,337	10,581
Trade and other payables	9,844	5,427
Total current liabilities	9,844	5,427
Total equity and liabilities	150,531	141,488

Provisional condensed consolidated statement of changes in equity
For the year ended 31 March 2011

	Share capital USD'000	Foreign currency translation reserve USD'000	Retained earnings USD'000
Balance as at 31 March 2009 (Audited)	102,688	-	-
Arising on business acquisition	-	-	-
Profit/(loss) for the year	-	-	18,651
Other comprehensive income - foreign currency translation differences	-	(2,145)	-
Total comprehensive income for the year	-	(2,145)	18,651
Balance as at 31 March 2010 (Audited)	102,688	(2,145)	18,651
Transactions with owners recorded directly in equity			
Acquisition of additional interest in subsidiary	-	(53)	768
Loss for the year	-	-	(4,718)
Other comprehensive income - foreign currency translation differences	-	5,899	-
Total comprehensive income for the year		5,899	(4,718)
Balance as at 31 March 2011 (Reviewed)	102,688	3,701	14,701

	Attributable to equity holders of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
Balance as at 31 March 2009 (Audited)	102,688	-	102,688
Arising on business acquisition	-	8,643	8,643
Profit/(loss) for the year	18,651	(1,891)	16,760
Other comprehensive income - foreign currency translation differences	(2,145)	(466)	(2,611)
Total comprehensive			

income for the year	16,506	(2,357)	14,149
Balance as at 31 March 2010 (Audited)	119,194	6,286	125,480
Transactions with owners recorded directly in equity			
Acquisition of additional interest in subsidiary	715	(715)	-
Loss for the year	(4,718)	(1,418)	(6,136)
Other comprehensive income - foreign currency translation differences	5,899	1,107	7,006
Total comprehensive income for the year	1,181	(311)	870
Balance as at 31 March 2011 (Reviewed)	121,090	5,260	126,350

Provisional condensed consolidated statement of cash flows
For the year ended 31 March 2011

	Reviewed 2011 USD'000	Audited 2010 USD'000
Cash flows from operating activities		
Cash utilised by operations	(11,811)	(10,743)
Interest received	1,337	509
Interest paid	(1,118)	(64)
Cash outflows from operating activities	(11,592)	(10,298)
Cash flows from investing activities		
Additions to maintain operations		
- Property, plant and equipment	(958)	-
Additions to expand operations		
- Property, plant and equipment	(4,822)	(2,594)
- Intangible assets	(1,448)	-
Proceeds from sale of assets	63	-
Acquisition of subsidiary	-	(1,438)
Repayment of interest bearing borrowings	-	(34,414)
Funds advanced	(4,000)	(6,000)
Cash outflows from investing activities	(11,165)	(44,446)
Effect of foreign currency translation	744	235
Net decrease in cash and cash equivalents	(22,013)	(54,509)
Cash and cash equivalents at the beginning of the year	48,430	102,939
Cash and cash equivalents at the end of the year	26,417	48,430

Notes to the provisional condensed consolidated financial statements
For the year ended 31 March 2011

1. General information

ZCI Limited ("ZCI" or the "Company") is a public company incorporated and domiciled in Bermuda. It has a primary listing on the Johannesburg Stock Exchange ("JSE") and a secondary listing on the Euronext.

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

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

2. Basis of preparation

The provisional condensed consolidated financial statements for the year ended 31 March 2011 have been prepared in accordance with the recognition and measurement principals of International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"), and presented in accordance with the minimum content, including disclosures, prescribed by IAS 34 - Interim Financial Reporting, the Listings Requirements of the JSE Limited and the AC 500 series issued by the Accounting Practices Board (APB).

3. Accounting policies

The accounting policies applied in the presentation of the provisional condensed consolidated financial statements are consistent with those applied for the year ended 31 March 2010, with the exception of the following standards and interpretations, effective for the first time for the current financial year, that has been applied from 1 April 2010:

- IAS 27 - Consolidated and Separate Financial Statements: the application of the amendment to the standard resulted in the company accounting for the acquisition of additional non-controlling interest as an equity transaction. This treatment was in line with the accounting policy applied in the previous year.

- IFRIC 17 - Distributions of Non-cash Assets to Owners: the adoption of this standard did not impact the Group as there were no such distributions during the year.

- Various improvements to IFRS 2009: none of the improvements to the various standards had any impact on the Group's results to date.

- IFRS 2 - Group Cash-settled Share-based Payment transactions: the adoption of this amendment did not have any material impact on the Group financial statements as the Group already applied these principals when accounting for share-based payments in the past.

A number of new standards, amendments to standards and interpretations that could be relevant to the Group, are not yet effective for the year ended 31

March 2011, and have not been applied in preparing these provisional condensed consolidated financial statements:

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, effective for annual periods beginning on or after 1 July 2010.

- Improvements to IFRSs 2010 - Amendments to various standards with various effective dates.

- IAS 24 - Related Party Disclosures (revised 2009), effective for annual periods beginning on or after 1 January 2011.

- IAS 12 - Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12, effective for annual periods beginning on or after 1 January 2012.

- IFRS 7 amendment - Disclosures - Transfers of Financial Assets, effective for annual periods beginning on or after 1 July 2011.

- IFRS 9 (2010) - Financial Instruments, effective for annual periods beginning on or after 1 January 2013.

- IFRS 10 (2011) - Consolidated Financial Statements, effective for annual periods beginning on or after 1 January 2013.

- IFRS 12 (2011) - Disclosure of Interests in Other Entities, effective for annual periods beginning on or after 1 January 2012.

- IFRS 13 (2011) - Fair Value Measurement, effective for annual periods beginning on or after 1 January 2013.

4. Group segment reporting

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

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

5. Going concern

The Group incurred a loss of USD6.1 million for the year ended 31 March 2011 (2010: net profit of USD16.7 million). The Group's loss is primarily because the Group's major operating subsidiary, Messina Copper (Proprietary) Limited

("Messina") continued to incur losses and is dependent on the financial support of the Company. In particular:

- On 23 September 2010, the Company entered into an additional facility agreement with Messina with a value of USD7,500,000 to fund further exploration costs that the Group intends to incur. The Company paid the first drawdown of USD2,500,000 on 12 November 2010, the second drawdown of USD3,000,000 on 24 December 2010, and the third drawdown of USD2,000,000 on 25 January 2011. This loan bears interest at 12% per annum with the terms substantially the same as the previous loans extended to Messina.

- On 24 February 2011, the Company entered into another facility agreement with Messina with a value of USD12,500,000 and bears interest at 9% per annum with the terms substantially the same as the previous loans extended to Messina. The Company paid the first drawdown of USD2,500,000 on 24 February 2011.

On 24 March 2011, the Group entered into a committed facility with African Banking Corporation of Botswana Limited ("ABCB") to provide finance for certain items of capital equipment. As such, the facility is not generally available although the projected capital expenditure does include items that would be covered by the terms of this facility. The facility is for an amount of USD3.1 million and was undrawn at the year end.

The Directors have prepared cash flow projections covering at least the 12-month period from the date of approval of these financial statements for the Company and its subsidiaries.

The projections, which have been drawn up on a monthly basis, are based on a number of inputs and assumptions which include mined tonnage, all associated mining and processing costs, extraction and yield rates for production of the copper concentrate and the price of copper. The approved capital expenditure is also included in the cash flows. The key assumptions to which the projections are most sensitive in the opinion of the Directors are the tonnage of produced copper concentrate and the copper price; the tonnage of produced copper concentrate is itself a function of mining output and yield achieved in the processing operations. The key assumptions relating to production and pricing, assume an average copper price per tonne over the 12-month period to June 2012 of USD9,593 and average monthly production of copper in concentrate of 1,257 metric tonnes ("Mt") of copper.

However, Messina's mining operations at Mowana and Thakadu have yet to reach full commercial production rates on a consistent basis and produce positive cash flow. Actual production totalled 3,841 Mt of copper concentrate during the financial year of which 1,266 Mt were produced in the final quarter of the year, i.e. an average of 422 Mt for each of the three months. The average price per tonne achieved during the financial year was USD8,347 Mt. Copper produced in concentrate for April 2011 and May 2011 was 564 Mt and 508 Mt respectively and the average price per tonne achieved was USD9,315.

The Directors have already addressed a number of issues that have impacted the ramp up to full production, especially at the Mowana mine, and the projections include capital expenditure to improve the processing capability of the operations, principally the secondary and tertiary crusher availability. The Directors believe that with these improvements and a number of other initiatives, the projections are achievable.

At 31 March 2011, the Group remains in a positive cash position with no external long term debt. The projections show that, if the key financial assumptions are achieved, the existing Group facilities and new facility with ABCB will be sufficient to provide the necessary funding for the company and its subsidiaries for at least the next 12 months from the date of approval of these financial statements.

However the unproven ability of the Group to achieve the ramp up in production and the volatility of the copper price represent a material uncertainty in relation to the ability of the Company and its subsidiaries to continue as going concerns.

Should the projected production levels and key financial assumptions not be reached, the Company and its subsidiaries will have to source additional external funding in order to realise their assets and discharge their liabilities in the normal course of business. In the event that additional funding is not forthcoming, these conditions may cast significant doubt about the ability of the Company and its subsidiaries to continue as going concerns.

6. Change in investment in ACU

On 7 February 2011, ACU has entered into an agreement with the Company to exchange the Company's current outstanding debt assignment agreements amounting to USD9,444,910 for the issue of 105,369,488 ordinary shares in the capital of ACU at a price of 5.5782 pence per share ("Debt Conversion"). As a result of this transaction, the Company holds a total of 781,939,988 shares representing 84.19% shareholding in ACU as at 31 March 2011, an increase of 2.02% in shareholding.

The impact of the Debt Conversion on the statement of changes in equity is a decrease in non-controlling interest of USD715,000 and a corresponding increase in equity attributable to equity holders of the parent.

The following summarises the effect of the Debt Conversion in the Company's ownership interest in ACU:

	USD'000
Company's ownership interest at the beginning of the year	119,194
Effect of increase in Company's ownership interest	715
Share of comprehensive income	1,181
Company's ownership interest at the end of the year	121,090

7. Commitments

Contractual obligations	Total	2012	2013	2014	2015 and thereafter
	USD'000	USD'000	USD'000	USD'000	USD'000
Goods, services and equipment (a)	7,629	7,517	112	-	-
Exploration licences (b)	5,215	917	4,298	-	-
Lease agreements (c)	588	409	161	18	-
	13,432	8,843	4,571	18	-

a) The Group has a number of agreements with arms-length third parties who provide a wide range of goods and services and equipment. This includes commitments for capital expenditure.

b) Under the terms of ACU's prospecting licences, Matsitama is obliged to incur certain minimum expenditures.

c) ACU has entered into agreements to lease premises for various periods.

These expenditure will be funded internally and a portion externally through the facility with ABCB.

8. Contingent liability

In December 2008, the Company entered into an Investment Advisory and Management agreement with iCapital. As per the agreement, ZCI is required to pay a professional fee to iCapital comprised inter alia of a fixed fee (accounted for appropriately) and performance fee, as defined in the agreement.

The performance fee is calculated based on a valuation of the relevant investment to determine the increase in value since acquisition. In terms of the agreement, the first valuation of the investment is required as at 31 December 2010, to determine the amount payable as performance fee for the period 1 January 2011 to 31 March 2011.

The valuation has not been performed as the method of valuation is not stipulated in the contract and this as well as certain clauses of the contract is currently being renegotiated. A reliable estimate of the liability could therefore not be made at 31 March 2011.

9. Earnings per share information

	2011	2010
Basic (loss)/earnings per ordinary share (US cents)	(8.47)	33.50
Diluted (loss)/earnings per ordinary share (US cents)	(9.31)	32.13
Headline (loss) per ordinary share (US cents)	(8.47)	(27.40)
Diluted headline (loss) per ordinary share (US cents)	(9.31)	(28.77)

Number of ordinary shares in issue	55,677,643	55,677,643
Weighted average and diluted number of ordinary shares in issue	55,677,643	55,677,643

	USD'000	USD'000
The following adjustments to (loss)/profit attributable to ordinary shareholders were taken into account in the calculation of diluted earnings per share:		
Attributable to equity holders of the parent	(4,718)	18,651
Increase in shareholding in subsidiary with respect to convertible portion of debt	(464)	(763)
Diluted (loss)/profit attributable to equity holders of the parent	(5,182)	17,888

2011	USD'000
Loss attributable to equity holders of the parent and headline loss attributable to equity holders of the parent	(4,718)
Increase in shareholding in subsidiary with respect to convertible portion of debt	(464)
Tax effect	-
Diluted headline loss attributable to equity holders of the parent	(5,182)

2010	
Profit attributable to equity holders of the parent	18,651
- Negative goodwill	(33,905)
Headline loss attributable to equity holders of the parent	(15,254)
Increase in shareholding in subsidiary with respect to convertible portion of debt	(763)
Tax effect	-
Diluted headline loss attributable to equity holders of the parent	(16,017)

10. Share bonus options

Company

In 2010, a share-appreciation bonus plan was approved for the benefit of the Directors of ZCI. In terms of the scheme, the Directors have the right to receive a cash payment on the vesting date equalling the increase in the deemed asset value per share.

No shares vested and no options were exercised during the year ended 31 March 2011.

During the year, the bonus plan was terminated, thereby cancelling all unvested shares.

Subsidiaries

There were no new options granted during the year (2010: nil) and 750,000 (2010: nil) options were forfeited.

11. Environmental rehabilitation provision

	2011 USD'000	2010 USD'000
Balance at the beginning of the year	4,051	-
Acquired in business combination	-	3,762
Increase as a result of new environmental damage	3,099	289
Balance at the end of the year	7,150	4,051

12. Related party transactions

The Group, in the ordinary course of business and similar to last year, entered into various consulting arrangements with related parties on an arm's length basis at market related rates. The only change from the previous year is the funding provided to the subsidiaries, all of which is also at arm's length and at market related rates.

13. Financial risk management

The Group's exposure to and management of financial instrument risk has not changed from the previous financial year.

14. Dividends

No dividends have been declared for the current financial year.

15. Events after the reporting period

No other material events have taken place since the financial year end.

16. Review opinion

The provisional condensed consolidated financial statements of ZCI Limited for the year ended 31 March 2011 have been reviewed by our auditors, KPMG Inc. In their review report dated 30 June 2011, KPMG Inc state that their review was conducted in accordance with the International Standards on Review Engagements 2410, Review of Interim Information Performed by the Independent Auditor of the Entity, which applies to a review of provisional condensed consolidated financial information. They have expressed an unmodified conclusion with an emphasis of matter as follows: "Without qualifying our review report, we draw attention to the going concern note in the financial information, which indicates that the Group incurred a loss for the year ended 31 March 2011. This condition, along with other matters as set forth indicate the existence of a material uncertainty that may cast significant doubt on the ability of the company and its subsidiaries to continue as going concerns."

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

Bermuda
30 June 2011

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Auditors: KPMG Inc., KPMG Crescent, 85 Empire Road, Parktown, 2193, Private Bag 9, Parkview, 2122

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