

**This Circular is important and requires your immediate attention.**

The definitions and interpretations commencing on page 8 of the Circular apply *mutatis mutandis* to this cover page.

If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

**Action required**

If you have disposed of all of your ZCI Shares, please forward this Circular to the purchaser of such ZCI Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

ZCI Shareholders are referred to page 4 of this Circular, which sets out the action required by them.

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## ZCI LIMITED

(Incorporated in Bermuda and as a branch of an external company in South Africa)

Bermuda Registration number 661:1969

South African Registration number 1970/000023/10

JSE Share Code: ZCI

ISIN Code: BMG988431240

Euronext share code: BMG988431240

("ZCI")

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## Circular to ZCI Shareholders

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Regarding

- proposed amendments to the terms and conditions of the IAMA entered into between ZCI and iCapital, as constituted by the Settlement Agreements, in order to provide for the cash payment of an amount of US\$2million and the transfer to iCapital of 247 575 741 ACU Shares held by ZCI in settlement of the Performance Fee Claims, which Amendments constitute a related party transaction;

Incorporating

- a notice convening a General Meeting of ZCI Shareholders; and
  - a form of proxy in respect of the General Meeting (for use by Certificated ZCI Shareholders and "own-name" Dematerialised ZCI Shareholders only).
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**Transaction Sponsor**



**Independent expert**

**VenmynDeloitte.**

**Legal advisor on the Settlement Agreements**

**MACFARLANES**

**Sponsor**



**Reporting accountant and auditor**



**International legal advisor**

**Maitland**

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## Corporate information and advisors

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### Registered office of ZCI

Clarendon House  
2 Church Street  
Hamilton  
Bermuda  
(PO Box HM 666, Hamilton HM CX, Bermuda)  
ZCI was incorporated in Bermuda and registered on 4 August 1970 as a branch of an external company in South Africa

### Transaction Sponsor

KPMG Services (Pty) Ltd  
(Registration number 1999/012876/07)  
KPMG Crescent  
85 Empire Road  
Parktown  
2193  
(Private Bag 9, Parkview, 2122)

### Independent Expert

Venmyn Deloitte (Pty) Ltd  
(Registration number 1988/004918/07)  
Deloitte Place  
Building 33, 1st Floor  
The Woodlands  
20 Woodlands Drive  
Woodmead, 2052  
South Africa  
(PO Box 782761, Sandton, 2146)

### Legal advisor on the Settlement Agreements

Macfarlanes LLP  
(Registration number OC334406)  
20 Cursitor Street  
London  
EC4A 1LT EC4A 1LT

### Company secretary of ZCI

Mr J Kleynhans  
BA LLB (University of the Witwatersrand, South Africa)  
Maitland Luxembourg S.A.  
58 rue Charles Martel  
L-2134, Luxembourg  
(Boite Postale 1361, L-1013, Luxembourg)

### Sponsor

Bridge Capital Advisors (Pty) Ltd  
(Registration number 1998/016302/07)  
2nd Floor, 27 Fricker Road  
Illovo Boulevard  
Illovo, 2196  
South Africa  
(PO Box 651010, Benmore, 2010)

### Legal advisor

Maitland Advisory LLP  
(Registration number OC318789)  
Berkshire House  
168 – 173 High Holborn  
London WC1V 7AA

### Transfer Secretaries (SA)

Computershare Investor Services (Pty) Ltd  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
South Africa  
(PO Box 61051, Marshalltown, 2107)

**Transfer Secretaries (UK)**

Computershare Investor Services PLC  
(Registration number 3498808)  
The Pavilions  
Bridgwater Road  
Bristol, BS13 8AE  
United Kingdom

**Independent reporting accountant and auditor**

KPMG Inc.  
(Registration number 1999/021543/21)  
KPMG Crescent  
85 Empire Road  
Parktown, 2193  
South Africa  
(Private Bag 9, Parkview, 2122)

**French Listing agent**

Caceis Corporate Trust Caceis Ct  
(Registration number 439430976)  
14, rue Rouget de Lisle  
F-92862 Issy-Les-Moulineaux  
Paris, France

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## Action required by ZCI Shareholders

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The definitions commencing on page 8 of this Circular apply *mutatis mutandis* to the following section on action required by ZCI Shareholders.

**Please take careful note of the following provisions regarding the action required by ZCI Shareholders:**

1. If you have disposed of all of your ZCI Shares, this Circular should be handed to the purchaser of such ZCI Shares or the CSDP, broker, banker, attorney or other agent who disposed of your ZCI Shares for you.
2. If you are in any doubt as to what action to take, consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.
3. This Circular contains information relating to the Amendments. You should carefully read through this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting.

#### **4. General Meeting**

The General Meeting, convened in terms of the notice incorporated in this Circular, will be held at the Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünwald, Luxembourg, on Monday, 30 September 2013 commencing at 10:00 CET (09:00 BST, 10:00 SAST).

ZCI Shareholders are advised that they or their proxies may participate in the General Meeting by means of a teleconference facility and, if they wish to do so:

- must contact the company secretary, Mr J Kleynhans, at telephone number +352 40 25 051 before 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013 to receive dial-in instructions for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.

Please note that whilst it is possible to participate in the General Meeting through this medium, there is no facility for electronic voting and accordingly, ZCI Shareholders are advised to follow the instructions set out in the "Action required by ZCI Shareholders" section of the Circular in respect of voting.

#### **5. If you are a Certificated ZCI Shareholder or are a Dematerialised ZCI Shareholder with "own name" registration**

You are entitled to attend the General Meeting in person and may speak at and vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat by proxy, you must complete and sign the attached form of proxy, in accordance with the instructions contained therein and return it to the relevant Transfer Secretaries, either (1) Computershare (SA), Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or (2) Computershare (UK), The Pavilions, Bridgwater Road, Bristol, BS 13 8AE, United Kingdom, to reach them by no later than 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013.

**6. If you are a Dematerialised ZCI Shareholder, other than with “own name” registration**

If you wish to attend or be represented at the General Meeting, you must advise your CSDP or broker timeously. Your CSDP or broker will then be required to issue the necessary letter of representation to you to enable you to attend, speak and vote at the General Meeting or to be represented thereat. You must, however, **not** complete the attached form of proxy.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they may act in accordance with the agreement between you and them.

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### Notice of a General Meeting of ZCI Shareholders

Form of proxy - for use by ZCI shareholders registered on the South African share register (for use by Certificated ZCI Shareholders and own-name Dematerialised ZCI Shareholders only)

Form of proxy - for use by ZCI shareholders registered on the United Kingdom share register (for use by Certificated ZCI Shareholders and own-name Dematerialised ZCI Shareholders only)

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## Salient dates and times

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The definitions commencing on page 8 of this Circular apply *mutatis mutandis* to these salient dates and times:

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**2013**

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Record date to be entitled to receive notice of the General Meeting	Friday, 6 September
Circular posted to ZCI Shareholders on	Friday, 13 September
Last day to trade to be eligible to participate and vote at the General Meeting	Friday, 13 September
Record date to be entitled to participate in and vote at the General Meeting	Friday, 20 September
Forms of proxy for the General Meeting to be received by 10:00 CET (09:00 BST, 10:00 SAST) on <sup>3</sup>	Thursday, 26 September
General Meeting to be held at 10:00 CET (09:00 BST, 10:00 SAST) on	Monday, 30 September
Results of the General Meeting released on SENS on	Monday, 30 September
Results of the General Meeting released in the press on	Tuesday, 01 October

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### Notes

1. All dates and times referred to in this Circular are Central European (GMT+1) times.
2. These dates and times are subject to amendment. Any such amendment will be released on SENS.
3. Copies of this Circular may be obtained in English only on ZCI's website ([www.zci.lu](http://www.zci.lu)) and at ZCI's registered office and KPMG's offices during normal business hours from Friday, 13 September 2013 until Monday, 30 September 2013. Details of ZCI and KPMG are set out in the "Corporate Information and advisors" section of the Circular.
4. To be valid, the completed forms of proxy must be lodged with the relevant Transfer Secretaries or posted to the relevant Transfer Secretaries, to reach them by no later than 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013.

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## Definitions

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In this Circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning assigned to them in the second column. Words in the singular shall include the plural and *vice versa*, words and expressions denoting one gender shall include the other gender, and an expression denoting natural persons shall include juristic persons and associations of persons:

“ACU”	African Copper Plc (registration number 05041259), a public company registered and incorporated in England and Wales and dual-listed on the AIM market of the London Stock Exchange PLC and the Botswana Stock Exchange;
“ACU Shares”	ordinary shares of 1 pence each in the share capital of ACU;
“Advance Payment Deed”	the Advance Payment Deed entered into between ZCI and iCapital, dated 10 September 2012, setting the amount to be paid in relation to the Fixed Fee Claims at US\$1 million and providing for an advance payment of the Fixed Fee Claims of US\$250 000;
“Amendments”	proposed variations to the terms and conditions of the IAMA, as constituted by the Settlement Agreements, in order to provide for the First Performance Fee Payment and the Transfer in settlement of the Performance Fee Claims;
“Average Hurdle Rate”	the annual average of the rate, calculated at the beginning of each fiscal period equal to three times the prevailing rate of interest paid on a US Government treasury bill having a maturity period of one year, for each Calculation Period.
“Board” or “Directors”	the current Board of Directors of ZCI whose names are reflected on page 13 of this Circular;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Business Hours”	08:00 to 17:00 on a Business Day;
“Calculation Period”	two 24-month periods, each of which end on 31 December, the first of which commenced on 1 January 2009 and ended on 31 December 2010 and the second of which commenced on 1 January 2011 and would have ended on 31 December 2012, in terms of the IAMA, had ZCI not given iCapital six months written notice of the termination of the IAMA on 20 July 2011, following which the IAMA terminated on 31 January 2012;
“CDF”	Copperbelt Development Foundation, a non profit organisation company limited by guarantee and incorporated in accordance with sections 7(1) and (3) of the Bermudian Companies Act, 1961. The board of directors comprise Mr David Rodier, Mr Thomas Kamwendo and Prof John Lungu, all of which are the only Members of the foundation;
“Certificated ZCI Shares”	ZCI Shares, represented by a share certificate(s) or other physical Document(s) of Title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
“Certificated ZCI Shareholder(s)”	ZCI Shareholder(s) who hold Certificated ZCI share(s);
“Circular”	this Circular, dated Friday, 13 September 2013, including all annexures, the notice of General Meeting and form of proxy contained herein;

“Constitution”	the incorporating act and the bye-laws of ZCI, as amended, at the date of this Circular;
“Conversion Date”	the date upon which the Tranche A Loan is converted into 556 307 263 ACU Shares in accordance with the terms of the Tranche A Loan Agreement;
“CSDP”	a Central Securities Depository Participant, appointed by individual ZCI Shareholder(s) for the purpose of and in regard to dematerialisation in terms of the Financial Markets Act (Act 19 of 2012), as amended;
“Dematerialised ZCI Share(s)”	those ZCI Shares that have been incorporated into the Strate system, the title to which is no longer represented by share certificates or other Documents of Title;
“Dematerialised ZCI Shareholders”	ZCI Shareholders who hold Dematerialised ZCI Shares;
“Disputes”	collectively, the Fixed Fee Dispute and the Performance Fee Dispute;
“Document(s) of Title”	unit certificate(s), transfer deed(s) or form(s), balance receipts or any other Document(s) of Title acceptable to ZCI in respect of Certificated ZCI Shareholder(s);
“Escrow Agreement”	the Escrow Agreement entered into between ZCI, iCapital and Norton Rose on 24 May 2013, which prescribes the escrow arrangements for the settlement of the Disputes;
“Euro” or “€”	Euro, being the currency shared by 17 of the 28 European Union’s Member States;
“Euronext”	the stock exchange in Paris where ZCI has a secondary listing;
“First Performance Fee Payment”	an amount of US\$2 million in relation to the Performance Fee Claims in respect of the first Calculation Period which ZCI is obliged to pay to iCapital under the Fixed Fee/First Performance Fee Deed;
“Fixed Fee/First Performance Fee Deed”	the Fixed Fee/First Performance Fee Deed entered into between ZCI and iCapital on 24 May 2013, providing for the payment of the amount that remained to be paid under the Advance Payment Deed, in relation to the Fixed Fee Claims of US\$750 000 and providing for the First Performance Fee Payment;
“Fixed Fee Claims”	all claims for payment arising out of or in connection with the Fixed Fee Dispute;
“Fixed Fee Dispute”	the dispute between ZCI and iCapital as to whether the fixed fee payments made by ZCI throughout the term of the IAMA constitute the full amount payable as a fixed fee up to and including the Termination Date;
“GBP” or “£”	Pound sterling, being the currency of the United Kingdom;
“GBp”	Pence, being the currency of the United Kingdom;
“General Meeting”	the general meeting of ZCI Shareholders to be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünwald, Luxembourg on Monday, 30 September 2013 at 10:00 CET (09:00 BST, 10:00 SAST) to consider and, if deemed appropriate, approve the Resolutions;
“IAMA”	the Investment Advisory and Management Agreement entered into between ZCI and iCapital, dated 11 December 2008, in terms of which iCapital was engaged to advise ZCI on various prospective investment targets and, if an investment was approved by the Board, to provide investment management

	services to ZCI;
“iCapital”	iCapital (Mauritius) Limited (Mauritian registration number: 068278C1/GBL), a public company incorporated in Mauritius;
“IFRS”	International Financial Reporting Standards;
“Independent Expert” or “Venmyn Deloitte”	Venmyn Deloitte (Pty) Ltd (registration number 1988/004918/07), a private company duly registered and incorporated in South Africa;
“Independent Reporting Accountant” or “KPMG Inc.”	KPMG Inc. (registration number 1999/021543/21), a limited liability company duly registered and incorporated in South Africa;
“Investment”	any investment by ZCI, as defined in the IAMA, but which relates only to ZCI’s investment in ACU at the Last Practicable Date;
“JSE”	JSE Limited (registration number 2005/0222939/06), a public company duly registered and incorporated in South Africa, licensed as an exchange under the Financial Markets Act (Act 19 of 2012), as amended;
“Last Practicable Date”	the Last Practicable Date prior to the finalisation of the Circular, being Thursday, 05 September 2013;
“Listings Requirements”	the JSE Listings Requirements, as amended from time to time;
“Maitland”	Maitland Trustees Limited, Maitland Advisory LLP and Maitland Investment Services;
“Members”	each of the persons who subscribe their names to the memorandum of association of CDF and each of the other persons who are admitted to membership and whose names are entered into the register of members pursuant to Bye-Laws of CDF, but in each case only for so long as the person remains a member;
“Norton Rose”	Norton Rose Fulbright LLP (registration number OC328697), a limited liability partnership duly registered and incorporated in England and Wales, having its address at 3 More London Riverside, London, SE1 2AQ and the escrow agent in terms of the Escrow Agreement;
“Performance Fee Claims”	all claims for payment arising out of or in connection with the Performance Fee Dispute;
“Performance Fee Dispute”	the dispute between ZCI and iCapital as to the calculation and payment of the performance fee, if any, for the first and second Calculation Periods in terms of the IAMA;
“Rand”	South African Rand, being the currency of South Africa;
“Relevant Standards”	IFRS 2: Share-based Payments and IAS 27: Consolidated and Separate Financial Statements;
“Remaining Shares”	ZCI’s remaining shareholding in ACU subsequent to the Transfer of the Transfer Shares;
“Resolutions”	the ordinary resolutions, to be considered and, if deemed fit, approved by the requisite majority of ZCI Shareholders at the General Meeting, which authorises the Amendments;
“Sale Deed”	the Sale Deed signed by ZCI and iCapital and held in escrow, relating to the settlement of the Performance Fee Claims for the second Calculation Period and which would have applied in the event that all the ACU Shares held by ZCI were sold on or prior to 1 June 2013;
“Sale and Transfer Deed”	the Sale and Transfer Deed signed by ZCI and iCapital and held in escrow, relating to the settlement of the Performance Fee Claims for the second Calculation Period and which would have applied in the event that there was

	a partial sale of the ACU Shares held by ZCI on or prior to 1 June 2013, in which case iCapital would have been compensated from the proceeds from that partial sale of ACU Shares and by a transfer of 18.5% of the remaining ACU Shares held by ZCI;
“SENS”	the Stock Exchange News Service of the JSE;
“Settlement Agreements”	collectively, the Advance Payment Deed, the Fixed Fee/First Performance Fee Deed, the Sale Deed, the Share Transfer Deed, the Sale and Transfer Deed and the Escrow Agreement;
“Share Transfer Deed”	the Share Transfer Deed signed by ZCI and iCapital and held in escrow, relating to the settlement of the Performance Fee Claims for the second Calculation Period and which now applies as no sale of the ACU Shares held by ZCI was completed on or prior to 1 June 2013. In terms of the Share Transfer Deed, iCapital will be compensated by the Transfer;
“South Africa”	the Republic of South Africa;
“Sponsor” or “Bridge Capital”	Bridge Capital Advisors (Pty) Ltd (registration number 1998/016302/07), a private company duly registered and incorporated in South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly registered and incorporated in South Africa and the electronic settlement system for Settlement that take place on the JSE and off-market trades;
“Subscription Agreement”	the Subscription Agreement entered into between ZCI and ACU, dated 21 May 2009, relating to the subscription by ZCI of 676 570 500 ACU Shares at a subscription price of GBP 0.01 per ACU Share;
“Termination Date”	the date of termination of the IAMA, being 31 January 2012;
“Tranche A Loan”	the loan of US\$8 379 100 from ZCI to ACU which is convertible into 556 307 263 ACU Shares, in accordance with the terms of the Tranche A Loan Agreement;
“Tranche A Loan Agreement”	the Tranche A Loan Agreement entered into between ZCI and ACU, dated 18 June 2009, incorporating the terms and conditions of the Tranche A Loan;
“Transaction Sponsor” or “KPMG”	KPMG Services (Pty) Ltd (registration number 1999/012876/07), a private company duly registered and incorporated in South Africa;
“Transfer”	the proposed transfer to iCapital of the Transfer Shares;
“Transfer Secretaries”	collectively, the Transfer Secretaries (SA) and Transfer Secretaries (UK);
“Transfer Secretaries (SA)” or “Computershare (SA)”	Computershare Investor Services (Pty) Ltd (registration number 2004/003647/07), a private company duly registered and incorporated in South Africa;
“Transfer Secretaries (UK)” or “Computershare (UK)”	Computershare Investor Services PLC (registration number 3498808), a public company duly registered and incorporated in England;
“Transfer Shares”	247 575 741 ACU Shares held by ZCI, to be transferred to iCapital as settlement of the Performance Fee Claim as it relates to the second Calculation Period;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	United States of America;
“US Dollars” or “US\$”	United States Dollars, being the currency of the United States;
“ZCI”	ZCI Limited (Bermuda registration number 661:1969), a public company duly registered and incorporated in Bermuda and registered as a branch of an external company in South Africa (South African registration number

1970/000023/10), having its primary listing on the JSE and a secondary listing on the Euronext;

“ZCI Group”

ZCI, its subsidiaries and associates;

“ZCI Shares” or “Shares”

ordinary shares of US\$0.24 each in the share capital of ZCI; and

“ZCI Shareholders”

holders of ZCI Shares from time to time.

# ZCI LIMITED

(Incorporated in Bermuda and as a branch of an external company in South Africa)

Bermuda Registration number 661:1969

South African Registration number 1970/000023/10

JSE Share Code: ZCI

ISIN Code: BMG988431240

Euronext share code: BMG988431240

("ZCI")

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## Directors

S Simukanga (*Acting Chairman since 20 June 2013*)<sup>\*#∞</sup>

T Kamwendo (*Chief Executive Officer*)

W Badenhorst (*Financial Director*)

M Clerc<sup>\*#</sup>

C O'Connor<sup>\*#</sup>

*\* Non-executive*

*# Independent*

*∞ Lead Independent Non-executive Director*

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## Circular to ZCI Shareholders

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### 1. Introduction and purpose of this Circular

ZCI Shareholders were advised in the Annual Report that was distributed to ZCI Shareholders on Friday, 28 June 2013 and an announcement on SENS dated Monday, 12 August 2013 that ZCI proposed to vary the terms and conditions of the IAMA entered into between ZCI and iCapital, as constituted by the Settlement Agreements, in order to provide for the following:

- the cash payment of an amount of US\$2 million, which First Performance Fee Payment forms part of the settlement of the Performance Fee Claims and, as the First Performance Fee Payment was paid to iCapital in May 2013, requires ratification by ZCI Shareholders; and
- the transfer to iCapital of 247 575 741 ACU Shares held by ZCI which, together with the First Performance Fee Payment, will result in the settlement of the Performance Fee Claims, and which Transfer requires approval by ZCI Shareholders.

The Amendments constitute a related party transaction in terms of Section 10 of the Listings Requirements. The purpose of this Circular is to provide ZCI Shareholders, in compliance with the Listings Requirements, with relevant information regarding:

- the background and details relating to the proposed Amendments; and
- the convening of a General Meeting for the purpose of considering and, if deemed fit, approving the Resolutions set out in the notice of General Meeting attached to this Circular.

## 2. The Amendments

### 2.1 Background to the Amendments

#### 2.1.1 IAMA

On 11 December 2008, ZCI entered into the IAMA in terms of which iCapital was engaged to advise ZCI on various prospective investment targets and, if an investment was approved by the Board, to provide investment management services to ZCI.

Clause 9 of the IAMA provided for advisory fees in the form of a fixed fee and a performance fee, based on the performance of the investment targets, to be paid to iCapital by ZCI.

#### 2.1.2 Investments by ZCI

ACU, a copper production and exploration company with a focus in Botswana, was identified by iCapital as a prospective investment target for ZCI and, on 21 May 2009, ZCI and ACU entered into the Subscription Agreement, whereby ZCI subscribed for 676 570 500 ACU Shares at an issue price of GBP 0.01 per ACU Share, representing approximately 82% of the total issued share capital of ACU.

Following ZCI's investment in ACU, iCapital was unable to identify any further investment target opportunities suitable to ZCI. ZCI's investment in ACU was the only investment acquired by ZCI during the term of the IAMA.

#### 2.1.3 Termination of the IAMA

On 20 July 2011, ZCI gave iCapital six months written notice of the termination of the IAMA following which the IAMA terminated on 31 January 2012.

On the Termination Date, ZCI remained the majority shareholder in ACU.

Subsequent to the termination of the IAMA, the Disputes arose under the IAMA between ZCI and iCapital.

In early discussions regarding the Performance Fee Claim, iCapital had proposed that, in accordance with the IAMA it should be entitled to a performance fee in respect of first Calculation Period of US\$60 million. iCapital's proposed settlement of US\$60 million is calculated in accordance with the relevant formula in the IAMA, the main component of which is a valuation of ACU.

ZCI's response in respect of iCapital's proposed settlement of US\$ 60 million is that, according to the terms of the IAMA, iCapital is not entitled to a performance fee at all for the first Calculation Period because the formula requires that the acquisition costs of the investment are to be used rather than the fair market valuation by an independent valuer (which is required for subsequent Calculation Periods) and this results in a performance fee of zero. In addition, ZCI also disputes that iCapital's valuation of ACU, upon which its US\$60 million claim is based, represents the fair market value.

ZCI's response is correct if the terms of the IAMA are strictly followed, however, iCapital claims there is an error in the drafting of the relevant clauses and, as such, the IAMA does not reflect the true intention of the parties. iCapital is of the view that the fair market value of ACU should be used to calculate the performance fee for the first Calculation Period.

To avoid the uncertainty and costs associated with the dispute resolution procedure under the IAMA and the uncertainty associated with the calculation of the performance fees based on a valuation by a valuer (using whatever methodology the valuer deems appropriate), ZCI and iCapital agreed (subject to the approval by ZCI Shareholders) to settle the matter by eliminating the role of the valuer in calculating the quantum of the performance fee and compensating iCapital through the First

Performance Fee Payment and the Transfer. The Amendments were constituted by the Settlement Agreements.

#### **2.1.4 ZCI's investment in ACU**

On 9 February 2011, an agreement was entered into by ZCI and ACU, whereby an amount of US\$9.5 million in respect of ACU's current outstanding debt assignments, was converted into 105 369 488 new ACU Shares at a issue price of GBP 0.055782 per ACU Share.

Following this conversion and at the Last Practicable Date, ZCI remains the majority shareholder in ACU, holding 781 939 988 ACU Shares which equates to 84.19% of the total issued share capital of ACU, with an option to convert the Tranche A Loan into ACU Shares, following which ZCI will hold 1 338 247 251 ACU Shares which will equate to 90.1% of the total issued share capital of ACU.

#### **2.1.5 Settlement of the Fixed Fee Claims**

In terms of the Advance Payment Deed read together with the Fixed Fee/First Performance Fee Deed, ZCI and iCapital agreed, both having taken independent advice, that the amount that remained to be paid in relation to the Fixed Fee Claims amounted to US\$1 million.

During September 2012, ZCI made an advance payment of a portion of the agreed US\$1 million towards the settlement of the Fixed Fee Claims, amounting to US\$250 000. ZCI paid iCapital the amount that remained to be paid in relation to the Fixed Fee Claims, amounting to US\$750 000, in November 2012.

The settlement of the Fixed Fee Claims was funded out of ZCI's available cash resources and resulted in the resolution of the Fixed Fee Dispute.

The settlement of the Fixed Fee Claims did not result in a variation or amendment of the terms and conditions of the IAMA and is not a related party transaction as defined in Section 10 of the Listings Requirements.

## **2.2 Rationale for the Amendments**

The primary purpose of the Amendments is to resolve the Performance Fee Dispute by settling the Performance Fee Claims through the First Performance Fee Payment and the Transfer.

The Amendments will provide the Board with certainty regarding the costs and timing of the settlement of the Performance Fee Claims as the Settlement Agreements clearly address both of these aspects. In addition, the Share Transfer Deed provides for the settlement of the Performance Fee Claims mainly in ACU Shares rather than cash, thereby limiting the impact of the resolution of the Performance Fee Dispute on ZCI's cash resources and liquidity.

The drag rights detailed in paragraph 2.3.1.4 also provide ZCI with flexibility in the event of a future corporate action where ZCI may be required to deliver 90% of the ACU Shares to a potential purchaser.

## **2.3 Details of the Amendments**

The details of the Amendments are outlined below:

### **2.3.1 Settlement of the Performance Fee Claim**

In May 2013, ZCI paid iCapital the First Performance Fee Payment in relation to the Performance Fee Claims for the first Calculation Period in accordance with the terms of the Fixed Fee/First Performance Fee Deed. The First Performance Fee Payment forms part of the Amendments which is a related party transaction and, therefore, the First Performance Fee Payment requires ratification by ZCI Shareholders at the General Meeting.

The First Performance Fee Payment was funded out of ZCI's available cash resources and will, subject to the conditions precedent set out in paragraph 2.3.1.5 below, result in the resolution of the Performance Fee Claims as they relate to the first Calculation Period.

In terms of the Escrow Agreement, read together with the Sale Deed, Sale and Share Transfer Deed, Share Transfer Deed and the Fixed Fee/First Performance Fee Deed, three alternatives were available to settle the Performance Fee Claims for the second Calculation Period as follows:

- in terms of the Sale Deed, in the event that ZCI disposed of its entire shareholding in ACU on or before 1 June 2013, iCapital would be compensated in respect of the Performance Fee Claim for the second Calculation Period from the proceeds of such sale;
- in terms of the Sale and Share Transfer Deed, in the event that ZCI disposed of a portion of its shareholding in ACU on or before 1 June 2013, iCapital would be compensated in respect of the Performance Fee Claim for the second Calculation Period from the proceeds of such partial sale and by a transfer of 18.5% of the remaining ACU Shares held by ZCI; and
- in terms of the Share Transfer Deed, in the event that there is no disposal of all or a portion of ZCI's shareholding in ACU on or before 1 June 2013, iCapital would be compensated in respect of the Performance Fee Claim for the second Calculation Period by a transfer of 18.5% of the ACU Shares held by ZCI, subsequent to the conversion of the Tranche A Loan from ZCI to ACU into ACU Shares as detailed in paragraph 2.3.1.1 below;

As no disposal of all or a portion of ZCI's shareholding in ACU took place on or before 1 June 2013, the Sale Deed and the Sale and Share Transfer Deed have no effect and only the Share Transfer Deed remains available for release from escrow in terms of the Escrow Agreement. The Transfer forms part of the Amendments which is a related party transaction and, therefore, the Transfer requires approval by ZCI Shareholders at the General Meeting.

#### **2.3.1.1      *Details of the Share Transfer Deed***

Subsequent to the fulfilment of the condition precedent to the settlement of the Performance Fee Claim as it relates to the second Calculation Period and set out in paragraph 2.3.1.5 below, Norton Rose will release the Share Transfer Deed from escrow. The Share Transfer Deed will become effective on the date that ZCI notifies iCapital of the fulfilment of the outstanding conditions precedent.

Upon release of the Share Transfer Deed from escrow and in accordance with the terms of the Settlement Agreements, ZCI is required, within 21 calendar days, to serve notice on ACU to convert the Tranche A Loan into 556 307 263 new ACU Shares in accordance with the terms of the Tranche A Loan Agreement.

After the Conversion Date, ZCI will hold 1 338 247 251 ACU Shares, representing 90.1% of the total issued share capital of ACU.

Within a further 10 calendar days of the later of the Conversion Date and the date which is 21 calendar days after the date of the Share Transfer Deed, ZCI shall be obliged to transfer the Transfer Shares, being 18.5% of ACU Shares held by ZCI and equal to 16.67% of the total issued share capital of ACU, to iCapital.

iCapital will be responsible for payment of any stamp duty and transfer taxes relating to the Transfer.

#### **2.3.1.2      *iCapital tag along rights***

Subsequent to the Transfer, ZCI shall be obliged, in the event that ZCI proposes to sell all or a portion of the Remaining Shares, to afford iCapital the opportunity of selling all or an equal portion of the Transfer Shares to the proposed purchaser. Should iCapital choose to sell all or

a portion of the Transfer Shares, such sale shall take place at the same time, at the same price per ACU Share and on the same terms as those agreed between ZCI and the proposed purchaser.

#### **2.3.1.3 ZCI tag along rights**

Subsequent to the Transfer, iCapital shall be obliged, in the event that iCapital proposes to sell all or a portion of the Transfer Shares, to afford ZCI the opportunity of selling all or an equal portion of the Remaining Shares to the proposed purchaser. Should ZCI choose to sell all or a portion of the Remaining Shares, such sale shall take place at the same time, at the same price per ACU Share and on the same terms as those agreed between iCapital and the proposed purchaser.

#### **2.3.1.4 Drag rights**

Subsequent to the Transfer, should ZCI wish to sell all of the Remaining Shares, either as part of a takeover offer for ACU or otherwise, ZCI may require iCapital to transfer all of the Transfer Shares to the proposed purchaser of the Remaining Shares with full title guarantee free from all encumbrances. The transfer of the Transfer Shares to the proposed purchaser shall be for the same consideration per ACU Share as is to be paid to ZCI in terms of the sale of the Remaining Shares plus a premium of 5%. ZCI, and not the proposed purchaser, shall pay the premium of 5% to iCapital.

#### **2.3.1.5 Conditions precedent to the settlement of the Performance Fee Dispute**

ZCI's release from all and any Performance Fee Claims in relation to the first and second Calculation Periods is conditional on the following:

- the approval in General Meeting, of the Transfer pursuant to the Share Transfer Deed and the ratification by ZCI's Shareholders of the First Performance Fee Payment; and
- the Share Transfer Deed being unconditionally and irrevocably released from escrow in accordance with the terms of the Escrow Agreement.

#### **2.3.1.6 No Approval of Share Transfer Deed**

Should the ZCI Shareholders not approve the Amendments which provide for the Transfer and the First Performance Fee Payment, as detailed in this Circular, this non-approval by ZCI Shareholders will have the following consequences:

- the Share Transfer Deed will not be released from escrow and will have no effect;
- the Performance Fee Dispute will not be settled in terms of the variations to the IAMA, as constituted in the Settlement Agreements;
- iCapital and ZCI will, in accordance with the terms of the IAMA, appoint a valuer to calculate the performance fees for the first and second Calculation Periods strictly in accordance with the terms of the IAMA as follows:
  - o the performance fee shall be calculated in respect of each Calculation Period; and
  - o the performance fee shall be equal to 20% of the Aggregate Value Differential provided that such Aggregate Value Differential is a positive value. No performance fee shall be payable if the Aggregate Value Differential is equal to zero or is negative;

For the purpose of the above paragraph:

- “Aggregate Value Differential” equals (1) the aggregate of the Individual Value Differentials; plus (2) any negative Individual Value Differential in respect of the previous Calculation Period (which is not applicable for the first Calculation Period); and
- “Individual Value Differential” equals, in relation to the Investment:
  - for the purposes of the first Calculation Period, the purchase price of the investment plus any related fees, costs and expenses incurred by ZCI in connection with the investment (“Acquisition Cost”) less the Acquisition Cost plus the Acquisition Cost multiplied by the Average Hurdle Rate multiplied by two; and
  - for the purposes of the second Calculation Period, the valuation of the investment by the valuer less the higher of (1) the Acquisition Cost plus the Acquisition Cost multiplied by the Average Hurdle Rate multiplied by two and (2) the Acquisition Cost for the first Calculation Period.
- any dispute regarding the calculation and payment of any performance fees for the first and second Calculation Periods will have to be resolved strictly in accordance with the terms of the IAMA (whether by way of the Auditors (as defined in the IAMA) or by way of arbitration proceedings);
- if the total sum of any performance fees for the first and second Calculation Periods determined under the terms of the IAMA is greater than US\$2 million then ZCI shall, within 60 days, pay iCapital the difference between the calculated sum and US\$2 million;
- if the total sum of any performance fees for the first and second Calculation Periods determined under the terms of the IAMA is less than US\$2 million then iCapital shall, within 60 days, pay ZCI the difference between the US\$2 million and the calculated amount; and
- ZCI need not serve notice on ACU to convert the Tranche A Loan into 556 307 263 new ACU Shares and the Tranche A Loan will remain in place and will become repayable by ACU or convertible into ACU Shares at the option of ZCI, in accordance with the terms of the Tranche A Loan Agreement

Should the Amendments not be approved by ZCI Shareholders, settlement of the Performance Fee Claims will revert back to the original terms of the IAMA. In this circumstance, no approval by ZCI Shareholders will be required for the settlement of the Performance Fee Claims as no variation to the original terms of the IAMA will occur.

#### **2.4 Related party transaction and approval of the Amendments**

The Amendments qualify as a related party transaction in terms of Section 10 of the Listings Requirements due to the fact that iCapital is an associate of Mr J Soko, who serves on the boards of both ACU, a subsidiary of ZCI, and iCapital.

The Resolutions in respect of the Amendments is contained in the notice of General Meeting which is attached to and forms part of this Circular. Mr J Soko and his associates do not hold any ZCI Shares.

The Directors consider the Amendments to be fair insofar as the ZCI Shareholders are concerned, having been so advised by the Independent Expert. The text of the Independent Expert's fairness opinion is set out in Annexure 1 to this Circular.

### 3. Financial information

#### 3.1 Share capital of ZCI

The table below sets out the share capital of ZCI at the Last Practicable Date and after the implementation by ZCI of the Amendments:

	Number of ZCI Shares	US\$'000
<b>Authorised</b>		
Ordinary ZCI Shares of US\$ 0.24 each	130 000 000	31 200
Deferred ZCI Shares of US\$ 0.24 each	50 000	12
<b>Issued</b>		
Ordinary ZCI Shares*	55 677 643	102 676
Deferred ZCI Shares	50 000	12
<b>TOTAL</b>	<b>55 727 643</b>	<b>102 688</b>

\*includes share premium

#### 3.2 Issues of ZCI Shares during the preceding 3 years

No issues of ZCI Shares have been undertaken in the three years preceding the Last Practicable Date.

#### 3.3 Pro forma financial effects

The table below sets out the summary *pro forma* financial effects of the Amendments, on ZCI's basic earnings/(loss), headline earnings/(loss), diluted earnings/(loss), diluted headline earnings/(loss), net asset value and net tangible asset value per ZCI Share.

The summary *pro forma* financial effects have been prepared to illustrate the impact of the Amendments on the audited, published financial information of ZCI for the year ended 31 March 2013, had the Amendments occurred on 1 April 2012 for the purpose of the statement of comprehensive income (with the exception of the share based payment in respect of the Transfer which has been calculated based on the quoted share price of ACU Shares on the London Stock Exchange of GBp1.63 on the assumed grant date, being 31 March 2013, and converted to US Dollars based on an exchange rate of US\$1.52 for each GBp1.00 on the same date) and on 31 March 2013 for the purpose of the statement of financial position.

The summary *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited, published financial statements of ZCI for the year ended 31 March 2013.

The summary *pro forma* financial effects set out below are the responsibility of the Directors and have been prepared for illustrative purposes only and because of their nature may not fairly present the financial position, changes in equity, and results of operations or cash flows of ZCI after the Amendments.

The reporting accountants' reasonable assurance report on the *pro forma* financial information of ZCI is set out in Annexure 2 to this Circular.

	<b>Before the Amendments <sup>1</sup> Actual</b>	<b>After the Amendments <sup>2</sup> Pro forma</b>	<b>Percentage change <sup>5</sup></b>
Basic earnings/(loss) per ZCI Share (US\$ cents)	5.16	(4.19)	(181.2)%
Diluted earnings/(loss) per ZCI Share (US\$ cents)	1.63	(5.53)	(439.3)%
Headline earnings/(loss) per ZCI Share (US\$ cents)	7.42	(2.32)	(131.3)%
Diluted headline earnings/(loss) per ZCI Share (US\$ cents)	3.89	(3.66)	(194.1)%
Net asset value (US\$ cents)	152.60	158.49	3.9%
Net tangible asset value (US\$ cents)	81.04	86.93	7.3%
Number of ZCI Shares in issue	55,677,643	55,677,643	0.0%
Weighted average and diluted number of ZCI Shares in issue	55,677,643	55,677,643	0.0%

#### Notes

1. The "Before the Amendments" basic earnings, diluted earnings, headline earnings and diluted headline earnings per ZCI Share have been extracted without adjustment from the audited, published results of ZCI for the year ended 31 March 2013. The "Before the Amendments" net asset value and net tangible asset value per ZCI Share have been calculated from the financial information presented in the audited, published results of ZCI for the year ended 31 March 2013.
2. The financial information included in the "After the Amendments" column has been prepared based on ZCI's audited published financial results for the year ended 31 March 2013, taking into account the following:
  - the conversion of Tranche A Loan into 556 307 263 new ACU Shares;
  - the settlement of the First Performance Fee Payment of \$2 million to iCapital;
  - the Transfer has been recognised as a share based payment and calculated in accordance with the Relevant Standards. The Transfer has been measured at the fair value (based on the ACU Share price in accordance with the Relevant Standards) of the equity instruments granted, and calculated as 247 575 741 ACU Shares granted at the quoted share price of ACU Shares on the London Stock Exchange of GBp1.63 on the assumed grant date, being 31 March 2013, and converted to US Dollars based on an exchange rate of US\$1.52 for each GBP1.00 on the same date (the price of the ACU Shares on the Last Practicable Date closed at GBp1.63. There would have been no difference in the share based payment expense, had the price of the ACU Shares on the Last Practicable Date been used for the share based payment expense calculation);
  - the assumed once-off costs directly relating to the Amendments, amounting to US\$130 000, have been expensed in accordance with IFRS; and
  - the increase in the non-controlling interest as a result of the decrease in ZCI's shareholding in ACU in terms of the Transfer has been recognised.
3. There are no post balance sheet events which require adjustment of the pro forma financial effects.
4. All adjustments, with the exception of costs directly attributable to the Amendments of US\$130 000, are expected to have a continuing effect on the financial results of ZCI.
5. The percentage change is measured as the "After the Amendments" column as a percentage of the "Before the Amendments" column.

The text of the independent reporting accountants' reasonable assurance report on the above *pro forma* financial effects is contained in Annexure 2 to this Circular.

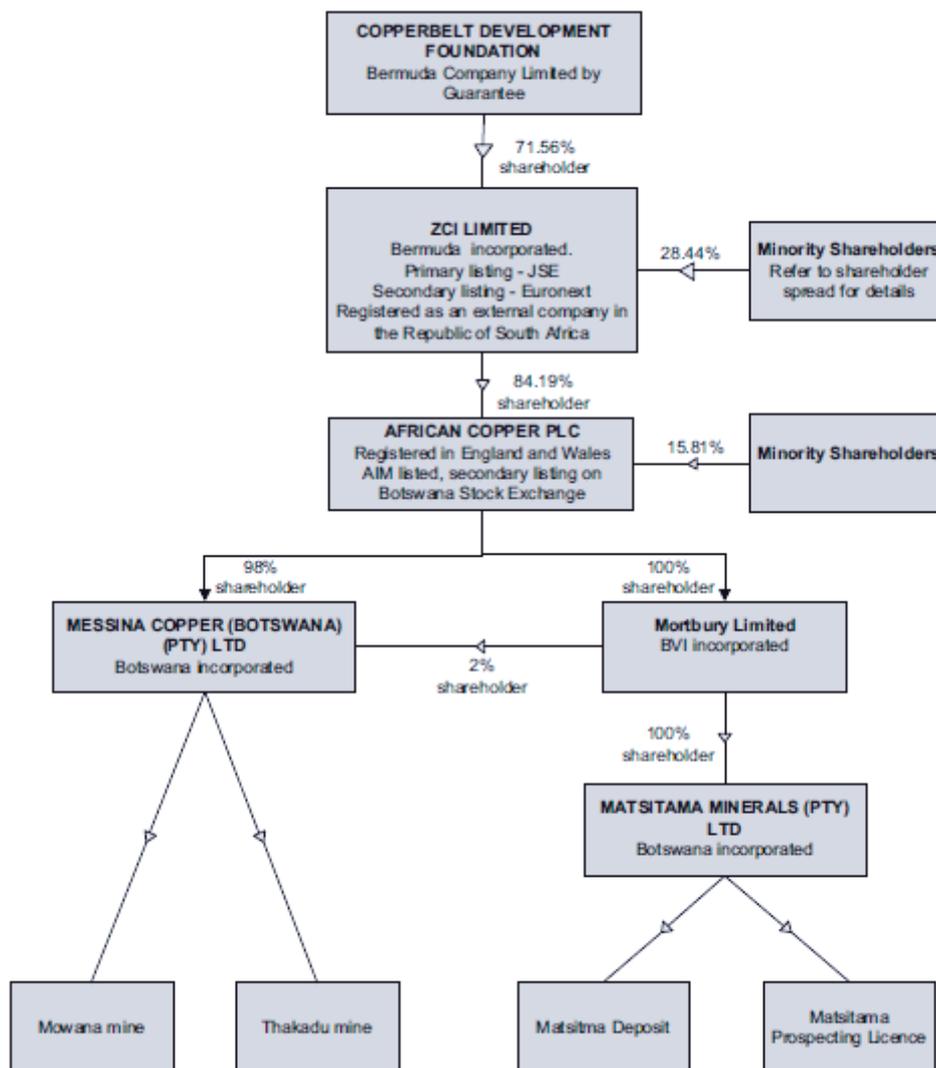
#### 4. Description of the business and prospects for ZCI

##### 4.1 General description

ZCI is an investment holding company with no trading activities, other than providing financial and strategic support to the two operating subsidiaries of ACU, namely, Messina Copper (Botswana) (Pty) Ltd and Matsitama Minerals (Pty) Ltd.

The ZCI Group's main project is the Mowana mine with copper-producing open pits at the Mowana pit and Thakadu pit, and the Mowana plant (collectively referred to as the "Mowana Mine"). The ZCI Group also, through its subsidiary Matsitama Minerals (Pty) Ltd own the rights to the adjacent Thakadu-Makala deposits and holds permits in exploration properties at the Matsitama project.

Below is an illustration of the organisational structure of the ZCI Group:



##### 4.2 Prospects for ZCI

The Board is continuing to work towards realising the full value of its investment in ACU, and will pursue all relevant opportunities to unlock value and put the ZCI Group in a position to build a more diversified investment portfolio providing sustainable growth for ZCI Shareholders. The Board has begun to reassess ZCI's strategy and determine key initiatives, activities and processes to achieve

these goals.

Achieving production levels at which the operations of ACU can be financially self-sufficient remains an important goal for ZCI and considerable investments have been made by ZCI in the past to achieve this. ZCI continued to undertake and complete key capital expenditure projects during the year ended 31 March 2013 and, in preparation of the likely depletion of ore at the Thakadu pit during 2014, drilling has commenced at the Mowana pit to ensure there will be ore available from the Mowana pit by April 2014.

ZCI remains cautious on commodity price forecasts and still face a number of challenges within the ZCI Group mining operations, but the Board is encouraged by the positive trend in production and is optimistic that stable operating conditions will continue.

## 5. Directors

There are no changes to the Board required under the Amendments.

Details relating to the Directors are set out below:

Name of director	Business address	Designation	Brief CV
Thomas Kamwendo (55)	Clarendon House, 2 Church Street, Hamilton, Bermuda	Chief Executive Officer ("CEO")	<p><b>Qualifications:</b> Bachelor of Science degree in Mechanical Engineering, Registered Engineer and Fellow of the Engineering Institution of Zambia</p> <p><b>Previous experience:</b> 30 years of experience in the Zambian mining industry, CEO of three engineering companies and managing partner of his own multidisciplinary consulting firm; served on the boards of many private and parastatal organisations including Ndola Lime Company, Konkola Copper Mines (KCM), the Environmental Council of Zambia, the Copperbelt University, the National Institute of Public Administration (NIPA), and the Zambia Association of Chambers of Commerce and Industry; also previously served on a Presidential Commission of Enquiry into University education in Zambia.</p>
Wilhelmus Badenhorst (33)	Clarendon House, 2 Church Street, Hamilton, Bermuda	Executive Financial Director	<p><b>Qualifications:</b> Bachelors in Accounting, Post Graduate Diploma in Accounting, registered Chartered Accountant with the South African Institute of Chartered Accountants</p> <p><b>Previous experience:</b> Completed audit traineeship with Horwath Zeller Karro in Cape Town. Subsequently an audit manager with Deloitte S.A. in Luxembourg where he gained wide ranging experience in the audit of regulated UCITS funds, offshore hedge funds and private equity funds investing in emerging market economies.</p> <p>Joined the Maitland Group in 2009, first in a consulting role and subsequently in a managerial capacity. Currently the Head of Institutional Clients at Maitland, and responsible for institutional client services for all of Maitland's service locations across Europe, the Caribbean, the Indian Ocean and South Africa.</p>

Name of director	Business address	Designation	Brief CV
Stephen Simukanga (56)	Clarendon House, 2 Church Street, Hamilton, Bermuda	Lead Independent Non-executive Director and acting Chairman (since 20 June 2013)	<p><b>Qualifications:</b> 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, United Kingdom Chartered Engineer and a Fellow of the Institute of Materials, Minerals and Mining and the Engineering Institution of Zambia.</p> <p><b>Previous experience:</b> Professor of Metallurgy and Mineral Processing at the University of Zambia and was visiting professor at the University of Cape Town for 10 years, 26 years of experience in the mining industry and academia, Chief Executive Officer (Vice Chancellor) of the University of Zambia, chairs the boards of the National Institute for Scientific and Industrial Research and is a member of three other boards of directors.</p>
Michel Clerc (92)	Clarendon House, 2 Church Street, Hamilton, Bermuda	Independent Non-executive Director	<p><b>Qualifications:</b> Degrees in Law and Political Science in France and in English literature at Cambridge</p> <p><b>Previous experience:</b> Journalist by profession, specializing in financial issues and has had several books published, former editor of Paris-Match magazine and was manager of Radio Luxembourg, the founder and current president of AMZCI, an association of ZCI shareholders in France.</p>
Cyril O'Connor (69)	Clarendon House, 2 Church Street, Hamilton, Bermuda	Independent Non-executive Director	<p><b>Qualifications:</b> Ph.D. from the University of Cape Town and a D.Eng. in Metallurgical Engineering from Stellenbosch University</p> <p><b>Previous experience:</b> Director of the Centre for Minerals Research at UCT, main area of research is flotation, President of the International Mineral Processing Council, holds the Anglo Platinum Chair in Minerals Processing, is a member of the Executive of the Academy of Engineering of South Africa, is CEO of the South African Minerals to Metals Research Institute, is a former Vice-President of the International Zeolite Association and was Chairman of the Organizing Committee for the XXII IMPC and the 14th International Zeolite Conference. Published over 200 papers in international journals and conferences and has supervised or co-supervised more than 30 PhD and 25 MSc graduates, Head of the Department of Chemical Engineering for 8 years, Dean of the Faculty of Engineering &amp; the Built Environment for 10 years and served as Acting Deputy Vice-Chancellor from April 2008-May 2009. He is a Hon. Fellow of the Southern African Institute of Mining and Metallurgy, and a Fellow of, respectively, the Royal Society of South Africa, the University of Cape Town, the South African Academy of Engineering, the South African Institution of Chemical Engineering and IUPAC. He is a founder member of the Academy of Science of South Africa.</p>

## 5.1 Directors' remuneration

The table below sets out the remuneration and benefits paid by ZCI to the Directors for the year ended 31 March 2013:

Name of director	Directors' fees	Short term benefits and expenses	Basic annual remuneration	Share based payments <sup>1</sup>	Total remuneration
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>ZCI - Directors</b>					
T. Kamwendo	34	33	240	-	307
M.Clerc	34	8	-	-	42
S. Simukanga	34	6	-	-	40
E. Hamuwele <sup>3</sup>	44	6	-	-	50
W. Badenhorst <sup>2</sup>	13	10	-	-	23
K.L. Bergkoetter <sup>2</sup>	21	11	-	-	32
C. O'Connor	27	7	-	-	34
<b>ACU - Directors</b>					
R.D. Corrans	44	-	-	-	44
J. Soko	32	-	-	-	32
D.Rodier	49	-	-	-	49
Prof S. Simukanga	39	-	-	-	39
S Georgala	30	-	-	-	30
B.R. Kipp	-	-	180	-	180
<b>Total</b>	<b>401</b>	<b>81</b>	<b>420</b>	<b>-</b>	<b>902</b>

1. No share based payments were made during the financial year ended 31 March 2013.

2. W Badenhorst appointed and KL Bergkoetter resigned during November 2012.

3. E Hamuwele resigned with effect from 31 August 2013.

During the year ended 31 March 2013, ZCI paid fees amounting US\$636 000 to Maitland. These fees relate to administration, accounting, legal and wealth management services. At year end the amount outstanding for these fees was US\$56,592. Additionally, ZCI paid Maitland a fee in respect of W Badenhorst's services as financial director to ZCI. These fees include, *inter alia*, the day to day accounting and administration functions performed by the Maitland team, which are overseen by W Badenhorst. W Badenhorst receives a salary for these services from Maitland and does not receive any additional fees or remuneration from ZCI.

Other than as detailed above, no payments have been, or are proposed to be, made, either directly or indirectly, in cash or securities or otherwise to the executive and non-executive Directors in respect of management, consulting, technical, benefits, secretarial fees or restraint payments. There are no commission, gain or profit arrangements.

There will be no variation in the remuneration receivable by the Directors as a consequence of the Amendments.

## 5.2 Directors' interests in ZCI

As at the Last Practicable Date, the Directors held no ZCI Shares, either beneficially or non-beneficially, nor did they hold any direct or indirect beneficial interests in ZCI.

There have been no changes to the Directors' interests in ZCI between the most recent financial year-end, being 31 March 2013, and the Last Practicable Date.

### 5.3 Directors' interests in transactions

The Directors have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by ZCI during the current or immediately preceding financial year. Further to this, they have had no material beneficial interests in a transaction during an earlier financial year that remain in any respect outstanding or unperformed.

### 5.4 Directors' service contracts

There are no service contracts granted by ZCI, nor any of its subsidiaries, to any Director of ZCI for services as directors. The finance director of ZCI, W Badenhorst, is employed by Maitland, which provides administration, accounting, legal and wealth management services to ZCI.

Other than as detailed above, no contracts or arrangements existing during the financial year ended 31 March 2013, which are required to be declared in terms of the Listings Requirements.

### 5.5 Directors' responsibility statements

The Directors listed on page 13 of this Circular:

- have considered all statements of fact and opinion in this Circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, that the Circular contains all information required by law and the Listings Requirements.

## 6. Major ZCI Shareholders

Insofar as is known to ZCI, the major ZCI Shareholders, other than Directors, who beneficially held 5% or more of the issued ZCI Shares as at the Last Practicable Date, are set out below:

Major shareholders	Number of Shares held	Percentage held %
CDF <sup>#</sup>	39 845 017	71.56%
Euroclear France S.A.*	12 063 361	21.67%
<b>Total</b>	<b>51 908 378</b>	<b>93.23%</b>

<sup>#</sup> Mr Thomas Kamwendo, the Chief Executive Officer of ZCI is also a director of CDF.

\*Public shareholders: Euroclear France S.A. is a nominee shareholder, holding shares on behalf of numerous beneficial shareholders.

## 7. Opinions and recommendations

The Board has considered the terms and conditions of the Amendments and, is of the opinion that the Amendments are fair to ZCI Shareholders.

In reaching their opinion, the Board has considered the opinion of the Independent Expert as well as other mitigating factors in respect of the Amendments.

The Board recommends that ZCI Shareholders vote in favour of the Resolutions relating to the Amendments at the General Meeting.

ZCI Shareholders are referred to Annexure 1, which sets out the text of the fairness opinion prepared by the Independent Expert in respect of the Amendments.

#### 8. Irrevocable undertakings

The following ZCI Shareholder has irrevocably undertaken to vote in favour of the Resolution to the Amendments. Mr J Soko and his associates, as related parties to iCapital, may not vote in respect of the Resolution relating to the Amendments:

Name of Shareholder	Number of ZCI Shares	%
CDF <sup>#</sup>	39 845 017	71.56%

<sup>#</sup> Mr Thomas Kamwendo, the Chief Executive Officer of ZCI is also a director of CDF

#### 9. Litigation statement

The Directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving ZCI which may have, or have had, a significant effect on the ZCI Group's financial position during the last 12 months preceding the date of this Circular.

#### 10. Working capital statement

Having considered the effect of the Amendments, the Directors are of the opinion that:

- ZCI and the ZCI Group will be able in the ordinary course of business to pay its debts for a period of twelve months after the date of the approval of this Circular;
- the assets of ZCI and the ZCI Group will be in excess of the liabilities of ZCI and the ZCI Group for a period of twelve months after the date of the approval of this Circular. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the ZCI Group;
- the share capital and reserves of ZCI and the ZCI Group will be adequate for ordinary business purposes for a period of twelve months after the date of the approval of this Circular; and
- the working capital of ZCI and the ZCI Group will be adequate for ordinary business purposes for a period of twelve months after the date of the approval of this Circular.

#### 11. Material contracts

No material contracts have been entered into by ZCI, being a contract entered into otherwise than in the ordinary course of business, within the two years preceding the date of this Circular or a contract entered into at any time containing an obligation or settlement that is material to ZCI as at the date of this Circular, save for the following agreements, which are available for inspection in terms of paragraph 16 below:

- The Subscription Agreement;
- the Advance Payment Deed;
- the Fixed Fee/First Performance Fee Deed;
- the IAMA;
- the Sale Deed;
- the Sale and Transfer Deed;
- the Share Transfer Deed; and
- the Tranche A Loan Agreement.

## 12. Material changes

There have been no material changes in the trading or financial position of ZCI and its subsidiaries since the publication of ZCI's abridged report and issue of the integrated report for the year ended 31 March 2013 and the Last Practicable Date.

## 13. Expenses relating to the Amendments

Estimates of the expenses, excluding VAT, relating to the Amendments are set out below:

Description	Payable to	US\$
Transaction Sponsor	KPMG	25 589 <sup>1</sup>
Independent Expert	Venmyn Deloitte	46 059 <sup>1</sup>
Independent Reporting Accountant	KPMG Inc.	7 677 <sup>1</sup>
Legal advisor	Maitland Advisory LLP	4654 <sup>3</sup>
Legal advisor on the Settlement Agreements	Macfarlanes LLP	8 000 <sup>3</sup>
French listing agent	Caceis Corporate Trust	3 352 <sup>2</sup>
Printing and publication of the Circular	Sterling UK	8 262 <sup>3</sup>
Printing, publication and advertising	INCE	9 100 <sup>1</sup>
JSE documentation fee	JSE	5 425
Accounting and administration	Maitland Trustees Limited	11 758 <sup>2</sup>
<b>Total</b>		<b>129 876</b>

Note:

1. The figures have been converted from Rand to US Dollars using an exchange rate of R9.77 per US\$1.00 as at 9 August 2013.
2. The figures have been converted from Euro to US Dollars using an exchange rate of €0.7487 per US\$1.00 as at 9 August 2013.
3. The figures have been converted from GBP to US Dollars using an exchange rate of GBP0.6445 per US\$1.00 as at 9 August 2013.

## 14. Consents

KPMG, Bridge Capital, KPMG Inc., Venmyn Deloitte, Maitland Advisory LLP, Macfarlanes LLP, Computershare (SA) and Computershare (UK) have provided their written consents to the inclusion of their names, and where applicable their reports in the form and context in which they appear in this Circular, and have not withdrawn their consents prior to the publication of this Circular.

## 15. General Meeting

A General Meeting of ZCI Shareholders will be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünwald, Luxembourg on Monday, 30 September 2013 at 10:00 CET (09:00 BST, 10:00 SAST) to consider the Resolutions to ratify and approve the Amendments.

A notice convening the General Meeting is attached to and forms part of this Circular.

ZCI Shareholders are advised that they or their proxies may participate in the General Meeting by means of a teleconference facility and, if they wish to do so:

- must contact the company secretary, Mr J Kleynhans, at telephone number +352 40 25 051 before 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013 to receive dial-in instructions for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.

Please note that whilst it is possible to participate in the General Meeting through this medium, there is no facility for electronic voting and accordingly, ZCI Shareholders are advised to follow the instructions set out in the "Action required by ZCI Shareholders" section of the Circular in respect of voting.

#### 16. Documents available for inspection

Copies of this Circular will be available in English, along with the following documents, or copies thereof, which will be available for inspection, during normal Business Hours at the registered office of ZCI and KPMG, from the date of this Circular up to and including the date of the General Meeting:

- the material agreements detailed in paragraph 11 of this Circular;
- ZCI's constitution;
- the memorandum and articles of association of ZCI and its subsidiaries;
- ZCI's audited annual financial statements for the three years ended 31 March 2013;
- ACU's audited annual financial statements for the three years ended 31 March 2013;
- the written consents of the appointed professional advisors as set out in paragraph 14 of this Circular;
- the signed report by the Independent Expert included as Annexure 1 to this Circular;
- the signed report by the Independent Reporting Accountant on the *pro forma* financial information included as Annexure 2 to this Circular; and
- a signed copy of this Circular.

*This Circular signed at Kitwe, Zambia on behalf of all the Directors in terms of powers of attorney granted on 09 September 2013.*

Thomas Kamwendo  
Chief Executive Officer  
Kitwe, Zambia  
Friday, 13 September 2013

#### **Registered office**

Clarendon House  
2 Church Street  
Hamilton  
Bermuda  
Clarendon House

#### **Transfer Secretaries (SA)**

Computershare (SA)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
South Africa

#### **Transfer Secretaries (UK)**

Computershare (UK)  
The Pavilions  
Bridgwater Road  
Bristol, BS13 8AE  
United Kingdom

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## Independent expert's report on the Amendments

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"The Board of Directors  
ZCI Limited  
c/o Suite 510  
5th Floor, Barkly Wharf  
Le Caudan Waterfront  
Port Louis, Mauritius

09 September 2013

Dear Sirs

**REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT  
TO THE BOARD OF DIRECTORS OF ZCI LIMITED (ZCI)  
IN THE FORM OF A FAIRNESS OPINION  
AS PER SECTION 10.4(F) OF THE JSE LIMITED ("JSE") LISTING REQUIREMENTS  
REGARDING THE PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS  
OF THE INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT ("IAMA")  
BETWEEN ZCI AND ICAPITAL (MAURITIUS) LIMITED ("ICAPITAL"), A RELATED PARTY TO ZCI**

### Introduction

Venmyn Deloitte (Pty) Limited ("Venmyn Deloitte") has been appointed by the Board of Directors ("Board") of ZCI Limited ("ZCI" or "the Company") as independent experts to provide a fairness opinion in respect of the proposed amendments to the terms and conditions of the IAMA entered into between ZCI and iCapital ("Amendments"), as constituted by a number of agreements and settlement deeds ("Settlement Agreements"). The Amendments provide for the cash payment of an amount of US\$2 million ("First Performance Fee Payment") and the transfer to iCapital of 247 575 741 shares in African Copper Plc ("ACU") held by ZCI ("Transfer") in settlement of a dispute between ZCI and iCapital as to the calculation and payment of the performance fee, if any, ("Performance Fee Dispute"), for two 24-month periods, the first from 1 January 2009 to 31 December 2010 ("First Period") and the second from 1 January 2011 and would have ended on 31 December 2012 ("Second Period"), had ZCI not given iCapital six months written notice of the termination of the IAMA on 20 July 2011, following which the IAMA terminated on 31 January 2012. The Amendments constitute a related party transaction. ZCI is listed on the JSE Limited ("JSE") (primary listing) and on the Paris Euronext (secondary listing) and is 71.56% owned by the Copperbelt Development Foundation.

ZCI previously entered into the IAMA with iCapital in terms of which iCapital was engaged to advise ZCI on various prospective investment targets and, if an investment was approved by the Board of ZCI, to provide management services to ZCI. The fee structure was split into fixed and performance components.

In May 2009, ZCI, with the assistance of iCapital, successfully concluded the acquisition of a substantial majority interest in ACU. At present ZCI holds 84.19% of the ordinary shares in ACU ("ACU Shares"). ACU, ZCI's sole material asset, indirectly owns 100% of the Mowana Mine and various other base metals development projects in Botswana. ACU is listed on the Alternative Investments Market ("AIM") of the London Stock Exchange ("LSE") as well as on the Botswana Stock Exchange ("BSE").

The IAMA was terminated with effect from 31 January 2012 and, since that date, ZCI and iCapital have been in dispute with regards to the interpretation of certain clauses of the IAMA and the resulting fees payable. In this dispute, ZCI was represented by Macfarlanes LLP (London) ("Macfarlanes") and iCapital was represented by Norton Rose Fulbright LLP (London).

During ZCI's 2012/2013 financial year, ZCI and iCapital agreed on the settlement of the outstanding fixed fee claims under the IAMA. In addition, in May 2013, ZCI and iCapital reached a settlement on the remaining performance related claims and the Settlement Agreements were signed in order to settle the Performance Fee Dispute.

In terms of the Settlement Agreements, ZCI would make the First Performance Fee Payment and the settlement of the performance fee for the Second Period in terms of the IAMA, would take the form of ONE of the following:-

- if ZCI sells its ENTIRE interest in ACU on or prior to 1 June 2013 (“the Longstop Date”), ZCI would transfer 18.5% of any cash consideration received (in US\$ terms) plus a 5% premium to iCapital (“Sale Deed”). In the case of ZCI receiving a non-cash consideration that is not divisible, and a percentage of which is not capable of being transferred freely to iCapital (“Non-Transferable Non-Cash Consideration”), ZCI would transfer 18.5% of any Non-Transferable Non-Cash Consideration plus a 5% premium to iCapital. In addition, ZCI would transfer 18.5% of any non-cash consideration that is divisible (such as shares) to iCapital as soon as is reasonably practical; or
- if ZCI does not dispose ANY of its shares in ACU prior to or on the Longstop Date, ZCI would transfer 18.5% of its shares in ACU (“Share Transfer Deed”) and use its reasonable endeavours to obtain the approval, by resolution of its shareholders, of the terms of the Share Transfer Deed and to comply with all such other of the rules of the JSE as applicable from time to time, as are relevant to the Share Transfer Deed; or
- if ZCI completes only a PARTIAL sale of its shares in ACU prior to the Longstop Date, ZCI would:-
  - transfer to iCapital 18.5% of any cash consideration received (in US\$ terms) plus a 5% premium; and
  - transfer to iCapital an amount, in US\$ terms, equal to 18.5% of any Non-Transferable Non-Cash Consideration plus a 5% premium and ZCI will transfer 18.5% of any non-cash consideration that is divisible (such as shares) to iCapital as soon as is reasonably practical;
  - transfer to iCapital 18.5% of the remaining shares in ACU held by ZCI. The value of the Non-Transferable Non-Cash Consideration would be the value attributed to such consideration in the formal offer document, or, if there is no value attributed to such consideration in the offer document, the value would be determined by an independent valuer; and
  - this is collectively referred to as the “Sale and Share Transfer Deed”.

Since ZCI did not dispose ANY of its interest in ACU on or prior to the Longstop Date, the Share Transfer Deed and the conditions attached to it became effective (as per the Settlement Agreements). In terms of the Share Transfer Deed and upon ZCI receiving shareholder approval:-

- ZCI will notify iCapital that shareholder approval has been obtained;
- ZCI will, within 21 days after notifying iCapital, serve notice on ACU to convert the loan of USD8,379,100 (“the Tranche A Loan”) into 556,307,263 ordinary shares of GBp1 (one British pence) each in the capital of ACU in accordance with the terms of the Tranche A Loan agreement. The day such conversion takes place being the Conversion Date. It must be noted that the conversion of the Tranche A Loan is being carried out at GBp1 when the share price is trading at GBp1.63 (at 31 March 2013) which is an effective discount of ~31%;
- after the Conversion Date, ZCI will hold 1,338,247,251 ACU Shares (“the Total Holding”) out of the revised total issued share capital of 1,485,106,251 of ACU;
- within 10 days of the later of the Conversion Date or the date which is 21 days after the notification date, and on condition of receipt of the documents referred to in the Share Transfer Deed from iCapital, ZCI shall transfer 247,575,741 ACU Shares to iCapital (“the Specified Shares”) for nil consideration. ZCI shall not dispose of any of its Total Holding prior to the Conversion Date and the transfer pursuant to Share Transfer Deed;
- iCapital shall be liable for the amount of any stamp duty or other transfer tax payable as a result of the transfer of the Specified Shares to iCapital pursuant to Share Transfer Deed and no amount shall be payable by ZCI to iCapital under and/or arising out of or in connection with the IAMA; and

- the Share Transfer Deed contains tag along rights as well as drag along rights. Specifically, the drag along rights stipulate that if ZCI wishes to sell the Total Holding Balance, whether as part of a takeover offer for ACU or otherwise, ZCI may require iCapital, within 3 days of the date of serving on iCapital (and/or any Transferee) a written notice confirming it is invoking these rights under this clause (“a Transfer Notice”), to transfer ALL (and not some) of the Specified Shares to the proposed purchaser of the Total Holding Balance with full title guarantee free from all encumbrances. The transfer of the Specified Shares shall be for the same consideration per share as is to be paid to ZCI plus a premium of 5% which premium ZCI, and not the purchaser, shall pay to iCapital and otherwise on the same terms as those agreed with ZCI.

The transfer of the Specified Shares to iCapital has been recognised for accounting purposes as a share based payment and calculated in accordance with IFRS 2 Share-based Payments and IAS 27 Consolidated and Separate Financial Statements (“Standards”).

The transfer has been measured at the fair value (based on the ACU Share price in accordance with the Standards) of the equity instruments granted and calculated as 247,575,741 ACU Shares (herein referred to as the Market Value), granted at the quoted share price of ACU Shares on the LSE of GBp1.63 on the assumed grant date (31 March 2013) and converted to US Dollars based on an exchange rate of US\$1.52 for each GBP1.00 on the same date.

In terms of the IAMA, the performance fee for the First Period is calculated as 20% of the Aggregate Value Differential provided that such Aggregate Value Differential is greater than zero and for the First Period, the Aggregate Value Differential equals the aggregate of the Individual Value Differentials, the Individual Value Differential of which equals the Investment Value less the Investment Hurdle. Clause 1.1.19 of the IAMA specifically states that the Investment Value for the first calculation period means “*the Acquisition Cost of each Investment*” and in all successive calculation periods, “*the valuation of each investment*”. The Acquisition Cost is defined as the purchase price of the Investment plus any related fees, costs and expenses incurred by ZCI in connection with the Investment. The Investment Hurdle is calculated as the Acquisition Cost plus the Acquisition Cost multiplied by the Average Hurdle Rate multiplied by two. The Average Hurdle Rate is defined as the annual average of the hurdle rates for each calculation period, the hurdle rate of which is the rate calculated at the beginning of each Fiscal Period equal to three times the prevailing rate of interest paid on a US government treasury bill having a maturity period of one year.

iCapital had claimed that, in accordance with the IAMA, it is entitled to a performance fee of US\$60 million for the First Period. However, ZCI disputed that, claiming that, using the above formula, the performance fee payable to iCapital for the First Period is zero. iCapital claim that there is an error in the drafting of the relevant clauses and, as such, the IAMA does not reflect the true intention of the parties. iCapital insist that the fair value of ACU should be used to calculate the performance fee for the First Period. In an attempt to reach a settlement, the directors of ZCI loosely applied the Second Period formula to arrive at a figure of US\$2 million for the First Period, the formula of which uses the fair value of ACU, and not the Acquisition Cost, as the Investment Value.

The Amendments are considered a variation of the existing IAMA. In addition, iCapital is an associate of Mr Jordan Soko, who is also a director of both ACU and iCapital. Given this, iCapital is regarded as a related party in terms of Section 10 of the JSE Listings Requirements and consequently, the Amendments are regarded as a related party transaction which is subject to an Independent Fairness Opinion, to be prepared by an independent professional expert in terms of paragraph 10.4(f) of the JSE Listings Requirements.

The Independent Fairness Opinion will assess whether the Amendments are fair to the shareholders of ZCI and the Fairness Opinion has been structured such that the First Performance Fee Payment and the Transfer have been quantitatively assessed for fairness separately, with an overarching opinion presented to embody our opinion with respect to the Amendments.

With respect to the above, if the shareholders of ZCI do not approve the terms of the Amendments by 30 September 2013, the Performance Fee Dispute will not be settled and the parties will revert to the procedures set out in the IAMA.

Ordinarily, in order to fulfil the obligations of Section 10 of the JSE Listings Requirements, it would have been necessary to assess the merits and fairness of the Amendments on which we are opining upon in this letter relative to the terms and conditions set out in the IAMA. In this particular case, however, both ZCI and iCapital have encountered difficulties with respect to the interpretation and application of the IAMA as it relates to the calculation of the performance fee whereby iCapital would be compensated for introducing the ACU business to ZCI.

Essentially, both ZCI and iCapital disputed the interpretation and quantity of compensation in terms of the IAMA and this resulted in the Performance Fee Dispute. In order to avoid ongoing litigation and the unhealthy contest, the

ZCI Board approved the Amendments which represent a potential amicable resolution to the difficulties presented in the interpretation of the IAMA. Venmyn Deloitte considers that, as a result, the IAMA is redundant. Having considered the IAMA, Venmyn Deloitte believes that it is impossible to quantify the Second Period Performance Fee due to iCapital, and also due to the fact that both parties could not quantify the value merits of the IAMA, our opinion must necessarily only deal with the Amendments by examining them on their own merits. If the Amendments do not come into force and effect, ZCI and iCapital will revert to the unresolved, unquantified Performance Fee Dispute and the dispute resolution as set out in the IAMA.

This opinion has been prepared for the purposes of paragraphs 10.4(f) of the JSE Listings Requirements and in accordance with Schedule 5 of the JSE Listings Requirements to a standard format that makes it compliant with the requirements of the Regulations and with the South African Code for Reporting of Mineral Asset Valuation ("SAMVAL Code").

### **Fairness opinion requirement**

In order for the shareholders of ZCI to apply their minds to the Amendments, Venmyn Deloitte is providing a statement confirming whether the Amendments are fair insofar as the shareholders of ZCI (excluding the related parties) are concerned. In the case of mineral assets, Venmyn Deloitte will essentially consider the difference between the fundamental or intrinsic value of the ACU mineral assets relative to the Market Value as measured by the ACU Share price. We have made use of the International Mineral Reporting Valuation Code's (the "IMVAL Code") definition of Market Value and Intrinsic Value. The Market Value is the amount determined on the basis of a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. In this, the trading value of the shares. The intrinsic value represents the sum of the discounted cashflow value of the ACU mines and mineral assets together with adjustments for the balance sheet values. In this case, the intrinsic value is the same as the Fair Value.

### **Responsibility**

Compliance with Section 10 of the JSE Listings Requirements is the responsibility of the directors of ZCI. Our responsibility is to report to the Board on the fairness of the terms and conditions of the Amendments.

### **Explanation as to how the term "fair" applies in the context of the Amendments**

Venmyn Deloitte reviewed the fairness of the terms and conditions of the Amendments where the term "fairness" was based upon quantitative issues. Broadly speaking, the Amendments would be considered fair to the shareholders of ZCI if:-

- the Fair Value (the intrinsic value of the mineral assets primarily measured through the concept of "Value-in-Use") of ACU as at 31 March 2013 ("the Effective Date" - the grant date which, by default, is Effective Date of our Opinion – the date on which the valuation will be carried out and the balance sheet items adjusted and also the date on which the share price of ACU shares will be taken as the Market Value for the purposes of assessing the fairness) is lower than or equal to the Market Value of ACU post-transaction as determined by the ACU Share price multiplied by the revised total issued share capital. In this way, ZCI is transferring shares at a Market Value which is greater than their intrinsic value. In other words, this transaction can be seen to be similar to converting their loan at a discount to the trading price. The critical requirement is that ZCI have not transferred the shares at a value which is less than what they are actually worth; and
- the Performance Fee for the First Period, as calculated by Venmyn Deloitte in accordance to the manner as applied by ZCI and as explained above, is greater than or equal to US\$2 million.

The Amendments would be considered unfair to the shareholders of ZCI if:-

- the Fair Value (the intrinsic value of the mineral assets primarily measured through the concept of "Value-in-Use") of ACU as at 31 March 2013 ("the Effective Date") is greater than the Market Value of ACU post-transaction as determined by the ACU Share price multiplied by the revised total issued share capital; and
- the Performance Fee for the First Period, as calculated by Venmyn Deloitte in accordance to the manner as applied by ZCI and as explained above, is less than US\$2 million.

Once again, it is noted that ZCI was capable of converting the Tranche A Loan at a significant discount to the market price.

In this particular case, it was important to be mindful of the requirements of the SAMVAL Code prepared under the auspices of the Southern African Institute of Mining and Metallurgy (SAIMM) and the Geological Society of Southern Africa (GSSA) which is specifically relevant to mineral companies. To this end, Venmyn Deloitte not only employs Competent Persons and Competent Valuers in the minerals industry, but has also prepared numerous fairness opinions for mineral companies in the past. The valuation, upon which this fairness opinion is based, will be conducted in accordance with the SAMVAL Code (2008), as defined.

#### **Details and sources of information**

- In arriving at our opinion we have been supplied with extensive company information of both a technical and financial nature from ZCI and ACU. A site visit to the principal mineral assets (Mowana and Thakadu mines) was conducted by Mr Munyar Chirisa and Ms Karabo Mphahlele, both of Venmyn Deloitte, on 12 August 2013 in order to familiarise ourselves with key assets of ACU. Therefore, in broad terms, we have relied upon, but were not restricted to the following principal sources of information:-
  - audited financial statements of ACU and its subsidiaries for the year ended 31 March 2012 and preliminary final results for the year ended 31 March 2013;
  - audited financial statements of ZCI and its subsidiaries for the years ended 31 March 2012 and 31 March 2013;
  - management accounts for the past two years;
  - ZCI's Annual Reports for the years ended 31 March 2012 and 31 March 2013, both of which were prepared in accordance with Section 8.63(l) of the JSE Listing Requirements to comply with the Southern African Code for Reporting of Mineral Resources and Mineral Reserves ("the SAMREC Code");
  - ACU's Annual Reports for the years ended 31 March 2012 and 31 March 2013;
  - the Subscription Agreement, dated 21 May 2009, entered into by ZCI and ACU;
  - the Offtake Agreement, dated 17 November 2009, entered into by Messina Copper Botswana (Pty) Limited ("Messina Copper", a 100% owned subsidiary of ACU) and MRI Trading AG (MRI);
  - the IAMA, dated 11 December 2008, entered into by ZCI and iCapital;
  - a document, dated 14 May 2013, authored by Macfarlanes and entitled "*Explanatory Notes to Proposed Settlement Between ZCI and iCapital*";
  - a document, entitled "*Board Summary*" prepared by Macfarlanes for the ZCI Board and dated 14 May 2013;
  - the Sale Deed, Transfer Deed and Sale and Transfer Deed as described above;
  - the Escrow Deed (as described above);
  - the Term Loan Facility Agreement dated 18 June 2009 outlining the details of the Tranche A Loan;
  - management forecasts and estimates for the future;
  - various mining and Thakadu ore transport agreements;
  - historical production and sales records;
  - the historical exploration expenditures;
  - metallurgical information provided by the ACU with respect to plant production estimates in the life-of-mine cash flow;
  - publicly available information relating to the mining sector; and
  - publicly available information relating to ZCI and ACU that we deemed to be relevant, including company announcements and media articles.

The information above was sourced from:-

- directors and management of ACU, ZCI and their advisors;
- personal inspection of ACU's mineral assets; and

- third party sources, insofar as such information related to publicly available economic, market and other data applicable to or potentially influencing ACU.

### **Assumptions**

We arrived at our opinion based on the following assumptions:-

- that the legal status of ACU's mineral rights and statutory obligations were fairly stated;
- that the corporate structure and ongoing activities were fairly presented;
- that reliance can be placed on the audited financial statements of ACU;
- that reliance can be placed on Mineral Resources and Reserves Statements in respect of ACU's underlying operations; and
- that reliance can be placed on the technical and financial structure of the corporate valuation model prepared by ACU.

Venmyn Deloitte made due enquiry into these issues to be satisfied of the potential impact on the ACU corporate valuation.

### **Appropriateness and reasonableness of underlying information and assumptions**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:-

- placing reliance on audit reports in the financial statements of ACU;
- assessing historical performances from management accounts and evaluating future production forecasts;
- assessing the historical and recent exploration activities and the appropriateness thereof;
- assessing the effect of the upgrade capex that has been spent thus far;
- review of Mineral Resources and Reserves Statements in respect of ACU's underlying operations and ACU's spreadsheet cashflow model. The Mineral Resources and Mineral Reserves were provided by ACU's Competent Person, Mr Dave De'Ath who is a qualified person for the purposes of NI 43-101, and the SAMREC and JORC codes and is recognised as a competent person to sign off on the mineral resources and mineral reserves disclosure in the South African jurisdiction; and
- determining the extent to which representations from management of ACU was confirmed by documentary evidence as well as our understanding of the company and the base metals industry environment in which it operates.

### **Going Concern**

The Going Concern assumption is the assumption that an entity will continue to operate for the foreseeable future. Where there is a reasonable expectation that a company will be unable to meet its current obligations as they become due, the Going Concern assumption may not apply.

The liquidity position of ACU is supported principally by three debt facilities from the following (as at 31 March 2013):-

- ZCI - the consolidated principal debt was US\$74.9 million. The accrued interest on the principal debt was US\$18.7 million. This facility was fully drawn; and
- African Banking Corporation of Botswana Limited – this includes an overdraft facility of US\$3 million and a capital equipment facility of US\$3.1 million. As at 31 March 2013, the overdraft facility supporting working capital was drawn to US\$0.1 million and the capital equipment facility was drawn to US\$1.8 million.

In addition, ZCI has deferred all principal and interest payments arising from ACU's debt obligation to ZCI until 31 July 2014. Furthermore, the Thakadu and Mowana Mines are cash generating units. We have reviewed the historical and the projected production and sales statistics from these mines and we are satisfied that these operations provide a sound basis to justify the Going Concern assumption.

Consequently, the continued applicability of the Going Concern assumption to ACU is completely justified.

## **Limiting conditions**

This opinion is provided to the Board of ZCI in connection with and for the purposes of the Share Transfer Deed and the Amendments that have been outlined above. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of ZCI shareholders.

An individual shareholder's decision as to whether to grant approval to the Amendments may be influenced by his particular circumstances. Accordingly, shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Amendments. The assessment as to whether or not the Board decide to recommend the Amendments is a decision that can only be taken by the Board.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of ACU, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information on ACU relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

We express no opinion as to how closely the actual future results of ACU will correspond to those projected. Where practical, we have compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with the management of ACU.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## **Independence and competence**

In terms of Section 10(f) and Schedule 5 of the JSE Listing Requirements, Venmyn Deloitte is an Independent Expert and is competent to act in respect of the Amendments. Venmyn Deloitte will be paid advisory fees of ZAR450,000 for this opinion (excluding VAT and excluding expenses). Furthermore, we confirm that our professional fees are not contingent upon the successful implementation of the Amendments.

Furthermore, as per Section 10(f) and Schedule 5 of the JSE Listing Requirements, we confirm that Venmyn Deloitte has no direct or indirect interest in ACU Shares or the Amendments and no relationship exists between or among ACU, ZCI, iCapital and/or Venmyn Deloitte. We also confirm in terms of Section 10(f) and Schedule 5 of the JSE Listing Requirements that we are independent and have the necessary qualifications and competence to provide a fairness opinion on the Amendments.

An important point must be made at this point:-

Venmyn Deloitte was commissioned by Macfarlanes in 2011 to provide an Independent Mineral Asset Valuation Report on the mineral assets of ACU as part of the dispute resolution process mentioned above. Our mandate was to provide an Independent Mineral Asset Valuation Report which would form the basis for ZCI and iCapital reaching an agreement and settle the dispute.

However, our mandate was put on hold (but not terminated) before we could conduct any meaningful work pending the finalisation of the dispute settlement as mentioned above. We understand that our mandate with Macfarlanes will re-commence if the shareholders of ZCI do not approve the terms of the transaction by 30 September 2013, upon which the dispute will not be settled and the parties will, in effect, revert to the procedures set out in the IAMA, as mentioned above.

## **Valuation**

Venmyn Deloitte performed an independent valuation of ACU and its mineral assets to determine whether the Amendments are fair to the shareholders of ZCI. The valuation, which was completed in accordance with the reporting and assessment criteria stipulated for Mineral Asset Valuations in the SAMVAL Code and the Regulations, is dated 31 March 2013.

From the outset, it must be noted that the strict definition of an asset is taken from the International Financial Reporting Standards (IFRS) which states that “*an asset is a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow*”. Therefore, if a Prospecting or Mining Right has not been granted and notarially executed, or has expired, the definition of an asset is not met and therefore, the value is deemed to be zero.

The valuation encompasses the mineral assets presented in Table 1, all of which are 100% indirectly owned by ACU:-

**Table 1: ACU Mineral Asset Register**

MINERAL ASSET	DEVELOPMENT STAGE
Mowana Mine and Process Plant	Operating
Thakadu Mine	Operating
Mowana Underground	Measured, Indicated and Inferred Mineral Resources
Mowana North	Inferred Mineral Resources
Erasmus Winze	Indicated and Inferred Mineral Resources
Thakadu Underground	Indicated and Inferred Mineral Resources
Makala	Inferred Mineral Resources
Nakalakwana Hill	Inferred Mineral Resources
Other Greenfields Projects	Exploration projects with no declared mineral resources

The Mowana and Thakadu Mines and the Mowana Process Plant, which operate as a single cash generating unit, are wholly owned by Messina Copper. The remainder of the mineral assets are wholly owned by Matsitama Minerals (Pty) Limited (Matsitama Minerals), a wholly owned subsidiary of ACU. Therefore, our valuation exercise has assessed the value of the mineral assets and adjusted for the balance sheet items of ACU, and not the balance sheet items of Messina Copper and Matsitama Minerals.

Our valuation has also encompassed the environmental liabilities and assets that have been defined for the company’s mineral assets and outlined on ACU’s balance sheet.

Other issues that affect the valuation of ACU that were considered included, but were not restricted, to the following:-

- the mining contract in place and the Thakadu ore transport agreement which is currently in place;
- the recent capex upgrade spent at the Mowana Process Plant;
- the existing offtake agreement for the concentrate produced by the Mowana Process Plant;
- the effect of copper prices on the value of ACU’s mineral assets; and
- the political and economic climate in Botswana.

The valuation of ACU has been based on an aggregation of the value quantities for: -

- the value as derived for each of the individual operating assets using the various valuation methods described below;
- the value of ACU’s various pre-operating projects using the methods described below;
- the conversion of Tranche A Loan into ACU Shares; and
- balance sheet adjustments to account for the Value-in-Use of the fixed property, plant and equipment as well as the net environmental liabilities, debt and cash as at 31 March 2013.

For the purposes of mineral asset valuation, special circumstances exist with respect to the appreciation of the Mineral Resources that are the primary assets of the company and are of a wasting nature over time. Generally these resources are also located in the ground and are not immediately obvious in quality and quantity. It is for this reason that qualified experts in technical analysis and valuation are required to assess the “*reasonable prospects for eventual economic extraction*” which is the primary objective of a mineral and mining company. A primary principle is “*Value in Use*” and therefore the cashflow valuations of operating projects are most important. However, other valuation methodologies can be used when DCF analyses cannot be performed. The Mineral Resource and Mineral Reserve Statement for ACU’s mineral assets is presented in Table 2 below.

**Table 2: Mineral Resource and Mineral Reserve Statement for ACU's Mineral Assets**

PROJECT	PL/ML NUMBER	CATEGORY	TONNAGE (Mt)	Cu GRADE	Cu CONTENT (Mib)
Mowana Opencast	ML2006/53L	Measured	7.29	1.27%	204.11
		Indicated	3.09	1.61%	109.68
		Inferred	2.44	1.22%	65.63
Thakadu Opencast	ML2010/96L	Indicated	1.99	2.09%	91.81
Mowana Underground	ML2006/53L	Measured	38.11	0.41%	344.49
		Indicated	93.64	0.41%	846.43
		Inferred	81.52	0.36%	646.98
Mowana North	ML2006/53L	Inferred	56.80	0.45%	563.50
Erasmus	PL060/2011	Indicated	1.52	0.81%	27.19
Erasmus Winze		Inferred	1.43	0.69%	21.81
Thakadu Underground	ML2010/96L	Indicated	2.20	1.18%	57.34
		Inferred	0.96	1.29%	27.33
Makala	PL1/2005	Inferred	10.28	1.18%	267.33
Nakalakwana Hill	PL17/2004	Inferred	18.00	0.45%	178.57
<b>TOTAL/AVERAGE</b>			<b>304.47</b>	<b>0.44%</b>	<b>2,980.98</b>

There are three generally accepted valuation approaches used in the valuation of mineral properties:-

- Income approach;
- Market Comparison approach; and
- Cost approach.

The SAMVAL Code prescribes the Competent Valuator to use at least two methods of valuation for any mineral asset under valuation.

#### *Operating assets*

The valuation of operating assets (the Thakadu and Mowana Mines as a single cash generating unit) has been determined based on the income approach and market approach.

The income approach is based on net present values (NPVs) derived using the discounted cash flow (DCF) techniques applied on the post-tax, pre-finance cash flows in constant money terms. The NPV of the post-tax, pre-finance cash flows, obtained after applying an appropriate discount rate, was then taken as the value for the Thakadu and Mowana Mines. The Capital Asset Pricing Model (CAPM) was used to estimate the appropriate discount rate for use in the cashflow model and the discount rate used was 11% (real).

Key value drivers to the DCF valuation included specifically the copper prices in US dollars and the exchange rate, plant recovery, the discount rate, working capital and capital expenditure requirements. Prevailing market and industry conditions were also considered in assessing the risk profile of ACU. Venmyn Deloitte considered a copper price of USD3.29/lb and an exchange rate of BWP8.11/US\$. The key assumptions used in the cashflow valuation model (keeping in mind confidentiality issues) are shown in Table 3:-

**Table 3: Key Assumptions Used in the DCF Model**

PARAMETER	VALUE	UNITS
Cu Price	3.29	US\$/lb
Ag Price	28.00	US\$/oz
Concentrate Treatment Charges	70.00	US\$/t
Cu Refining Charges	0.07	US\$/lb
Ag Refining Charges	0.40	US\$/oz
Concentrate Freight	185.63	US\$/t
Mining (Thakadu)	22.00	BWP/t mined material
Mining (Mowana)	24.50	BWP/t mined material
Processing Cost	140.00	BWP/t milled
G&A	25.00	BWP/t milled
Tailings Disposal	10.55	BWP/t milled
Stay in Business (SIB) Capital	0.30	BWPm/a
Royalty Rate	3%	% of Gross Sales at Mine Gate
Corporate Tax Rate	25%	%
Exchange Rate	8.11	BWP:US\$
Ore Bulk Density	2.70	t/m <sup>3</sup>
Botswana Inflation Rate	7.50%	%
Botswana Risk Free Rate	7.00%	%
Beta	1.20	#
Market Risk Premium	5.50%	%
Project Specific Risk Premium	5.71%	%
Nominal Discount Rate	19.31%	%
<b>Real Discount Rate</b>	<b>10.99%</b>	<b>%</b>

The valuations were performed taking cognisance of risk and other market and industry factors affecting ACU. Use was made of the existing life of mine plan for the Thakadu and Mowana Mines as well as the plant recovery and mass pull rates. Venmyn Deloitte performed a high level due diligence of these to assess the reasonableness of these key inputs and to verify their suitability for use in this exercise. Additionally, sensitivity analyses were performed considering key value drivers and it was evident that the project value is most sensitive to the metal price.

In terms of the market approach, where comparable transactions relating to the sale, joint venture or farm-in/farm-out of mineral assets are known, such transactions were used as a guide to, or means of, valuation. For a transaction to be considered comparable it should be similar to the asset being valued in terms of location, timing and commodity and the transaction regarded as of “arm’s length”. Venmyn Deloitte maintains an industry standard copper curve against which the ACU’s mineral assets can be compared.

#### *Exploration properties*

Exploration properties were valued using the market approach and cost approach.

The summary mineral asset valuation is shown in Table 4 below. The SAMVAL Code prescribes that the Competent Valuator present the value of mineral assets as a range (between the “lower” and “upper”), within which the Fair Value is selected and this requirement has been met in Table 4. Venmyn Deloitte’s Preferred Value (the Fair Value) for ACU’s mineral assets was derived using the cash flow approach on operating projects, and as the average of the market and cost approaches on the remainder of the projects.

**Table 4: Mineral Asset Valuation Summary of ACU's Mineral Assets**

PROJECT	ML/PL NUMBER	VALUATION METHOD RESULT (US\$m)			PROJECT VALUE (US\$m)		
		COST	MARKET	DCF	LOWER	UPPER	FAIR
Mowana and Thakadu Opencast Mines	ML2006/53L and ML2010/96L	-	44.72	72.75	44.72	72.75	72.75
Mowana Underground	ML2006/53L	18.72	34.37	-	18.72	34.37	26.55
Mowana North	ML2006/53L	4.38	3.83	-	3.83	4.38	4.11
Erasmus Winze	PL060/2011	0.09	0.95	-	0.09	0.95	0.52
Thakadu Underground	ML2010/96L	1.90	1.88	-	1.88	1.90	1.89
Makala	PL1/2005	0.34	1.82	-	0.34	1.82	1.08
Nakalakwana Hill	PL17/2004	4.28	0.41	-	0.41	4.28	2.34
	PL14/2004	1.05	2.36	-	1.05	2.36	1.71
	PL15/2004	0.53	1.46	-	0.53	1.46	1.00
	PL16/2004	1.92	1.89	-	1.89	1.92	1.91
	PL180/2008*	0.00	0.00	0.00	0.00	0.00	0.00
	PL33/2005*	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>					<b>73.47</b>	<b>126.17</b>	<b>113.83</b>

The DCF value has been chosen as the Fair Value for the Mowana and Thakadu Mines as we are of the opinion that this method gives a fair reflection of the intrinsic value of these assets.

\* - The Prospecting Rights for the PL180/2008 and PL33/2005 areas have expired and an application for renewal has been lodged. However, these properties do not meet the definition of an "asset" as per IFRS and therefore, their value is zero.

The balance sheet as at 31 March 2013 (actual and adjusted by Venmyn Deloitte for use in net asset value calculation) is shown in Table 5:-

**Table 5: ACU Balance Sheet as at 31 March 2013**

DESCRIPTION		ACTUAL (US\$m)	ADJUSTED (US\$m)	
Assets	Non-current Assets	Property, plant and equipment	63.05	7.95
		Deferred exploration costs	9.31	0.00
		Other financial assets	0.27	0.27
		Long term receivables	0.00	0.00
		Investments in subsidiaries	0.00	0.00
		<b>Total non-current assets</b>	<b>72.64</b>	<b>8.22</b>
	Current Assets	Other receivables and repayments	5.21	5.21
		Inventories	8.89	8.89
		Cash and cash equivalents	2.46	2.46
		<b>Total current assets</b>	<b>16.57</b>	<b>16.57</b>
<b>Total Assets</b>		<b>89.20</b>	<b>24.79</b>	
Equity and Liabilities	Equity	Issued share capital	(15.17)	0.00
		Share premium	(170.08)	0.00
		Other reserve - ZCI convertible loan	(0.50)	0.00
		Merger reserve	0.00	0.00
		Acquisition reserve	(8.93)	0.00
		Foreign currency translation reserve	(7.45)	0.00
		Accumulated losses	232.06	0.00
		<b>Total Equity</b>	<b>29.93</b>	<b>0.00</b>
	Non-current Liabilities	Rehabilitation Provision	(6.77)	(6.77)
		Amounts payable to ZCI	(7.50)	(7.50)
		Other borrowings	(1.88)	(1.88)
		<b>Total Liabilities</b>	<b>(16.15)</b>	<b>(16.15)</b>
	Current Liabilities	Bank overdraft	(0.03)	(0.03)
		Trade and other payables	(16.78)	(16.78)
		Amounts payable to ZCI	(86.17)	(86.17)
Amounts payable to subsidiary		0.00	0.00	
<b>Total Current Liabilities</b>		<b>(102.99)</b>	<b>(102.99)</b>	
<b>Total Equity and Liabilities</b>		<b>(89.20)</b>	<b>(119.13)</b>	
<b>Net</b>		<b>0.00</b>	<b>(94.34)</b>	

The adjusted figures for property, plant and equipment (as shown in Table 5) were adjusted as shown in Table 6:-

**Table 6: ACU Balance Sheet as at 31 March 2013 – PPE Adjustment**

DESCRIPTION	MINE DEVELOPMENT, EXPLORATION AND INFRASTRUCTURE	MINE PLANT & EQUIPMENT	OTHER	TOTAL
Cost	91.15	67.30	13.24	171.69
Depreciation and Impairment losses	(79.45)	(23.90)	(5.29)	(108.64)
Carry Amount	11.69	43.41	7.95	63.05
<b>Carry Amount adjusted for use in net asset value calculation</b>	<b>0.00</b>	<b>0.00</b>	<b>7.95</b>	<b>7.95</b>

The summary net asset value analysis, as well as the quantitative analysis of whether or not the Amendments are fair to the shareholders of ZCI, is set out in

Table 7:-

**Table 7: Net Asset Value Calculation of ACU**

DESCRIPTION	VALUE	UNITS
Mineral assets (Lower Value)	73.47	US\$m
Mineral assets (Upper Value)	126.17	US\$m
<b>Mineral assets (Fair Value)</b>	<b>113.83</b>	<b>US\$m</b>
Balance sheet adjustment	(94.34)	US\$m
Tranche A Loan Adjustment	8.38	US\$m
<b>Fair Net Asset Value (Fair value of ACU post-transaction)</b>	<b>27.87</b>	<b>US\$m</b>
ACU outstanding shares (pre-transaction)	928,798,988	share
Shares converted from Tranche A Loan (a condition precedent to the transaction)	556,307,263	share
<b>Total ACU Outstanding shares post transaction</b>	<b>1,485,106,251</b>	<b>share</b>
ZCI shares in ACU pre-transaction	781,939,988	share
ZCI shareholding in ACU pre-transaction	84.19%	%
ZCI shares in ACU post-transaction, pre-transfer	1,338,247,251	share
<b>ZCI shareholding in ACU post-transaction, pre-transfer</b>	<b>90.11%</b>	<b>%</b>
ACU share price on grant date (31 March 2013)	1.63	GBp
US\$:GBP Exchange Rate	1.52	US\$:GBP
<b>ACU share price on grant date (31 March 2013)</b>	<b>0.025</b>	<b>US\$/share</b>
<b>Fair value of ACU per share post-transaction</b>	<b>0.019</b>	<b>US\$/share</b>
Shares transferred to iCapital from ZCI	247,575,741	share
ZCI shares in ACU post-transaction	1,090,671,510	share
ZCI shareholding in ACU post-transaction	73.44%	%
<b>Market value of ZCI shareholding in ACU pre-transaction (including Tranche A Loan)</b>	<b>27.75</b>	<b>US\$m</b>
<b>Fair value of ZCI shareholding post-transaction</b>	<b>20.47</b>	<b>US\$m</b>
iCapital shareholding in ACU post transaction	16.67%	%
<b>Fair value of ZCI's shares in ACU transferred to iCapital</b>	<b>4.65</b>	<b>US\$m</b>
<b>Market value of ZCI's shares in ACU transferred to iCapital</b>	<b>6.13</b>	<b>US\$m</b>

The Fair Value of ACU (post transaction) has been calculated as US\$27.87 million value will be used to assess the fairness of the Amendments and not the IAMA, which is considered redundant in this case. The most important results for use in quantitatively assessing the fairness of the Transfer to the shareholders of ZCI can be summarised as shown in Table 8:-

**Table 8: Quantitative Assessment of Fairness of Transaction (with respect to the share transfer)**

DESCRIPTION	FAIR VALUE	MARKET VALUE	UNITS
Value of ACU	27.87	31.39*	US\$m
ACU Share Price	0.019	0.025	US\$/share
Value of ZCI's shares in ACU transferred to iCapital	4.65	6.13	US\$m
Value of ZCI shareholding in ACU**	20.47	27.75	US\$m

\* - Market Value plus the value of the Tranche A Loan

\*\* - the Fair Value represents the post-transaction value and the Market Value represents the pre-transaction value plus the Tranche A Loan value

Venmyn Deloitte has analysed the ACU Share price as traded on the AIM in order to gain knowledge on the liquidity of the ACU Shares. We noted that, historically, the volume-weighted average share price (VWAP) of ACU, up to 31 March 2013, was as shown in Table 9:-

**Table 9: ACU Historical Volume-Weighted Average Share Price**

DESCRIPTION	GBP	US\$
30day VWAP	1.57	0.025
90day VWAP	1.57	0.025
180day VWAP	1.79	0.028

US\$:GBP exchange rate = 1.5711

Venmyn Deloitte is of the opinion that, because there has been no material change in the ACU Share price as demonstrated in Table 9, and also because the liquidity of ACU Shares on AIM is low, the ACU Share price does not adequately incorporate the details of the company as set out herein and therefore, the relationship between the intrinsic value and the Market Value is critical to forming our opinion.

The fact is that ZCI is expunging its obligations to iCapital by transferring the Specified Shares at the Market Value whilst at the same time it has converted the Tranche A Loan at an effective 31% discount to the Market Price.

Based on the above (in conjunction with the results summarised in Table 8), Venmyn Deloitte considers that the Transfer is fair under all circumstances considered in this Fairness Opinion.

The fairness of the First Performance Fee Payment has been assessed against the formula as set out in the IAMA as well as against the formula applied by the ZCI board as explained earlier in this report and this is shown in Table 10. The results show that the First Performance Fee Payment is unfair to the shareholders of ZCI (excluding any related parties). The reader is alerted to the fact that, according to the IAMA, the performance fee formulas for the First Period and that for the subsequent periods are different and therefore, whilst we can apply the formula for the First Period, we cannot do the same for the Second Period.

**Table 10: Quantitative Assessment of Fairness for the First Performance Fee Payment**

DESCRIPTION	IAMA*	VARIATION**	UNITS
<b>Total subscription price amount</b>	<b>11.47</b>	<b>11.47</b>	<b>US\$m</b>
Expenses, fees	(0.90)	(0.90)	US\$m
<b>Acquisition cost</b>	<b>12.37</b>	<b>12.37</b>	<b>US\$m</b>
Mineral assets (Fair Value)	113.80	113.80	US\$m
Balance sheet adjustment	(94.34)	(94.34)	US\$m
<b>ACU Fair Value (Investment Value)</b>	<b>19.46</b>	<b>19.46</b>	<b>US\$m</b>
US government treasury bill interest rate (years 2009-2010)	0.38%	0.38%	%
Average Hurdle Rate	1.13%	1.13%	%
Hurdle for first calculation period	0.57	0.57	US\$m
Investment hurdle	12.93	12.93	US\$m
Value differential	(0.57)	6.53	US\$m
<b>Performance fee (for first calculation period)</b>	<b>0.00</b>	<b>1.31</b>	<b>US\$m</b>

\* - calculations performed using the formula in the IAMA

\*\* - calculations performed using the "second period calculation" formula as a basis – this is the basis of our opinion

The reader is advised to take note of the fact that we were not opining on the legality or validity of either of the two scenarios demonstrated above in Table 10. But rather, we were opining the on the fairness of the Amendments at face value.

An important note must be made at this point. Venmyn Deloitte has used the 31 March 2013 fair value in assessing the fairness of the First Performance Fee Payment. Whilst ideally the January 2010 valuation should have been used, it would have been likely misleading as many changes have occurred in the global market and economy, changes of which would have been impossible to ignore. However, we are of the opinion that the 31 March 2013 fair value is the higher of the two (31 March 2013 and January 2010) as a lot more work has been undertaken e.g. Thakadu is now a fully operational mine and the Mowana Plant has undergone several debottlenecking processes.

The results shown in Table 10 demonstrate that the First Performance Fee Payment is unfair to the shareholders of ZCI (excluding any related parties) under all circumstances.

Venmyn Deloitte has analysed the fairness of the Amendments as a whole by combining the results of the two set of circumstances considered herein (the Transfer and the Amendments) as shown in Table 11.

**Table 11: Quantitative Assessment of Fairness of the Transaction**

DESCRIPTION	FAIR VALUE	REFERENCE VALUE	(DIFFERENCE) EXTENT OF FAIRNESS	UNITS
Value of ZCI's ACU Shares transferred to iCapital	4.64	6.13	1.49	US\$m
Performance Fee for the First Period	1.31	2.00	(0.69)	US\$m
		<b>OVERALL</b>	<b>0.80</b>	<b>US\$m</b>

The overall conclusion is that, whilst the First Performance Fee Payment is unfair, the overall Amendments are fair to the shareholders of ZCI (excluding any related parties). This is because the extent of unfairness of the First Performance Fee Payment is not sufficiently large to overturn the extent of fairness of the Transfer and consequently, Venmyn Deloitte is of the opinion that the Amendments are fair to the shareholders of ZCI (excluding any related parties).

The valuation exercise above was undertaken solely in respect of the fairness opinion and should not be used for any other purposes, save that Venmyn Deloitte hereby consents that this fairness opinion be included, in whole or in part, in any required regulatory announcement or documentation.

### Procedures

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Amendments: -

- considered that the share price of ACU Shares on the LSE is GBp1.63 (USc2.43) as at 31 March 2013;
- considered that the value of the ACU Shares transferred to iCapital as at 31 March 2013 is ~US\$6.13 million;
- considered iCapital's claim of US\$60 million as the performance fee for the First Period;
- considered that the value of ZCI's shareholding in ACU as at 31 March 2013 is ~US\$19.37 million;
- considered that the Tranche A Loan value is ~US\$8.38 million;
- considered the First Performance Fee Payment and the method used in arriving at that value;
- reviewed the audited and unaudited financial information related to ACU, as detailed above;
- reviewed Mineral Resources and Reserves Statements in respect of ACU's underlying operations
- held discussions with certain directors and management of ACU and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- reviewed the cashflow model supplied by ACU which outlines the production and sales forecasts;
- reviewed ACU's forecast financial information and the basis of the assumptions therein including the prospects of the operations and taking into account the recent plant upgrades and the prospects for treating sulphide ore on an ongoing basis. This review included an assessment of the recent historical performance as well as the reasonableness of the outlook assumed based on discussions with management;
- evaluated the ACU corporate financial model and assessed the structure and results for reasonableness. The outputs were consolidated into the valuation table shown in Table 4 and comparisons were made with mineral resource valuations using the Venmyn Copper Valuation Curve;
- evaluated the potential effects of changes to key assumptions included in the financial model relating to commodity prices, exchange rates and discount rates;
- assessed comparable transactions based on the characteristics of each mineral asset;
- evaluated the relative risks associated with ACU and the industry in which it operates;
- reviewed the nature of the assets of ACU;
- considered the historical share price movement of ACU over the last 90 days (prior to the Effective Date) to assess the relative liquidity and volatility of ACU shares;
- reviewed certain publicly available information relating to ACU that we deemed to be relevant; and

- where relevant, representations made by management and/or directors were corroborated to source documents to examine and understand the industry in which ACU operates, and to analyse external factors that could influence the business of ACU.

We have also considered the following conclusions as demonstrated by this Fairness Opinion and applied them to the term “fair” in the context of the Amendments:-

- the Fair Value (the intrinsic value of the mineral assets primarily measured through the concept of “Value-in-Use”) of ACU as at 31 March 2013 (“the Effective Date”) is lower than or equal to the Market Value of ACU post-transaction as determined by the ACU Share price multiplied by the revised total issued share capital; and
- the Performance Fee for the First Period, as calculated by Venmyn Deloitte in accordance to the IAMA, is greater than or equal to US\$2 million.

## Opinion

Venmyn Deloitte has considered the Amendments and the relationship between value and price of ACU’s mineral assets and, based upon, and subject to the conditions set out herein, is of the opinion that:-

- the Transfer is fair to the shareholders of ZCI (excluding any related parties);
- the First Performance Fee Payment is unfair to the shareholders of ZCI (excluding any related parties); and
- overall, the Amendments (the Transfer and the First Performance Fee combined) are fair to the shareholders of ZCI (excluding any related parties).

Our opinion is necessarily based upon the information available to us up to 31 March 2013 (the Effective Date) and having avoided any cognisance of market and economic effects after 31 March 2013, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully,

Venmyn Deloitte (Pty) Limited




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**COMPETENT PERSON AND COMPETENT VALUATOR**




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**MINERAL PROJECTS ANALYST**

Signed on 09 September 2013  
Effective Date: 31<sup>st</sup> March 2013

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## Independent Reporting Accountants' Reasonable Assurance Report on the *pro forma* financial information of ZCI

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"The Directors  
ZCI Limited  
Clarendon House  
2 Church Street  
Hamilton  
Bermuda

9 September 2013

**Dear Sirs**

### **Report on the Compilation of the Pro Forma Financial Information**

The definitions commencing on page 8 of the Circular have been used in this report.

We have completed our assurance engagement to report ("Report") on the compilation of *pro forma* earnings/(loss) and diluted earnings/(loss), headline and diluted headline earnings/(loss), net asset value and net tangible asset value per ZCI Share, *pro forma* statement of financial position of ZCI, the *pro forma* statement of comprehensive income of ZCI and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to ZCI, (collectively "*Pro forma* Financial Information"). The *Pro forma* Financial Information is set out in paragraph 3.3 and Annexure 3 of the Circular.

The *Pro forma* Financial Information has been compiled by the directors of ZCI to illustrate the impact of the proposed amendments to the terms and conditions of the IAMA entered into between ZCI and iCapital, as constituted by the Settlement Agreements, in order to provide for the First Performance Fee Payment and the Transfer in settlement of the Performance Fee Claims ("Amendments") as detailed in the Circular on ZCI's financial position and changes in equity as at 31 March 2013 and ZCI's financial performance for the period ended 31 March 2013.

As part of this process, ZCI's earnings, diluted earnings, headline earnings and diluted headline earnings per share, statement of comprehensive income and statement of financial position have been extracted by the Directors from ZCI's published financial statements for the period ended 31 March 2013 ("Published Financial Information"), on which an audit report has been published. In addition, the Directors have calculated the net asset value and net tangible asset value per share as at 31 March 2013 based on financial information extracted from the Published Financial Information.

### ***Directors' Responsibility for the Pro forma Financial Information***

The Directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

### ***Reporting Accountants' responsibility***

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants' comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the Amendments on the unadjusted Published Financial Information as if the Amendments had been undertaken on 1 April 2012 for purposes of the *pro forma* earnings/(loss), diluted earnings/(loss), headline and diluted headline earnings/(loss) per ZCI Share and the *pro forma* statement of comprehensive income and on 31 March 2013 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Amendments, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Amendments and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of ZCI, the Amendments in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

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

***Opinion***

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully  
KPMG Inc.

Per Hendrik van Heerden  
Chartered Accountants (SA)  
Director”

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## ***Pro forma* financial information of ZCI**

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*The definitions and interpretations commencing on page 8 of the Circular apply throughout this Annexure 3.*

This *pro forma* financial information has been prepared for illustrative purposes only and because of its nature may not fairly present ZCI's financial position, changes in equity, results of operations or cash flows.

The *pro forma* financial information has been prepared to illustrate the impact of the Amendments, on the audited, published financial information of ZCI for the year ended 31 March 2013, had the Amendments occurred on 1 April 2012 for the purpose of the statement of comprehensive income (with the exception of the share based payment in respect of the Transfer which has been calculated based on the quoted share price of ACU Shares on the London Stock Exchange of GBp1.63 on the assumed grant date, being 31 March 2013, and converted to US Dollars based on an exchange rate of US\$1.52 for each GBP1.00 on the same date) and on 31 March 2013 for the purpose of the statement of financial position.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited annual financial statements of ZCI for the year ended 31 March 2013.

The reporting accountants' reasonable assurance report on the *pro forma* financial information of ZCI is set out in Annexure 2 to this Circular.

## PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

The *pro forma* statement of comprehensive income set out below present the *pro forma* financial effects of the Amendments on the audited, published results of ZCI for the year ended 31 March 2013 based on the assumption that the Amendments were effective on 1 April 2012 (with the exception of the share based payment in respect of the Transfer which has been calculated based on the quoted share price of ACU Shares on the London Stock Exchange of GBP1.63 on the assumed grant date, being 31 March 2013, and converted to US Dollars based on an exchange rate of US\$1.52 for each GBP1.00 on the same date).

	Before the Amendments <sup>1</sup> US\$'000 Actual	Adjustments for the Amendments US\$'000 <i>Pro forma</i>	After the Amendments <i>Pro forma</i>	Notes
Revenue	60,464	-	60,464	
Cost of sales	(45,414)	-	(45,414)	
<b>Gross profit/(loss) from mining activities</b>	<b>15,050</b>	<b>-</b>	<b>15,050</b>	
Administrative expenses	(8,070)	-	(8,070)	
Other expenses	(7,970)	(130)	(8,100)	2
Share based payment expense	-	(6,129)	(6,129)	3
Advisory fee expense	-	(2,000)	(2,000)	4
Foreign exchange gains	616	-	616	
<b>Loss before net finance expense</b>	<b>(374)</b>	<b>(8,259)</b>	<b>(8,633)</b>	
Finance income	41	-	41	
Finance expense	(2,040)	-	(2,040)	
<b>Loss before tax</b>	<b>(2,373)</b>	<b>(8,259)</b>	<b>(10,632)</b>	
Income tax	749	-	749	
<b>Loss for the year</b>	<b>(1,624)</b>	<b>(8,259)</b>	<b>(9,883)</b>	
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations	(4,638)	-	(4,638)	
<b>Total comprehensive income for the year</b>	<b>(6,262)</b>	<b>(8,259)</b>	<b>(14,521)</b>	
<b>Profit/(loss) attributable to:</b>				
Equity holders of the parent	2,871	(5,202)	(2,331)	5,6
Non-controlling interest	(4,495)	(3,057)	(7,552)	6
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	(1,033)	(4,704)	(5,737)	6,7
Non-controlling interest	(5,229)	(3,555)	(8,784)	7

## Reconciliation of diluted, headline, and diluted headline earnings per share

	Before the Amendments <sup>1</sup> US\$'000 Actual	Adjustments for the Amendments US\$'000 <i>Pro forma</i>	After the Amendments <i>Pro forma</i>	Notes
<b>Profit/(loss) attributable to equity holders of the parent</b>	<b>2,871</b>	<b>(5,202)</b>	<b>(2,331)</b>	
Increase in shareholding in subsidiary with respect to convertible portion of debt	(1,962)	1,215	(747)	5,8
<b>Diluted profit/( loss) attributable to equity holders of the parent</b>	<b>909</b>	<b>(3,987)</b>	<b>(3,078)</b>	
<b>Profit/(loss) attributable to equity holders of the parent</b>	<b>2,871</b>	<b>(5,202)</b>	<b>(2,331)</b>	
Impairment loss	2,025		2,025	
Deferred tax on impairment loss	(446)		(446)	
Non-controlling interest in impairment loss	(320)	(218)	(538)	5
<b>Headline profit/( loss) attributable to equity holders of the parent</b>	<b>4,130</b>	<b>(5,420)</b>	<b>(1,290)</b>	
Increase in shareholding in subsidiary with respect to convertible portion of debt	(1,962)	1,215	(747)	5,8
<b>Diluted headline profit/( loss) attributable to equity holders of the parent</b>	<b>2,168</b>	<b>(4,205)</b>	<b>(2,037)</b>	
Basic earnings/(loss) per ZCI Share (US\$ cents)	5.16	(9.35)	(4.19)	
Diluted earnings/(loss) per ZCI Share (US\$ cents)	1.63	(7.16)	(5.53)	
Headline earnings/(loss) per ZCI Share (US\$ cents)	7.42	(9.74)	(2.32)	
Diluted headline earnings/(loss) per ZCI Share (US\$ cents)	3.89	(7.55)	(3.66)	
Number of ZCI Shares in issue	55,677,643	-	55,677,643	
Weighted average and diluted number of ZCI Shares in issue	55,677,643	-	55,677,643	

### Notes:

- 1 The "Before the Amendments" financial information has been extracted without adjustment from the audited, published results of ZCI for the year ended 31 March 2013.
- 2 Other expenses have been adjusted to include transaction costs directly attributable to the Amendments, amounting to US\$130 000.
- 3 Recognition of the share based payment expense in respect of the Transfer, in accordance with the Relevant Standards. The Transfer has been measured at the fair value (based on the ACU Share price in accordance with the Relevant Standards) of the equity instruments granted and calculated as 247 575 741 ACU Shares granted, at the quoted share price of ACU Shares on the London Stock Exchange of GBP1.63 on the assumed grant date, being 31 March 2013, and converted to US Dollars based on an exchange rate of US\$1.52 for each GBP1.00 on the same date (the price of the ACU Shares on the Last Practicable Date closed at GBP1.63. There would have been no difference in the share based payment expense, had the price of the ACU Shares on the Last Practicable Date be used for the share based payment expense calculation).
- 4 The First Performance Fee Payment of US\$2 million to iCapital.
- 5 Profit/loss attributable to equity holder's interest and non-controlling interest has been adjusted for the conversion of the Tranche A Loan into 556 307 263 new ACU Shares and the resultant increase in non-controlling interests as a result of the Transfer.
- 6 The total adjustment of US\$8,259 million in respect of the Amendments is allocated to the profit/loss attributable to equity holders of the parent, which is then adjusted for the conversion of the Tranche A Loan into 556 307 263 new ACU Shares and the resultant increase in non-controlling interests as a result of the Transfer. The increase in non-controlling interest shareholding is effective on 1 April 2013 for the purposes of the *pro forma* Statement of Comprehensive Income.
- 7 Total comprehensive income attributable to equity holder's interest and non-controlling interest has been adjusted for the conversion of the Tranche A Loan into 556 307 263 new ACU Shares and the resultant increase in non-controlling interests as a result of the Transfer. The increase in non-controlling interest

shareholding is effective on 1 April 2013 for the purposes of the *pro forma* Statement of Comprehensive Income.

- 8 The effect of the “increase in the shareholding of the subsidiary with respect to convertible portion of debt” has decreased due to the conversion of the Tranche A Loan into new ACU Shares and the Transfer. The remaining amount of the “increase in the shareholding of the subsidiary with respect to convertible portion of debt” relates to a separate convertible loan that does not form part of the Settlement Agreements. All adjustments with the exception of costs directly attributable to the Amendments of US\$130 000, are expected to have a continuing effect.

## PRO FORMA STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of financial position set out below presents the effects of the Amendments on the audited published results of ZCI as at 31 March 2013 based on the assumption that the Amendments were effective 31 March 2013.

	Before the Amendments <sup>1,2</sup> US\$'000 Actual	Adjustments for the Amendments US\$'000 <i>Pro forma</i>	After the Amendments US\$'000 <i>Pro forma</i>	Notes
<b>ASSETS</b>				
Property, plant and equipment	40,609	-	40,609	
Intangible assets	39,844	-	39,844	
Other financial assets	270	-	270	
<b>Total non-current assets</b>	<b>80,723</b>	<b>-</b>	<b>80,723</b>	
Inventories	8,891	-	8,891	
Trade and other receivables	5,253	-	5,253	
Cash and cash equivalents	9,197	-	9,197	
<b>Total current assets</b>	<b>23,341</b>	<b>-</b>	<b>23,341</b>	
<b>Total assets</b>	<b>104,064</b>	<b>-</b>	<b>104,064</b>	
<b>EQUITY</b>				
Share capital	102,688	-	102,688	
Foreign currency translation reserve	(6,891)	880	(6,011)	3,6
Accumulated losses	(10,831)	2,397	(8,434)	4, 5, 6
<b>Equity attributable to owners of the Company</b>	<b>84,966</b>	<b>3,277</b>	<b>88,243</b>	
<b>Non-controlling interest</b>	<b>(7,952)</b>	<b>(5,407)</b>	<b>(13,359)</b>	7
<b>Total equity</b>	<b>77,014</b>	<b>(2,130)</b>	<b>74,884</b>	
<b>LIABILITIES</b>				
Interest bearing debt	712	-	712	
Deferred tax	2,297	-	2,297	
Environmental rehabilitation provision	6,766	-	6,766	
<b>Total non-current liabilities</b>	<b>9,775</b>	<b>-</b>	<b>9,775</b>	
Trade and other payables	16,073	2,130	18,203	5
Current portion of interest bearing debt	1,171	-	1,171	
Bank overdraft	31	-	31	
<b>Total current liabilities</b>	<b>17,275</b>	<b>2,130</b>	<b>19,405</b>	
<b>Total equity and liabilities</b>	<b>104,064</b>	<b>-</b>	<b>104,064</b>	
Net asset value (US\$ cents)	152.60	5.89	158.49	
Net tangible asset value (US\$ cents)	81.04	5.89	86.93	
Number of ZCI Shares in issue	55,677,643	-	55,677,643	

### Notes:

- 1 The "Before the Amendments" financial information has been extracted without adjustment from the audited, published results of ZCI for the year ended 31 March 2013.
- 2 No contingent liability was recognised as at 31 March 2013, for the First Performance Fee Payment or the Transfer, as the outcome of the approval of the Amendments remained uncertain as at that date and therefore the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* were not met.
- 3 Foreign currency translation reserve has been adjusted for the settlement of the share based payment in respect of the Transfer.
- 4 Recognition of the share based payment, in respect of the Transfer, in accordance with IFRS 2 *Share-based Payments* and IAS 27 *Consolidated and Separate Financial Statements*. The Transfer has been measured at the fair value of the equity instruments granted and calculated as 247 575 741 ACU Shares granted, at the quoted share price of ACU Shares on the London Stock Exchange of GBp1.63 on the assumed grant, being

date 31 March 2013, and converted to US Dollars based on an exchange rate of US\$1.52 for each GBP1.00 on the same date.

- 5 Recognition of an accrual in respect of the First Performance Fee Payment of US\$2 million to iCapital and the accrual of transactions costs directly attributable to the Amendments of US\$130 000.
- 6 The effect of the Amendments on the equity of the Company is as follows:

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Accumulated (loss)/retained earnings US\$'000	Attributable to equity holders of the parent US\$'000	Non- controlling interest US\$'000	Total equity US\$'000
Before the Amendments <sup>1</sup>	102,688	(6,891)	(10,831)	84,966	(7,952)	77,014
Share based payment	-	-	6,129 <sup>3</sup>	6,129	-	6,129
Adjustment from statement of comprehensive income	-	-	(8,259) <sup>4,5</sup>	(8,259)	-	(8,259)
Settlement of share based payment	-	#880	4,527	5,407	(5,407)	-
After the Amendments	102,688	(6,011)	(8,434)	88,243	(13,359)	74,884

<sup>#</sup> The adjustment of 880 000 to the foreign currency translation reserve relates to the allocation of the reserve to the additional minority shareholders after the transfer of the shares.

- 7 Non controlling interest has been adjusted due to the increase of the non-controlling interests share in the accumulated losses as a result of the Transfer.

## Corporate Governance

*The definitions and interpretations commencing on page 8 of the Circular apply throughout this Annexure 4.*

### GENERAL

ZCI is committed to sound and robust corporate governance standards which underpin the ZCI Group's operational and strategic success.

The ZCI Group's corporate governance structures and practices are reviewed and enhanced on an on-going basis in response to changes both within and external to the ZCI Group. In line with the "apply or explain" principle of King Code of Governance Principles for South Africa, 2009 ("King III") and the Listings Requirements, ZCI has made relevant disclosure, supported by an explanation, where a different practice has been adopted to achieve good governance in the instances where the ZCI Group has not applied a specific King III principle.

The Board takes ultimate responsibility for the ZCI Group's adherence to sound corporate governance standards, setting the strategy for the ZCI Group as well as organisational oversight and sees to it that all business judgements are made with reasonable care, skill and diligence. The Board has various committees to which it has delegated specific responsibilities. All committees operate with written terms of reference approved by the Board, which are reviewed by the Board annually.

The Board is aware of the need to comply with the Listing Requirements, and remains committed to best practice corporate governance principles appropriate for the size, type and activity of ZCI. During the year further progress in the area of governance and compliance was made, and the benefits of the increased implementation of King III principles made during the last reporting period has come to the fore. In line with the strategic objectives of ZCI, the Board will continue to ensure on-going compliance with regulatory requirements and improved corporate governance.

Below is a summary of King III principles and recommended practices that ZCI has addressed during the year ended 31 March 2013:

<b>King III Principle or Recommended Practice</b>	<b>Action taken during the year ended 31 March 2013</b>
2.17	Re-appointment of the CEO, effective 1 April 2013.
2.22	Key performance indicators and procedures for the annual performance review of the CEO were reviewed and updated by the remuneration committee.
2.11	A formalised process has been put in place for the implementation of a Communication Policy for ZCI.
2.7	The risk committee reviewed and updated the risk register.
2.23	Reviewed and updated the relevant committee terms of reference in line with best practices.
2.22	The committees reviewed the King III recommendation in relation to the composition of their members.
2.25	The fees and expenses policy was reviewed and updated.
2.9	The Code of Conduct was reviewed and updated.

Below is a summary of King III principles and recommended practices that ZCI has not applied during the year ended 31 March 2013:

Governance Element	Explanation as to non-application
<p><b>1. Ethical leadership and corporate citizenship</b></p> <p>1.2.5 - The board should ensure that measurable corporate citizenship processes are implemented.</p>	<p>While such policies as Corporate Social Responsibility at the mine level and a code of conduct at the Board level help to ensure that corporate citizenship processes are in place, the Board has not sought to implement a process whereby such corporate citizenship processes are measured. Such a policy is not seen as practical at this point in time given that the strategic review process in place will change the nature of the corporate citizenship processes within the ZCI Group.</p>
<p>1.3.3 – The board should ensure that adherence to ethical standards are measured.</p> <p>1.3.8 - The board should ensure that the company's ethics performance should be assessed, monitored, reported and disclosed.</p>	<p>While actively seeking to provide ethical leadership in the ZCI Group, the ZCI Board has not sought to implement a program in which adherence to ethical standards are measured on an on-going basis. As with any policy initiative, the benefits of such a program must be measured against the cost of implementing and maintaining such a program. ZCI believes that, given its current structure and activity, the Board is capable of effectively monitoring ZCI's ethics without the need for a formal program to monitor that process.</p>
<p><b>2. Boards and directors</b></p> <p>2.16.2 The Chairman should be independent and free of conflict upon appointment.</p>	<p>Mr Edgar Hamuwele, ZCI's Chairman during the current financial year ended 31 March 2013 and up until 20 June 2013 and non-executive director of the Board until 31 August 2013, was not independent upon his appointment to the position of Chairman of the Board on 1 November 2011. Mr Hamuwele acts as a non-executive director on the board of CDF, the majority shareholder of ZCI, and therefore did not meet the Independence criteria. Mr Hamuwele was considered by the Board to be the board member with the skills and experience capable of best providing the effective leadership of the Board requires in the role of Chairman. The Board believed the value he brought to the position to be greater than any concerns that he would not be able to perform effectively in the role due to his non-independence. In line with King III Recommended Practice 2.16.3 and Section 3.84 (c) of the Listing Requirements, the Board designated Professor Stephen Simukanga as the Lead Independent Director, to assist the Board in the event that any conflict of interest arises or when the Chairman's performance is being evaluated. As such, the Board considered this a mitigating factor with regard to any concerns with potential or real conflicts of interest or objectivity stemming from the appointment of a non-independent director as Chairman of the Board. As of 20 June 2013, Mr. Hamuwele was unable to act as Chairman of the Board due to personal reasons and later resigned from his position as non-executive director with effect from 31 August 2013. Effective 20 June 2013, the board of ZCI appointed Professor Stephen Simukanga as Acting Chairman of ZCI. The Board has commenced a process of appointing a permanent replacement for Mr Hamuwele's position as non-executive chairman and until further announcement is made in this regard, Professor Stephen Simukanga will continue in his role as Acting Chairman of ZCI</p>

<p>2.25.4 Non-executive fees should comprise a base fee as well as an attendance fee per meeting.</p>	<p>The remuneration committee of ZCI, concluded that ZCI has remunerated its directors fairly and responsibly. The fees of the ZCI non-executive directors for the period under review comprised solely a base fee. Attendance fees were not paid to non-executive directors in addition to the base fee. The Board has determined that an attendance fee for non-executive directors is not a necessary component of an effective remuneration policy at this point in time. The Board reviews the remuneration paid to non-executive directors on an annual basis and will consider applying this King III recommended practice in the coming period if the Board determines that doing so will assist in the achievement of its strategic objectives and meeting is corporate obligations. Further details of the Directors' remuneration is set out in paragraph 5.1 to this Circular, which is proposed to be approved at the annual general meeting to be held on Thursday, 26 September 2013.</p>
<p><b>3. Audit committees</b> 3.4.3 The audit committee should recommend to the board to engage an external assurance provider on material sustainability issues.</p>	<p>The impact of sustainability issues within the ZCI Group occurs primarily at the subsidiary level. ZCI has one major investment being in the mining operations of ACU. ZCI has embarked upon a process which is expected to result in considerable changes to the composition of ZCI's investment portfolio. For this reason, the audit committee considered it impractical for the current financial year to seek external assurance on sustainability issues. Once the investment portfolio of ZCI is more developed and the breadth of sustainability issues is known, the audit committee will re-consider this aspect.</p>
<p><b>5. The governance of information technology</b> 5.1.5. The board should receive independent assurance on the effectiveness of the IT internal controls. 5.2.1. The board should ensure that the IT strategy is integrated with the company's strategic and business processes. 5.3.3. The CEO should appoint a Chief Information Officer responsible for the management of IT.</p>	<p>ZCI is an investment holding company in which the principle functions to which a formalised IT charter and policy relate, are undertaken by external service providers under the oversight of management. The service providers have detailed IT charters and policies capable of mitigating IT risk at the ZCI level. Assurance is provided by service providers that IT risk is being properly managed with respect to the services they provide to ZCI. IT related risks are considered by the risk committee and regularly reviewed as part of the risk management process. At the subsidiary level, policies have been initiated by the Board to address IT risk related issues. IT issues and adherence to IT policies are reported in the monthly management reports of the subsidiaries that are reviewed by the Board. For this reason, and taking into account the nature and size of the Group's current IT environment, the Board did not seek independent assurance over the effectiveness of the IT internal controls, nor was it considered necessary to appoint a Chief Information Officer.</p>
<p><b>7. Internal Audit</b></p>	<p>ZCI does not operate a formalised independent system of internal audit covering the scope of activities outlined in the recommended practices under Section 7 of King III. During the period under review the audit and finance committee, was satisfied that there is an effective system of internal control capable of safe guarding ZCI's assets from potential risk factors and that, based on an analysis of the costs and benefits, a formalised independent system of internal audit would not be pursued at the present time. At the ZCI level, the major functions which the internal audit function would oversee, are undertaken by Maitland Luxembourg S.A.,</p>

	Maitland (Mauritius) Limited and Maitland Investment Services (IOM), which are a regulated entities with internal audit functions. The nature of the ZCI Group's operations means that the key activities for which there is a potential for fraud, error and risk occur primarily at the operational level. A process of internal audit is underway at the operational level and the Board will review internal audit reports received and monitor follow up of recommended actions on areas of concern raised.
<b>8. Governing stakeholder relationships</b> 8.6.1. The board should adopt formal dispute resolution processes for internal and external disputes.	ZCI handles disputes on a case by case basis and has not sought to investigate a formal dispute resolution process. Any dispute which arises is considered on its merits to determine whether a form of alternative dispute resolution can be applied. As disputes at the ZCI level are not a common occurrence, the Board does not currently believe it necessary to adopt a formalised process through which such disputes would be dealt with.

## BOARD OF DIRECTORS

The highest governance structure of the ZCI Group, responsible for setting strategy, taking action as well as organisational oversight is the Board. The Board is thus the foundation of ZCI's governance systems and is accountable and responsible for the ZCI Group's performance.

The ultimate responsibility for the strategic direction of ZCI lies with the Board. The Board delegates responsibility through the management structure to ensure that the day to day management of the ZCI Group is undertaken with a view to the achievement of ZCI's strategic objectives.

The Board retains full and effective control over the ZCI Group and is comprised of a strong team of talented leaders with recognised relevant experience and skills, providing effective and ethical leadership of ZCI. All directors are individuals of high calibre with diverse backgrounds and expertise, ensuring that their views carry significant weight in deliberations and decisions.

The Board met regularly during the year ended 31 March 2013 to ensure that it was capable of fulfilling its charter and dealing with the many strategic and risk management issues. Continuing work has been put into ensuring ZCI is adequately addressing risk and considering issues of strategic importance.

To fulfil their responsibilities, the Board has access to accurate, relevant and timely information. In addition, the directors are entitled to obtain independent professional advice at ZCI's expense, should they deem this necessary. All decisions requiring consideration by the Board are debated openly and no director has unfettered powers of decision making. Board meetings are held at least quarterly with ad hoc meetings being called when necessary. Meetings of the Board during the year ended 31 March 2013 considered issues of operational strategy, capital expenditure, major projects and other matters having a material effect on the ZCI Group. The Board ensures that the solvency and liquidity of ZCI is continuously monitored.

### Current composition of the board and director independence

The Board for the financial year ended 31 March 2013 and up to the date of this report, comprised of the following directors, presented in alphabetical order as follows.

Director	Independence	Executive/Non-executive
W. Badenhorst (appointed 12 November 2012)	Non-independent	Executive Financial Director
K. Bergkoetter (resigned 12 November 2012)	Non-independent	Executive Financial Director
M. Clerc	Independent	Non-executive Director
E. Hamuwele (resigned 31 August 2013)	Non-independent	Non-executive Chairman

T. Kamwendo	Non-independent	Chief Executive Officer
C. O'Connor	Independent	Non-executive Director
S. Simulanga	Independent	Non-executive Director (Lead Independent Director and since 20 June 2013, acting Chairman)

*A brief CV of the above directors is included in paragraph 5 of this Circular.*

Directors are categorised as executive or non-executive in accordance with Section 3.84 (f) of the Listing Requirements. During the year the Board assessed the independence of the independent directors and was satisfied that they retained their independence. The independent directors of ZCI meet the definition of independence under King III. The role of CEO is separated from the role of the Acting Chairman by a clearly stated division of responsibilities in accordance with Principle 2.17 of King III.

One of the key responsibilities of the Chairman of the Board is to ensure that the Board takes full responsibility for the important issues facing the ZCI Group, that the Board has the right mix of skills and experience to meet the challenges that it faces, and that the Board understands the risks and challenges that its strategies must take into account.

The non-executive directors provide advice to the Board that is independent of management or service providers. They also provide an additional layer of control through checks and balances. Non-executive directors are entitled to seek independent professional advice where deemed appropriate. The presence of the independent directors on the various committees helps to ensure that management and executives do not have unrestricted powers of decision making.

Certain of the directors of ZCI are also directors of ACU. ZCI recognises that those directors have fiduciary duties to the subsidiary and must act in its interests at all times. In line with King III Recommended Practice 2.16.3 and Section 3.84 (c) of the Listing Requirements, the Board designated Professor Stephen Simukanga as the Lead Independent Director, to assist the Board in the event that any conflict of interest arises or when the Chairman's performance is being evaluated. The Board is confident that Professor Simukanga is eminently qualified and capable of fulfilling this role and is considered to be a suitable person for the position.

### **Company secretary**

The Board makes use of the advice and assistance of an experienced and suitably qualified company secretary. The Board has considered and confirmed the independence, experience, competence and qualifications of the company secretary for the period ended 31 March 2013. The company secretary is not a director of ZCI and an arms-length relationship exists between the company secretary and the Board. The company secretary contributes to the good governance strategy of ZCI by engaging in those activities outlined in Principle 2.21 of King III.

### **Shareholder relations**

The Board undertakes considerable dialogue with its majority shareholder and engages in discussions on key matters of strategy and corporate governance.

All Shareholders are encouraged to participate in the annual general meeting of the shareholders at which they may raise issues of concern. All board members of ZCI are expected to attend the annual general meeting and engage with the ZCI Shareholders.

### **Policy for appointment of new board members**

In accordance with Section 3.84 (a) of the Listing Requirements, the Board has approved a policy detailing the procedures for appointments to the Board. This is to ensure that appointments to the Board are formal and transparent and considered by the Board as a whole.

When deemed appropriate, the Board shall delegate authority to the nominations committee to undertake aspects of the process of appointing new board members. The independent non-executive directors of ZCI sit on the nominations committee. The nominations committee will also, at the request of the Board, assess the current composition of the Board against the skills required to competently discharge the Board's duties, having regard for the strategic direction of ZCI.

The ZCI Shareholders elect the directors at the annual general meeting, having received appropriate notice of the persons being proposed to hold office as directors. The Board also has the power to fill a casual vacancy, but any Director so appointed can hold office only until the next annual general meeting and shall then be eligible for re-election.

### **Training, induction and appraisal of the board and committees**

ZCI has established guidelines for the on-going training and development of directors.

The Board has implemented an induction programme for new directors. The programme has been designed in accordance with King III to ensure that any new director will be familiar with the business and legal framework within which ZCI operates.

The Acting Chairman evaluated the performance of the Board and the effectiveness of the committees. It was the opinion of the Acting Chairman that the committees have performed their roles for the period ended 31 March 2013.

The Board has also been effective in addressing the many issues and challenges that have been presented during this period.

### **Code of conduct**

The Board sets the values of ZCI and seeks to set standards of ethical leadership. ZCI requires that all directors and officers conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. ZCI has implemented a formal code of conduct in order to manage the effective oversight of ZCI's ethical behaviour.

### **Directors' interests**

As at the Last Practicable Date the Directors held no shares in ZCI, either beneficially or non-beneficial, nor did they hold any direct or indirect beneficial interests in ZCI.

There are no service contracts granted by ZCI, nor any of its subsidiaries, to any Director of ZCI for services as directors, nor were there any contracts or arrangements existing during the financial year ended 31 March 2013 which are required to be declared in terms of the Listings Requirements.

### **Audit and finance committee**

The audit and finance committee consists of three independent non-executive directors, namely Mr S. Simukanga, Mr M. Clerc and Mr. C. O'Connor.

The audit and finance committee reviewed and updated its terms of reference during the financial year ended 31 March 2013 to ensure that they remain in line with best practice corporate governance principles and properly reflect the many regulatory and other duties the committee should attend to during a financial year. The overall function of the audit and finance committee is to assist the Board in discharging its responsibilities relating to such matters as:

- The safeguarding of ZCI Group assets.
- The operation of adequate and effective systems and control processes.
- The preparation of financial statements that fairly and accurately present the financial affairs of the ZCI Group in compliance with all applicable legal and regulatory requirements as well as applicable accounting standards.
- The oversight of the audit function.

During the financial year ended 31 March 2013, the audit and finance committee attended 6 meetings and undertook the following statutory duties:

- Conducted a review and were satisfied that the external auditor is independent as per Recommended Practice 3.9.3 of King III.
- Determined the fees to be paid and the terms of engagement of the auditor (Recommended Practice 3.9.2 of King III).
- Determined that due to the on-going nature of the strategic review process being undertaken by ZCI, a formalised internal audit function would not be implemented and that such a need would be revisited following completion of the strategic review process.
- In accordance with Section 3.84 (g) of the Listing Requirements and King III Recommended Practice 3.9.4, the audit and finance committee has set a policy with regard to non-audit services provided by the external auditor which is reviewed on an annual basis. The policy is to ensure that non-audit services will not be obtained from the external auditors where the provision of such services could impair audit independence.
- Reviewed the consolidated financial statements of ZCI, as included in the integrated annual report, and is satisfied that they comply with IFRS.
- Undertaken a process of self-evaluation in accordance with King III Principle 2.22.
- Considered and were satisfied in terms of 3.84(i) of the Listing Requirements, that Wilhelmus Badenhorst (Finance Director) possesses the necessary expertise and experience required of a financial director of a public listed company.
- Ensured that the audit and finance committee consists of at least three members all of whom be independent non-executive directors.
- Ensured that the Committee be chaired by an independent non-executive director.
- Considered the non-audit services that may be rendered by the external auditor.

The audit and finance committee has nominated, for approval at the annual general meeting to be held on Thursday, 26 September 2013, KPMG Inc. to continue as the external auditor and Mr Hendrik van Heerden as the designated auditor, for the 2013/2014 financial year. It has further satisfied itself that the audit firm and designated auditor are accredited by the JSE.

### **Stakeholder relationships**

The ZCI Group recognises its stakeholders as all being parties affected by the actions of ZCI and the wider operations of the ZCI Group. A key driver in ZCI's future direction is the need to create value for shareholders. The ZCI Group will continue to strive to create value for its employees and the communities in which the ZCI Group operates. Sustainable growth is a key component of any future strategic direction of ZCI.

The Board appreciates that stakeholder perceptions affect the ZCI Group's reputation. Stakeholder relationships are seen as a fundamental and inseparable component of ZCI's strategic interests and objectives.

ZCI defines stakeholder value as obtaining a healthy return on invested capital through a combination of sound financial management and sustainable investment principles. In the interest of continuous improvement and fulfilling the information and engagement needs of ZCI's stakeholders, ZCI welcome feedback from stakeholders on the content and format of ZCI's reports. The Board welcomes feedback from CDF as its major shareholder and considers the interests of all stakeholders in formulating its policies and strategies.

### **Risks and risk management**

In line with King III requirements ZCI has sought to provide its stakeholders with an increased amount of information on how risks are managed within the ZCI Group.

ZCI's investment in the mining operations of ACU has many risks, many of which are common to all mining enterprises. As the drive toward sustainable commercial production levels continues, ZCI's risk management focus has been on ensuring risks at an operational level are considered and action plans to combat them are implemented. While ZCI can exercise little control over world commodity prices and foreign exchange rates, ZCI is confident that the risk management and internal controls in place at ZCI are addressing the key issues under ZCI's control.

ZCI has a risk committee, comprised of members of the Board, both executive and non-executive directors, and representatives of the wider ZCI Group, whose role is to assist the Board in discharging its responsibilities for the governance of risk through a formal process and system of risk management. The risk committee has an

independent role, operating as an overseer and making recommendations to the Board for its consideration and final approval.

The risk committee seeks to ensure there is an effective policy and plan for risk management that will enhance ZCI's ability to achieve its strategic objectives and ensure timely and comprehensive disclosure of risk.

The risk committee acts in terms of delegated authority from the Board as recorded in its terms of reference. The activities of the risk committee include:

- Overseeing the development and annual review of a policy and plan for risk management to recommend for approval to the Board.
- Monitoring implementation of the policy and plan for risk management by means of risk management systems and processes.
- Overseeing the integration of the risk management plan in the day-to-day activities of the ZCI Group.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that management considers and implements appropriate risk responses.
- Ensuring that continuous risk monitoring by management takes place.
- Expressing the risk committee's formal opinion to the Board on the effectiveness of the system of internal control and process of risk management.
- Reviewing reporting concerning risk management and internal control that is to be included in the Integrated Report for it being timely, comprehensive and relevant.

The risk committee monitors and maintains a risk matrix in which risks identified across the ZCI Group are identified, classified, quantified, ranked, reviewed and monitored. Scores are attributed to each risk based on the impact the risk would have were it to crystallise, the likelihood of the risk occurring and the extent to which plans have been enacted to counter the risk. Such analysis allows the risk committee to report to the Board on areas of potential risk exposure and on-going monitoring of action plans to combat risk.

### **Integrated Reporting**

ZCI prepares an Integrated Report, prepared in line with best practice pursuant to the recommendations of King III. The Integrated Annual Report is available on ZCI's website ([www.zci.lu](http://www.zci.lu)).

# ZCI LIMITED

(Incorporated in Bermuda and as a branch of an external company in South Africa)

Bermuda Registration number 661:1969

South African Registration number 1970/000023/10

JSE Share Code: ZCI

ISIN Code: BMG988431240

Euronext share code: BMG988431240

("ZCI")

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## Notice of a General Meeting of ZCI Shareholders

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Notice is hereby given to ZCI Shareholders as at the record date of Friday, 06 September 2013, that a general meeting of ZCI Shareholders will be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünwald, Luxembourg, on Monday, 30 September 2013, commencing at 10:00 CET (09:00 BST, 10:00 SAST) ("General Meeting") for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below in a manner required by the Listings Requirements of the JSE Limited ("JSE"), which meeting is to be participated in and voted at by ZCI Shareholders as at the record date of Friday, 20 September 2013.

### ORDINARY RESOLUTION NUMBER 1

"Resolved that:

1. the transfer to iCapital (Mauritius) Limited ("iCapital") of 247 575 741 ordinary shares in African Copper PLC held by ZCI ("the Transfer") (the details of which are contained in the circular to which this notice is attached), be and are hereby approved, and specifically, the terms of the Sale Deed, the Share Transfer Deed, the Sale and Transfer Deed and the Escrow Agreement between ZCI and iCapital (the details of which are contained in paragraph 2.3 of the circular to which this notice is attached and copies of which are available for inspection and have been initialled by the Acting Chairman for purposes of identification) be and are hereby approved; and
2. the payment to iCapital by ZCI, in May 2013, of an amount of US\$2 million ("the First Performance Fee Payment") (the details of which are contained in paragraph 2.3.1 of the circular to which this notice is attached) be and is hereby ratified and approved, and specifically the terms of the Fixed Fee/First Performance Fee Deed."

### Related party transaction

The Transfer and the First Performance Fee Payment collectively constitute a related party transaction by ZCI. iCapital (Mauritius) Limited is a related party in terms of the Listings Requirements of the JSE Limited. Mr J Soko and his associates do not hold any ZCI Shares.

### ORDINARY RESOLUTION NUMBER 2

"Resolved that, any one director of ZCI or the company secretary be and is hereby authorised to sign all such documents and do all such things as may be necessary or incidental to the implementation of the above resolution to be proposed at the General Meeting."

### Voting and proxies

ZCI Shareholders are advised that they or their proxies may participate in the General Meeting by means of a teleconference facility and, if they wish to do so:

- must contact the company secretary, Mr J Kleynhans, at telephone number +352 40 25 051 before 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013 to receive dial-in instructions for the conference call;
- will be required to provide reasonably satisfactory identification; and

- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting

Please note that whilst it is possible to participate in the General Meeting through this medium, there is no facility for electronic voting and accordingly, shareholders are advised to follow the instructions below in respect of voting.

Certificated ZCI Shareholders, or Dematerialised ZCI Shareholders with “own name” registration, who are unable to attend the General Meeting but who wish to be represented thereat, are requested to complete and return the attached form of proxy so as to be received by Transfer Secretaries, either (1) Computershare (SA), Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or (2) Computershare (UK), The Pavilions, Bridgwater Road, Bristol, BS 13 8AE, United Kingdom, to reach them by no later than 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013.

Dematerialised ZCI Shareholders, other than with “own name” registration, who wish to attend the General Meeting should instruct their CSDP or broker to issue them with the necessary letter of representation to attend the General Meeting, in terms of the custody agreement entered into between such ZCI Shareholders and their CSDP or broker. Dematerialised ZCI Shareholders, other than with “own name” registration, who wish to participate in and vote at the General Meeting, should provide their CSDP or broker with voting instructions, in terms of the custody agreement entered into between such ZCI Shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

ZCI Shareholders who have any doubt as to the action they should take, should consult their stockbroker, accountant, attorney, banker or other professional advisor immediately.

#### **Computershare (SA)**

**Hand deliveries to:**  
Ground Floor,  
70 Marshall Street  
Johannesburg  
2001

**Postal deliveries to:**  
PO Box 61051  
Marshalltown  
2107

#### **Computershare (UK)**

**Hand deliveries to:**  
The Pavilions  
Bridgwater Road  
Bristol  
BS 13 8AE  
United Kingdom

**Postal deliveries to:**  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZY  
United Kingdom

*By order of the Board*

J Kleynhans  
Company Secretary  
Bermuda

Friday, 13 September 2013

#### **Registered office**

Clarendon House  
2 Church Street  
Hamilton  
Bermuda  
Clarendon House

# ZCI LIMITED

(Incorporated in Bermuda and as a branch of an external company in South Africa)

Bermuda Registration number 661:1969

South African Registration number 1970/000023/10

JSE Share Code: ZCI

ISIN Code: BMG988431240

Euronext share code: BMG988431240

("ZCI")

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## Form of proxy – for use by ZCI shareholders registered on the South African share register

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This form of proxy is for the use by ZCI shareholders who hold Certificated ZCI shares ("Certificated ZCI Shareholders") or who are registered as own-name in Dematerialised form, ("own-name Dematerialised ZCI Shareholders") only. ZCI Shareholders who have Dematerialised their ZCI shares, other than with own-name registration, are requested to refer to the "Action required by ZCI Shareholders" provided on page 4 of this Circular to which this form of proxy is attached, for a full understanding of the action required by them.

For use by Certificated ZCI Shareholders and own-name Dematerialised ZCI Shareholders, only, at the General Meeting of ZCI to be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünwald, Luxembourg, on Monday, 30 September 2013, commencing at 10:00 CET (09:00 BST, 10:00 SAST), or at any adjournment thereof.

I/we (full names)

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of (address)

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being the holder(s) of ZCI shares

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do hereby appoint (see note 2):

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her

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2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her

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3. the Chairman of the General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the ZCI shares registered in my/our name(s), in accordance with the following instructions (see note 3):

	Number of ZCI shares		
	For	Against	Abstain
<b>Ordinary Resolution Number 1</b> – approval of the Fixed Fee/First Performance Fee Deed, the Sale Deed, the Share Transfer Deed, the Sale and Transfer Deed and the Escrow Agreement			

	Number of ZCI shares		
	For	Against	Abstain
<b>Ordinary Resolution Number 2</b> – authority to implement the related party transaction			

**\*Note:** Please indicate with an "x" or the number of ZCI shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Any ZCI Shareholders entitled to vote at the General Meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a ZCI Shareholder.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2013

Signature/s \_\_\_\_\_

Telephone number ( ) \_\_\_\_\_

Cellphone number \_\_\_\_\_

Name in BLOCK LETTERS (full name if signing in a representative capacity) \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

## Notes

1. This form of proxy must only be used by Certificated ZCI Shareholder or own-name Dematerialised ZCI Shareholder.
2. A ZCI Shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the General Meeting". A proxy need not be a shareholder of ZCI. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A ZCI Shareholder is entitled to one vote on a show of hands and on a poll each ZCI Shareholder is entitled to one vote for each ZCI share held. A ZCI Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ZCI Shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the ZCI Shareholders' votes.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the ZCI Shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the Transfer Secretaries, not less than 48 hours before the commencement of the General Meeting.
5. If a ZCI Shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
6. The Chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
7. The completion and lodging of this form of proxy will not preclude the relevant ZCI Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such ZCI Shareholder wish to do so.
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 ZCI or unless this requirement is waived by the Chairman of the General Meeting.
9. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by ZCI or the Transfer Secretaries.
10. Where there are joint holders of ZCI Shares:
  - 10.1 any one holder may sign this form of proxy;
  - 10.2 the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of ZCI Shareholders appear in ZCI's register of ZCI Shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint ZCI Shareholder(s).

11. A proxy may not delegate his/her authority to act on behalf of the relevant ZCI Shareholder, to another person.
12. Unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
13. Forms of proxy should be lodged with or mailed to:

**Computershare (SA)**

**Hand deliveries to:**

Ground Floor,  
70 Marshall Street  
Johannesburg  
2001

**Postal deliveries to:**

PO Box 61051  
Marshalltown  
2107

to be received by no later than 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013.

14. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

# ZCI LIMITED

(Incorporated in Bermuda and as a branch of an external company in South Africa)

Bermuda Registration number 661:1969

South African Registration number 1970/000023/10

JSE Share Code: ZCI

ISIN Code: BMG988431240

Euronext share code: BMG988431240

("ZCI")

## Form of proxy – for use by ZCI shareholders registered on the United Kingdom share register

I/we (full names)

(BLOCK CAPITALS)

of (address)

being a member / members of ZCI hereby appoint:

\_\_\_\_\_ or failing him/her the Chairman of the general meeting as my/our proxy to act on my/our behalf at the general meeting of ZCI to be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünwald, Luxembourg on Monday, 30 September 2013, commencing at 10:00 CET (09:00 BST, 10:00 SAST), or at any adjournment thereof, ("General Meeting") and, in particular, to vote on the following resolutions dealing with the matters described in the notice of the General Meeting:

	Number of ZCI shares		
	For	Against	Vote Withheld
<b>Ordinary Resolution Number 1</b> – approval of the Fixed Fee/First Performance Fee Deed, the Sale Deed, the Share Transfer Deed, the Sale and Transfer Deed and the Escrow Agreement			
<b>Ordinary Resolution Number 2</b> – authority to implement the related party transaction			

**\*Note:** Please indicate with an "x" or the number of ZCI shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Signed at

on

2013

Signature/s

Name in BLOCK LETTERS (full name if signing in a representative capacity)

Assisted by (where applicable)

## Notes

1. A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of the member. A proxy need not be a shareholder of ZCI.
2. The "Vote Withheld" option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" a resolution.
3. In the case of a joint holding of shares, the first named in the Register of Members only need sign and his vote will be accepted to the exclusion of the vote(s) of the other joint holder(s).
4. A corporation may affix its common or official seal or use the signature of its duly authorised officer.
5. Completion and lodging of this form of proxy will not preclude the member who grants the proxy form attending the General Meeting and speaking and voting in person to the exclusion of any proxy appointed.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the General Meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of ZCI at close of business on the day which is two days before the day of the General Meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
7. Any alterations made to this form should be initialled.
8. Your address, as shown on the envelope, is how it appears on the Register of Members. If this information is incorrect, please ring Computershare Investor Services PLC's helpline on 0870 707 1574 to request a change of address form or go to [www.investorcentre.co.uk](http://www.investorcentre.co.uk) to use the online Investor Centre service.
9. Proxy forms should be completed and returned so as to be received by ZCI's Transfer Secretaries, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, UK, by no later than 10:00 CET (09:00 BST, 10:00 SAST) on Thursday, 26 September 2013.