

African Copper PLCAIM, TSX SYMBOL: ACU

Zambia Copper Investments Limited

(Registered in Bermuda) (South African registration number 1970/000023/10)

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Zambia Copper Investments Limited ('ZCI') and African Copper Plc ('ACU')

Agreement between African Copper and Zambia Copper Investments

ZCI and ACU are pleased to announce that they have today entered into binding agreements pursuant to which ZCI has agreed to provide ACU with a comprehensive financing package of approximately US\$22.5 million (the “Financing Package”).

Highlights

The highlights of the Financing Package are as follows:

- A US\$10 million bridge loan facility which will enable ACU to:
 - satisfy in full all repayment obligations owing to Natasa Mining Limited;
 - make interim payments to ACU's bondholders and key trade creditors in the amount of 50 per cent. of the total cash amounts being offered to them under the terms of the Financing Package;
- The Financing Package returns significant cash (approximately US\$8.8 million in total) to both bondholders and trade creditors and allows bondholders to retain a proportion of their bonds (US\$2.5 million) giving an aggregate cash and bond offer of approximately US\$11.3 million;
- At completion existing shareholders retain a 15.14 per cent. equity interest in ACU;
- The Financing Package will be financed using ZCI's internal cash resources; and
- The Financing Package does not require approval of ACU's shareholders as it has been designed to fall within the ACU board's existing authorities to allot shares.

The details of the Financing Package are set out in the Appendix, which should be read in conjunction with this summary.

Commenting on the Financing Package, ZCI Chairman Tom Kamwendo said: **“The board of ZCI is delighted to have reached an agreement with ACU and is looking forward to the completion of the deal and is committed to bolstering ACU's board of directors and management with experienced mining executives. ZCI will assist ACU management to optimise the Mowana mine operations, and seek ways to expand the mining and processing capability beyond the 25,000 t.p.a envisaged in ACU's current five year plan. We look forward to working together to make ACU into a successful operational African mining company, providing employment and revenue for all stakeholders.”**

Commenting on the Financing Package, ACU's deputy Chairman Dave Jones said: ***“The board of ACU are very pleased to have reached agreement with ZCI who have experience and expertise in the copper mining industry in Southern Africa. Joining with a well financed and experienced mining group who***

can provide ongoing expertise will serve African Copper well in its quest to grow the Mowana mine in future years.”

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About ZCI

ZCI is a Johannesburg Stock Exchange ('JSE') and Euronext (Paris) listed, Bermuda incorporated, mining investment company. ZCI previously owned 65 per cent. (subsequently sold down to 28 per cent. in 2005) of the Konkola Copper Mine ('KCM') in Zambia but sold its residual stake in 2008 and is looking to invest in Africa-based mining companies.

About ACU

ACU is an international exploration and development company incorporated in England and Wales and tri-listed on the AIM market of the London Stock Exchange, the Toronto Stock Exchange and the Botswana Stock Exchange. ACU is involved in the exploration and development of copper deposits in Botswana and is currently developing its first copper mine at the Mowana Mine and holds permits in exploration properties at the Matsitama Project. The Mowana Mine is located in the northeastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

Canaccord Adams Limited, which is authorised and regulated by the Financial Services Authority (the 'FSA'), is acting exclusively for ZCI and no-one else in relation to the Financing Package and will not be responsible to any person other than ZCI under the Financial Services and Markets Act 2000, the rules of the FSA or otherwise for providing the protections afforded to its clients or for any matter concerning the Financing Package or for providing advice in relation to the Financing Package or in relation to the contents of this announcement or any other transaction, arrangement or matter referred to herein. Canaccord Adams Limited can be contacted at Cardinal Place, 7th Floor, 80 Victoria Street, London SW1E 5JL.

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APPENDIX

The Financing Package

ZCI and ACU have entered into the Financing Package to provide approximately US\$22.5 million to the ACU group and its stakeholders.

The Financing Package comprises, among other things:

- a share subscription by ZCI for 676,570,500 new ordinary shares at an issue price of 1 pence per share (the 'Share Subscription') for gross proceeds to ACU of approximately US\$9.9 million, giving ZCI a post-Financing Package interest in ACU of 69.73 per cent.;
- provision by ZCI of a four year secured convertible credit facility (the 'Convertible Loan Facility') to ACU of US\$8.1 million with a coupon of 12 per cent. per annum and a conversion price of 1p exercisable at any time during its term. The conversion element of the Convertible Loan Facility is subject to ACU shareholder approval;
- provision by ZCI of a short-term, secured credit facility (the 'Short-Term Facility') to ACU of US\$2 million bearing interest at a rate of 14 per cent. per annum;
- the continuation, to the benefit of bondholders, of US\$2.5 million of the outstanding Pula bond; and
- in order to meet the immediate working capital needs of ACU, to repay the US\$1.5 million bridge financing advanced to ACU by Natasa and other indebtedness owing by ACU or its subsidiaries to Natasa and to make interim payments to bondholders and certain large creditors as described below, the Financing Package provides for a secured bridge loan (the 'Bridge Loan') of US\$10 million; the Bridge Loan will be refinanced out of the proceeds of the Share Subscription and the Convertible Loan Facility;

The security that will be provided for the Bridge Loan will be identical to that put in place for the Natasa bridge loan with the addition of a share pledge over the shares of ACU's subsidiary Messina Copper.

The Bridge Loan will be available in two tranches as follows:

a five million Dollar (\$5,000,000) tranche ("Tranche A") that:

- is available immediately for the purpose of repaying indebtedness owing to Natasa, for professional fees and for other authorised expenditures; and
- will, from the date of any draw-down of monies under Tranche B, bear interest of twelve per cent. (12%) per annum; and

a five million Dollar (\$5,000,000) tranche ("Tranche B") that:

- will be available following the execution of compromise agreements with bondholders and certain large trade creditors and security for the Bridge Loan having become effective;

- will be available for the purpose of making interim payments to bondholders and certain creditors of amounts to be paid to them, as described below and for other authorised expenditures; and
- will bear interest of twelve per cent. (12%) per annum.

ZCI proposes that ACU's large trade creditors - the mining contractor and the engineering, procurement, contracting and management contractors - would be paid in cash 40 per cent. of monies owed and issued with approximately 48,952,986 new ordinary shares in full and final settlement of debts due from ACU. Following completion of the Financing Package, such creditors would have an interest of 5.05 per cent. of the enlarged ACU share capital. The payments to the large trade creditors would be made in two equal instalments with an interim payment of half the amount made upon the availability of Tranche B of the Bridge Loan and the other half paid at completion of the financing transactions.

Small creditors should be repaid in full in cash from the proceeds of the Financing Package as their debts become due.

ZCI proposes that ACU's bondholders be paid 25 per cent. of the face value of their bonds (equating to approximately US\$5.0 million) and retain existing bonds or be issued with new bonds equivalent to US\$2.5 million on terms and conditions, as a whole, no worse than the current ACU bonds, with the balance of the bonds to be retired. The retained bonds would greatly benefit from the restored financial position of ACU. Bondholders would also be issued with 97,905,971 ordinary shares as final and total discharge of their debts due from ACU. Following completion of the Financing Package, they would have an interest of 10.09 per cent. of the enlarged ACU share capital. The payments to the bondholders would be made in two equal instalments with an interim payment of half the amount made upon the availability of Tranche B of the Bridge Loan and the other half paid at completion of the financing transactions.

The proposed post-Financing Package shareholding structure would be as follows:

Description	New Share Structure	
	Ordinary Shares	% of total
Shares to be issued to large trade creditors	48,952,986	5.05
Shares to be issued to Bondholders	97,905,971	10.09
Existing shares in issue	146,859,000	15.14
Shares to be issued to ZCI	676,570,500	69.73
TOTAL	970,288,457	100.00

The numbers set out above assume that the Convertible Loan Facility has not been converted into ordinary shares of ACU. Were the Convertible Loan Facility to be converted in full the new share structure would be as follows:

Description	New Share Structure
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	Ordinary Shares	% of total
Shares to be issued to large trade creditors	48,952,986	3.2
Shares to be issued to Bondholders	97,905,971	6.4
Existing shares in issue	146,859,000	9.6
Shares to be issued to ZCI	1,235,191,233	80.8
TOTAL	1,528,909,190	100.00

In consideration of ZCI entering into binding agreements with ACU to provide the Financing Package, ZCI has been granted a hard exclusivity clause under which ACU and its subsidiaries shall not sell or otherwise dispose of all or any part of their share capital or the whole or substantially the whole of their business or assets to any third party or enter into any discussions with any third party in relation to such a transaction.

Management of ACU

ZCI currently intends to work within the existing management and board structure of ACU. Nevertheless, in light of its significant investment in ACU, it is a condition of the Financing Package that ZCI has the right to appoint two non-executive directors to the board of ACU, one of whom shall be chairman. In addition, ZCI has nominated (and ACU has appointed) three senior and experienced mining personnel for senior management positions with Messina Copper (Botswana) (Proprietary) Limited.

Conditions precedent

Completion of the subscription by ZCI for ACU ordinary shares under the Subscription Agreement and the availability of funds under the Convertible Loan Facility and Short-Term Facility are subject to the satisfaction or waiver by ZCI of certain conditions precedent including the following:

- ACU and its subsidiaries arranging the compromise detailed above with its large creditors and bondholders;
- ACU's agreement to the legal documentation in relation to the Subscription Agreement and in relation to the Short-term Facility and Convertible Loan Facility;
- the management changes referred to above;
- ACU being delisted from the TSX;
- any nominees of Natasa appointed as directors or officers of ACU or its subsidiaries having resigned or been given notice of their removal and any legal agreements between ACU or its subsidiaries and Natasa having lapsed or been terminated;
- there having been no material adverse effect on the condition or the earnings, business affairs, business prospects of the ACU group taken as a whole; and

- the approval of ZCI shareholders as required under the rules of the JSE. No shareholder approval is required prior to any advances being made under the Bridge Loan. Further, ACU has obtained a signed comfort letter from The Copperbelt Development Foundation ('CDF' - the holder of 71.5 per cent. of the issued ZCI share capital) indicating that they intend to vote all of their shares in favour of all necessary resolution(s) to approve the transaction.

New ACU Board Members

David Rodier, who will be joining the board of ACU as Chairman, is a non-executive director of ZCI and currently works as Senior Consultant, Sustainability for Hatch Associates, a global engineering company located in Ontario, Canada, which is devoted to the support of the Mining and Metallurgical industries. He gained his extensive working experience in the non-ferrous industry, starting with Cominco in British Columbia, (now Teck-Cominco) and later for Noranda Inc., where he was employed for 35 years and where he was involved with zinc and copper recycling. His experience includes a wide range of technical and managerial positions in zinc and copper businesses. His most recent positions were: Senior Vice President, Environment Safety and Health at Noranda between 1998 and 2002; Senior Vice President, Copper & Recycling at Noranda between 1995 and 1997; and President of Canadian Electrolytic Zinc between 1992 and 1995. Mr Rodier was Noranda's delegate to the World Business Council for Sustainable Development, the International Council for Mining and Metals, the International Zinc Association, the International Copper Association, the Mining Association of Canada and the Canadian Chemical Producers Association.

Mr Rodier was born in Montreal, Canada, and has a Bachelor's degree in Metallurgical Engineering from McGill University, Montreal.

Jordan Soko, who will be joining the board of ACU as a non-executive Director is the founder and CEO of iCapital (Mauritius), a private equity and advisory firm that are investment advisers to ZCI. Prior to forming iCapital (Mauritius), he was CFO, and also acted as CEO, of Konkola Copper Mines PLC (KCM), a Zambian copper mining company with over 10,000 employees, then producing about 220,000mt of copper from a complex suite of mining and metals assets. He has extensive capital markets and corporate finance experience having, prior to joining KCM, worked for Stanbic Bank Zambia for nine years as head of its capital markets, leasing and corporate and project finance unit. He served for six years on the investment committee of the first venture capital and private equity fund in Zambia and has chaired several privatization transactions. He has also worked in the public sector in numerous financial roles for over 10 years. He is a qualified Chartered Management Accountant and holds an MBA degree from Lincoln University in the UK. Mr Soko is a qualified stock broker and investment advisor.

In addition to managing iCapital (Mauritius), Jordan is non-executive Chairman of AEL Zambia PLC, a company listed on the Lusaka Stock Exchange, and is a non-executive director of the Copper Development Association Africa and Lumwana Mining Company, the largest single copper mine in Africa.

Proposed Timetable

ACU and ZCI have proposed the following indicative timetable:

Execution of offer and bridge loan	9 May
Advance of US\$5million	11 May
Execution of bondholder/creditor compromise agreements and loan facility and subscription	18 May

agreement

Registration of bridge loan security	By 30 June
Advance of US\$5million	By 30 June
Payments to bondholders and large trade creditors (50% of cash due under compromise agreements)	By 30 June
ZCI shareholders meeting	By 31 July
Completion of ZCI offer and ZCI share subscription	By 31 July

Pro forma financial effects

Following the acceptance of the Financing Package by ACU, in compliance with paragraph 9.15 of the Listings Requirements, pro forma financial effects will be disclosed.

ZCI controlling shareholder's undertaking

ZCI confirms that it has received a comfort letter from The Copperbelt Development Foundation ('CDF'), which holds 71.5% of the issued share capital of ZCI confirming that CDF intends to vote all of its shares in favour of all resolutions required to approve the Financing Package.

Forward-Looking Information

This press release contains forward-looking information. All statements, other than statements of historical fact, that address activities, events or developments that may occur in the future (including, without limitation, the anticipated dilutive effect of the above transactions contemplated by the Financing Package, the anticipated stakeholder value that may result from such transactions, the proposed arrangements with ACU's creditors and bondholders, proposed changes to the management of ACU and ZCI's intentions with regard to ACU and other statements which are not historical facts) are forward-looking information. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of ACU to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, ACU. Factors that could affect the transactions described above (and ACU's future viability as a going concern) include, among other things, bondholders and major creditors not agreeing terms acceptable to ACU and ZCI in a timely manner or at all and the failure to complete the ZCI transactions as result of the non-fulfilment of the conditions precedent. All forward-looking information speaks only as of the date hereof and, except as may be required by applicable securities laws, ACU disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although ACU believes that its expectations reflected in the forward-looking information, as well as the assumptions inherent therein, are reasonable, forward-looking information is not a guarantee of future performance and, accordingly, undue reliance should not be put on such information due to the inherent uncertainty therein.