THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is not an invitation to the public to subscribe for shares in the Company, but is issued for purposes of giving information to shareholders regarding the debt acquisition, the offer of finance to ACU, the re-listing of ZCI on the Basic Resources – Non-ferrous Metals sector of the Main Board of the JSE Limited and the proposed change of name from "Zambia Copper Investments Limited" to "ZCI Limited". The revised listing particulars have been prepared on the assumption that the resolutions proposed in the notice of general meeting forming part of this circular to which the revised listing particulars are attached, will be passed at the general meeting of shareholders to be held at Novotel Hotel, 35 rue du Laboratoire, Luxembourg at 14:30 on Monday, 11 January 2010.

The definitions commencing on page 10 of this circular have, where necessary, been used on this front cover. All dates and times referred to in this circular are Central European (GMT+1) times.

Action required

If you are in any doubt as to the action you should take, please consult the sponsor, your CSDP, broker, banker, accountant, attorney or other professional advisor immediately. If you have disposed of all your shares in ZCI, this document should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Certificated shareholders and own name dematerialised shareholders who are unable to attend the Company's general meeting to be held at Novotel Hotel, 35 rue du Laboratoire, Luxembourg at 14:30 on Monday, 11 January 2010 and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and return it to the relevant transfer secretaries to be received by no later than 14:30 on Thursday, 7 January 2010.

Shareholders who have dematerialised their shares, other than by own name registration, with a CSDP or broker must advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders who have dematerialised their shares must not return the attached form of proxy to the transfer secretaries. Their instructions must be sent to their CSDP or broker for action. Should they wish to be present or be represented at the general meeting, they must advise their broker or CSDP timeously and request a Letter of Representation from their broker or CSDP to enable them to attend the general meeting.

Zambia Copper Investments Limited

(Registered as a company in Bermuda and as a branch of an external company in South Africa)
(Bermudian registration number 661:1969)
(South African registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240
("**ZCI**" or "**the Company**")

CIRCULAR TO ORDINARY SHAREHOLDERS INCORPORATING REVISED LISTING PARTICULARS

regarding

- **the offer of finance to ACU;**
- **the debt acquisition;**
- **the re-listing of ZCI on the Basic Resources – Non-ferrous Metals sector of the Main Board; and**
- **the proposed change of name from "Zambia Copper Investments Limited" to "ZCI Limited" ("the name change");**

and incorporating

- **the notice of general meeting;**
- **form of proxy (for use by certificated shareholders and own name dematerialised shareholders); and**
- **form of surrender (for use by certificated shareholders only).**

17 December 2009

Additional copies of this circular are available in English and may be obtained from Thursday, 17 December 2009 to Monday, 11 January 2010 during normal business hours from the registered office of the Company, the offices of the sponsor and each of the transfer secretaries, the details of which are set out in the "Corporate Information" section of this circular and may also be downloaded from the Company's website (www.zci.lu).

The directors whose names are set out in paragraph 9, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the Listings Requirements of the JSE Limited.

At the circular date, the authorised and issued share capital of the Company was as set out below:

	BD$'000
Authorised	
130,000,000 ordinary shares of BD$0.24 each	31,200
50,000 deferred shares of BD$0.24 each	12
Issued share capital	
55,677,643 ordinary shares of BD$0.24 each	13,363
50,000 deferred shares of BD$0.24 each	12
Contributed surplus	89,313

Sponsor and Corporate Advisor

BRIDGE CAPITAL

Investment Advisor

iCapital Advisory • Private Equity

Financial Advisor on the ACU transaction

CANACCORD Adams

Reporting Accountant and Auditor

KPMG

Reporting Accountant to ACU

PKF (Jhb) Inc

Competent Person

RSV Consulting Engineers and Project Managers

Lead Counsel

Maitland

Legal Advisor (SA Law)

Webber Wentzel Attorneys

Legal Advisor on the ACU transaction

McCarthy Tétrault

Transfer Secretaries (SA)

Computershare

Transfer Secretaries (UK)

Computershare

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Transfer Secretaries (UK)

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Company Secretary

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Legal Advisor in respect of South African Law

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TABLE OF CONTENTS

The definitions commencing on page 10 of this circular apply where necessary to the following table of contents:

IMPORTANT DATES AND TIMES

Circular incorporating notice of general meeting, form of proxy and form of surrender posted to ZCI shareholders on	Thursday, 17 December 2009
Forms of proxy of general meeting to be received by no later than 14:30 on	Thursday, 7 January 2010
General meeting of ZCI shareholders at 14:30 on	Monday, 11 January 2010
Results of general meeting released on SENS on	Monday, 11 January 2010
Expected date of lodging with the South African Registrar of Companies at CIPRO of resolution regarding the change of name on	Tuesday, 12 January 2010
Re-listing on the Basic Resources – Non-ferrous Metals sector of the Main Board effective from commencement of trading on	Friday, 15 January 2010
Last day to trade before the change of name on the JSE on	Friday, 29 January 2010
Change of name on the JSE effective from commencement of business on	Monday, 1 February 2010
Shares will trade in the new name under new ISIN: BMG9887P1068 from commencement of trading on [3]	Monday, 1 February 2010
Record date for the change of name on the JSE on	Friday, 5 February 2010
CSDP/Broker accounts updated on	Monday, 8 February 2010
Share certificates posted on or about[7]	Monday, 8 February 2010

Notes:

1. The definitions commencing on page 10 of this circular apply where necessary to the important dates and times.
2. All dates and times referred to in this circular are Central European (GMT+1) times.
3. The JSE share code will remain as "ZCI" and the Euronext share code and ISIN will be changed to BMG9887P1068.
4. Shareholders will not be able to dematerialise or rematerialise shares in "Zambia Copper Investments Limited" after Friday, 29 January 2010 and may only dematerialise their replacement shares in "ZCI Limited" from Monday, 8 February 2010. Certificated shareholders who surrender their existing documents of title on or before 12:00 on the record date will have their new share certificates mailed on or about Monday, 8 February 2010 (SA registered certificated shareholders) or on or about Wednesday, 10 February 2010 (UK registered certificated shareholders).
5. Certificated ZCI shareholders who surrender their existing documents of title on or after 12:00 on the record date, will have their new share certificates mailed within five business days of receipt thereof by the relevant transfer secretaries.
6. Additional copies of this circular may be obtained from Thursday, 17 December 2009 to Monday, 11 January 2010 during normal business hours, from the registered office of ZCI, the sponsor and each of the transfer secretaries, details of which are set out in the "Corporate Information" section of the circular and may also be downloaded from the Company's website (www.zci.lu). This circular is available in English only.
7. Share certificates for UK Registered certificated shareholders will be posted on or about Wednesday, 10 February 2010

ACTION REQUIRED BY SHAREHOLDERS

The definitions commencing on page 10 of this circular have, where necessary, been used below:

1. If you are in any doubt as to what action you should take in relation to this circular, please consult the sponsor, your CSDP, broker, banker, accountant, attorney or other professional advisor immediately.
2. If you have disposed of all your ordinary shares, please forward this circular to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.
3. The general meeting, convened in terms of the notice incorporated in this circular, will be held at Novotel Hotel, 35 rue du Laboratoire, Luxembourg at 14:30 on Monday, 11 January 2010.
4. If you are a certificated shareholder or own name dematerialised shareholder, you are entitled to attend, or to be represented by proxy, at the general meeting. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the relevant transfer secretaries by no later than 14:30 on Thursday, 7 January 2010.
5. If you have dematerialised your shares and have not selected own name registration, you must contact your CSDP or broker, and advise them as to what action you wish to take in terms of your agreement with your CSDP or broker. If you wish to attend the general meeting, you should contact your CSDP or broker and obtain the relevant letter of representation.
6. Holders of certificated shares are requested to complete the attached form of surrender and return it together with their share certificates or other documents of title to the relevant transfer secretaries. New share certificates reflecting the change of name will be posted on or about Monday, 8 February 2010 (SA registered shareholders) or on or about Wednesday, 10 February 2010 (UK registered certificated shareholders) Wednesday, 10 February 2010, by registered post, to those certificated shareholders who have surrendered their documents of title on or before 12:00 on Friday, 5 February 2010. ZCI shareholders who surrender their existing documents of title thereafter will have their new share certificates mailed within five business days of receipt thereof by the relevant transfer secretaries, by registered post, at the risk of the shareholder concerned.
7. Dematerialised shareholders' safe custody accounts will be updated with the new name by the CSDP or stockbroker and no action needs to be taken by ZCI shareholders.

PROCEDURE FOR THE SURRENDER OF DOCUMENTS OF TITLE

1. Certificated shareholders must complete the form of surrender, which is attached to this circular, and lodge it with the relevant transfer secretaries. Dematerialised shareholders do not need to do anything with regard to the change of name as this will be automatically updated by their CSDP or broker.
2. Share certificates reflecting the new name of the Company will be posted, by registered post, on or about Monday, 8 February 2010 (SA registered certificated shareholders) or on or about Wednesday, 10 February 2010 (UK registered certificated shareholders)at their own risk, who have surrendered their documents of title by the record date, or within five business days of receipt of the existing documents of title, in respect of certificated shareholders who have, at their own risk, surrended their documents of title after the record date.
3. If any existing documents of title have been lost or destroyed and the certificated shareholder provides evidence to this effect to the satisfaction of the directors, then ZCI may dispense with the surrender of such documents of title against provision of an acceptable indemnity or if ZCI in its discretion waives the requirement for the indemnities.
4. Receipts will not be issued for the surrender of existing documents of title. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the documents of title lodged.

SALIENT FEATURES

This summary contains the salient features of the debt acquisition and offer of finance (collectively, "**the transaction**"); the re-listing of ZCI and the proposed change of name detailed in this circular, which should be read in its entirety for a full appreciation thereof. The definitions commencing on page 10 of this circular apply where necessary to this section of the circular.

INTRODUCTION

The purpose of this circular is to furnish ZCI shareholders with relevant information regarding the transaction, the re-listing of ZCI and the proposed change of name.

THE TRANSACTION

Offer of finance

As part of ZCI's proposed business plan, the Company made a binding offer of finance to ACU on 16 April 2009. This offer was accepted by ACU on 9 May 2009 and following amendments entered into with effective dates of 12 May 2009 and 18 May 2009, comprised a subscription by ZCI of ACU ordinary shares for an amount of approximately US$9.9 million and the provision of secured bridge term loan facilities of US$7 million and US$25.4 million, respectively.

On 18 June 2009, ZCI entered into a new term loan facility agreement with ACU in order to put ACU's borrowings from ZCI on a more permanent footing and enable the earlier bridge loans to be refinanced, being the Term Loan Facility. The Term Loan Facility aggregate amount of US$31,129,100 is divisible into two distinct tranches. Tranche A of the Term Loan Facility in an amount of US$8,379,100 is convertible into ordinary shares of GBP0.01 each in ACU at a conversion price of GBP0.01 per share. Tranche B of the Term Loan Facility is for an amount up to US$22,750,000 and is not convertible. Tranche A of the Term Loan Facility will bear interest at 12 per cent. per annum and Tranche B of the Term Loan Facility will bear interest at 14 per cent. per annum. Both Tranche A and Tranche B of the Term Loan Facility are repayable four years following the date upon which the Term Loan Facility becomes effective unless Messina is in default under the agreement in which event the Term Loan Facility will become immediately due and repayable.

Further details relating to the Company's binding offer of finance and the Term Loan Facility are set out in Part 2 of this circular.

Conditions Precedent

The advance of funds under the Term Loan Facility is subject to certain conditions precedent including that:

- security over Messina's assets, including the Mowana Mine, has become effective;
- the obtaining of shareholder approval by ZCI as required in terms of the Listings Requirements.

Debt acquisition

ZCI entered into binding debt assignment agreements with certain of ACU's creditors, namely, Moolman, Senet and RSV. Moolman assigned its 60 million Pula plus VAT (approximately US$8 million at an exchange rate of US$1/7.5 Pula) outstanding debt against ACU to ZCI at a price equal to 50 per cent. of the face value of the Moolman Debt. Senet assigned its ZAR 17,002,545 (approximately US$2 million at an exchange rate of US$1/ZAR8.44) outstanding debt against ACU to ZCI at a price equal to 50 per cent. of the face value of the Senet Debt. Further, ZCI finalised a compromise agreement with RSV pursuant to which RSV has been paid in cash 50 per cent. of monies owed directly to RSV and 100 per cent. owed to RSV sub-contractors being a total of ZAR3,777,836 (approximately US$448,141.87 at an exchange rate of US$1/ZAR8.43) in full and final settlement of debts due from ACU.

Background to ACU

ACU is an international exploration and development company incorporated in England and Wales and dual-listed on the AIM market of the London Stock Exchange PLC 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 north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

Rationale for the transaction

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

Financial effects of the transaction

The table below sets out the unaudited *pro forma* financial effects of the transaction based on ZCI's audited results for the year ended 31 March 2009. These financial effects are the responsibility of the directors of ZCI and have been prepared for illustrative purposes only, in order to provide information on how the transaction may have impacted on the results and financial position of ZCI. Due to its nature, the unaudited *pro forma* financial information may not give a fair reflection of ZCI's financial position subsequent to the transaction. It has been assumed for purposes of the *pro forma* financial information that the consolidation and the transaction took place with effect from 1 April 2008 for income statement purposes and 31 March 2009 for balance sheet purposes. The unaudited *pro forma* consolidated balance sheet and income statement of ZCI are set out in Annexure 5 to this circular. The independent reporting accountants' report on the unaudited *pro forma* financial information is set out in Annexure 6 to this circular.

	Before the transaction[1]	**After the transaction**	**Percentage change**
Earnings/Loss per share (US cents)	0.56	(144.19)[2]	(26,052)
Diluted earnings/loss per share (US cents)	0.56	(144.19)[2]	(26,052)
Headline loss per share (US cents)	(0.20)	(3.08)[2]	(1,438)
Diluted headline loss per share (US cents)	(0.20)	(3.08)[2]	(1,438)
Net asset value per share (US cents)	184.43	181.39[3]	(2)
Net tangible asset value per share (US cents)	184.43	147.93[3, 4]	(20)
Total number of shares in issue ('000)	55,678	55,678	
Weighted average number of ordinary shares ('000)	92,870	92,870	
Diluted weighted average number of ordinary shares ('000)	92,870	92,870	

Notes:

1. The "Before the transaction" financial information is based on ZCI's published results for the year ended 31 March 2009.
2. The "After the transaction" loss/headline loss, have taken the following into account:
   a. the payment of ZCI's expenses in relation to the implementation of the transaction, totalling US$1.69 million;
   b. the reduction of interest earned at an average rate of 0.96% per annum on the cash utilised by ZCI to fund the transaction; and
   c. the interest saving of 21 million Pula by ACU on the settlement of an outstanding Pula bond totalling 150 million Pula.
3. The "After the transaction" net asset value and net tangible asset value per share have taken the following into account:
   a. the inclusion of the assets and liabilities of ACU at book value;
   b. the goodwill arising as a result of the acquisition;
   c. the payment of the estimated transaction costs amounting to US$1.69 million;
   d. ACU applying the proceeds received from ZCI to settle the outstanding Pula Bond totalling 150 million Pula;
   e. ACU applying US$12.8 million of the transaction proceeds to settle outstanding creditors; and
   f. the US$9.9 million debt acquisition by ZCI of ACU's major creditors.
4. The net tangible asset value per share has been adjusted further to exclude the goodwill relating to the acquisition.

Please refer to Annexure 5 for detailed notes.

RE-LISTING

In a detailed announcement dated 8 August 2008, shareholders were advised that ZCI had disposed of its 28.4% share in Konkola to Vedanta for the amount of US$213.15 million. Pursuant to the disposal, the Company was reclassified as a cash shell with effect from 10 April 2008 and in terms of the provisions of the Listings Requirements, permitted a six-month period to enter into an agreement to acquire a viable asset (on or before 10 October 2008), failing which the JSE would suspend the shares from trading for a period of three months following the said lapse.

On 2 September 2008, the Company made an offer to all shareholders to repurchase shares at a price of 186.48 United States cents per share, being the unaudited net asset value per share as at 31 August 2008.

The offer was, in the directors' view, the most effective way of returning value to shareholders. Further, in the circular detailing the offer, the board set out the broad outlines of the business plan that the Company intends to pursue with the Company's cash resources following the Konkola disposal as well as the share repurchase. The offer closed on 10 October 2008. A total of 70,519,719 shares, representing 55.9% of the total shares in issue, were repurchased at a Rand/United States Dollar exchange rate of R9.0979/US$1 or R16.9657 per share.

With effect from 12 January 2009 the shares were suspended from trading on the JSE, triggering a simultaneous suspension on Euronext. The lifting of the suspension of ZCI's listing is expected to be effective from commencement of trading on the JSE and Euronext on Friday, 15 January 2010.

CHANGE OF NAME

The directors propose to change the name of the Company from "Zambia Copper Investments Limited" to "ZCI Limited". The rationale for the change of name is to more appropriately reflect the profile and future strategy of the Company and to enhance the position of the Company for international markets, including alignment with the Company's new business plan. The board is of the opinion that the implementation of the change of name will be to the long-term benefit of ZCI shareholders.

General meeting and forms of proxy

The general meeting will be held to consider and if deemed fit, to pass, with or without modification, the resolutions necessary to approve and implement the transaction and name change. A notice convening the general meeting forms part of this circular and contains the resolutions to be considered at the general meeting.

Certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised shareholders must **not** return the attached form of proxy to either of the transfer secretaries. They must rather advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker (including in respect of any time limits). Should shareholders wish to attend the general meeting in person, they must obtain the necessary Letter of Representation from their CSDP or broker.

Additional copies of the circular

Additional copies of the circular are available in English only and may be obtained by shareholders from Thursday, 17 December 2009 to Monday, 11 January 2010 during normal business hours, from the registered office of ZCI, the offices of the sponsor, and each of the transfer secretaries, details of which are set out in the "Corporate information" section of this circular and may also be downloaded from the Company website (www.zci.lu).

DEFINITIONS

In this circular, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the other. All dates and times referred to in this circular are Central European (GMT+1) times. References to paragraphs and annexures are to paragraphs in and annexures to this circular. References to cases or statute are references to such cases or statute as amended from time to time. Expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meanings stated opposite them in the second column, as follows:

"Act"	the South African Companies Act, 1973, as amended;
"ACU"	African Copper PLC, a company incorporated in England and Wales and dual-listed on the AIM market of the London Stock Exchange PLC and the Botswana Stock Exchange;
"BD$"	Bermudian dollars, being the lawful currency of Bermuda;
"Bermudian Cent"	one-hundredth of one BD$;
"Bermuda Companies Act"	the Bermuda Companies Act, 1981;
"business day"	any day other than a Saturday, Sunday or official public holiday in South Africa, Bermuda, Luxembourg or France;
"the Bridge Facility"	a short-term secured loan facility detailed in the initial offer;
"Central Southern Africa"	the group of countries that include Botswana, Namibia, Malawi, Tanzania and Zambia;
"CDF"	Copperbelt Development Foundation, being the controlling shareholder of ZCI and a charitable company limited by guarantee and incorporated in accordance with sections 7(1) and (3) of the Bermudian Companies Act, 1981. The *pro tempore* members of the company are its directors that include Thomas Kamwendo; David Rodier and Edgar Hamuwele;
"certificated shareholders"	shareholders who hold certificated shares;
"certificated shares"	shares which have not been dematerialised in terms of the requirement of Strate and title to which is represented by a share certificate or other physical document of title;
"circular"	this bound document, dated Thursday, 17 December 2009, including all annexures hereto incorporating the notice of general meeting and the attached forms, which form part of the circular;
"circular date"	the date of this circular;
"company secretary"	John Kleynhans, an individual, details of whom are set out in the "Corporate Information" section of this circular;
"constitution"	the incorporating act and the bye-laws of the Company, as amended, at the circular date;
"CSDP"	a Central Securities Depository Participant accepted as such in terms of the South African Securities Services Act, 2004, appointed by an individual shareholder for purposes of, and in regard to the dematerialisation of certificate of shares in terms of the requirements of Strate;

"the debt acquisition"	the acquisition of the Moolman Debt, the Senet Debt and the RSV Debt;
"dematerialised shareholders"	shareholders who hold dematerialised shares;
"dematerialised shares"	shares that have been dematerialised in terms of the requirements of Strate and which are held on the sub-register of shareholders in electronic form in terms of the South African Securities Services Act, 2004;
"directors" or **"board of directors"**	the directors of ZCI, further details of whom appear in paragraph 9;
"effective date"	the effective date of the re-listing of ZCI on the Basic Resources – Non-ferrous Metals sector of the Main Board of the JSE, expected to be Friday, 15 January 2010;
"Euronext"	the stock exchange in Paris where the Company has a secondary listing;
"First Amendment Agreement"	an agreement entered into on Tuesday, 12 May 2009 between ZCI and ACU amending the terms accepted under the revised offer;
"GBP" or **"£"**	Great British Pounds, being the lawful currency of the United Kingdom;
"the Group"	ZCI and all its subsidiaries, from time to time;
"IFRS"	International Financial Reporting Standards;
"the initial offer"	a binding offer of finance made by ZCI to ACU and its subsidiaries, dated 9 May 2009;
"JSE"	JSE Limited (registration number 2005/022939/06), a company incorporated in accordance with the laws of South Africa, licensed as a securities exchange under the South African Securities Services Act, 2004;
"Konkola"	Konkola Copper Mines PLC (registration number 1999/021543/21), a company incorporated in accordance with the company laws of Zambia and a former subsidiary of ZCI;
"last practicable date"	the last practicable date prior to the finalisation and publication of this circular, being Friday, 11 December 2009;
"listing"	the admission of securities to the list;
"list"	the list maintained by the JSE of securities committed to listing;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"the Loan"	a loan by ZCI to ACU amounting to US$25.4 million as agreed in the Second Amendment Agreement entered into on Monday, 18 May 2009;
"Main Board"	the Main Board of the lists maintained by the JSE of companies admitted to listing;
"the Manager" or **"iCapital"**	the investment advisor, being iCapital Mauritius Limited, a company incorporated in accordance with the laws of Mauritius details of which are set out in Annexure 1 to this circular;
"Messina"	Messina Copper (Botswana) (Proprietary) Limited, a company incorporated under the laws of Botswana and a wholly-owned subsidiary of ACU;
"Moolman"	Moolmans Mining Botswana (Proprietary) Limited, a company incorporated under the laws of Botswana;

"the name change"	the proposed change of ZCI's name from "Zambia Copper Investments Limited" to "ZCI Limited" with effect from commencement of trading on Monday, 1 February 2010;
"the Moolman Debt"	an amount of BWP 60 million owed to Moolman by Messina;
"Natasa"	Natasa Mining Limited, a company incorporated under the laws of Botswana;
"new shares"	676,570,500 new ordinary shares of 1 pence each in the capital of ACU;
"normal business hours"	from 08:00 to 17:00;
"the offer of finance"	the share subscription and the Term Loan Facility;
"own name dematerialised shareholders"	dematerialised shareholders that have elected own name registration;
"own name registration"	the registration of dematerialised shares in the name of the beneficial owner thereof (as opposed to in the name of a nominee for the beneficial owner);
"previous reporting accountant and auditor"	KPMG Audit S.`a.r.l (practice number B103590) a company duly registered and incorporated in accordance with the laws of Luxembourg, being the previous reporting accountant and auditor to the company and whose address is 9 Allee Scheffer, L-2520, Luxembourg;
"Pula" or **"BWP"**	the Botswana Pula, being the official currency of the Republic of Botswana;
"Pula Bond"	a bond issued by Messina in the amount of BWP 150 million;
"Rand" or **"R"**	South Africa Rand, being the official currency of South Africa;
"re-listing"	the re-listing of ZCI on the Basic Resources – Non-ferrous Metals of the Main Board of the JSE with effect from commencement of trading on Friday, 15 January 2010;
"reporting accountant and auditor"	KPMG Incorporated, Registered Chartered Accountants and Auditors (registration number 1999/021543/21), a company duly registered and incorporated with limited liability under the company laws of South Africa;
"RSA"	the Republic of South Africa;
"the Revised Bridge Facility"	a secured short-term facility of US$10 million as detailed in the revised offer and subsequently amended under the First Amendment Agreement;
"the revised offer"	an offer of finance made by the Company to ACU announced on 28 April 2009, amending the terms proposed under the initial offer;
"RSV"	Read Swatman & Voigt (Proprietary) Limited, a company incorporated under the laws of South Africa;
"the RSV Debt"	an aggregate amount of R 6,046,899 owed to RSV by Messina;
"Second Amendment Agreement"	an agreement entered into on Monday, 18 May 2009 between ZCI and ACU amending the terms accepted under the revised offer and First Amendment Agreement;
"Senet"	Senet CC, a closed corporation established under the laws of South Africa;

"the Senet Debt"	an aggregate amount of R17,002,545 owed to Senet by Messina;
"SENS"	the Securities Exchange News Service of the JSE;
"shareholders"	registered holders of ZCI shares;
"shares" or **"ZCI shares"**	unless the context indicates otherwise, ordinary shares of BD$0.24 each in the share capital of the Company;
"share subscription"	a share subscription by ZCI for 676,570,500 new ACU ordinary shares an issue price of GBP 0.01 per share;
"South Africa"	the Republic of South Africa;
"South African cents"	one-hundredth of one Rand;
"Sponsor"	Bridge Capital Advisors (Pty) Limited (registration number 1998/016302/07), a company incorporated in accordance with the laws of South Africa and a sponsor as contemplated in the Listings Requirements, being the Company's sponsor and corporate advisor;
"SSA"	the South African Securities Services Act, 2004;
"Strate"	Strate Limited (registration number 1998/022242/06), a company incorporated in accordance with the laws of South Africa, and registered as a "Central Securities Depository" in terms of the SSA or, as the context requires, the electronic clearing, settlement and custody system for securities listed on the JSE, which is managed by Strate Limited;
"the Subscription Agreement"	an agreement entered into on 21 May 2009 between ZCI and ACU whereby ZCI subscribed for 676,570,500 ACU ordinary shares at an issue price of GBP 0.01 per share;
"the Term Loan Facility"	a loan facility provided by ZCI to ACU for an amount totaling US$31,129,100;
"the transaction"	collectively, the offer of finance and the debt acquisition;
"transfer secretaries"	collectively, the transfer secretaries (SA) and the transfer secretaries (UK), and "relevant transfer secretaries" means either the transfer secretaries (SA) or the transfer secretaries (UK) as the context may require;
"transfer secretaries (SA)"	Computershare Investor Services (Pty) Limited (registration number 2004/003647/07), a company incorporated in accordance with the laws of South Africa, being ZCI's transfer secretaries in South Africa;
"transfer secretaries (UK)"	Computershare Investor Services PLC (registration number 3498808), a company incorporated in accordance with the laws of England and Wales, being ZCI's transfer secretaries in the United Kingdom;
"United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"United States cents" or **"US cents"**	one-hundredth of one United States Dollar;
"US Dollars" or **"US$"**	United States Dollars, being the currency of the United States of America;

"Vedanta"	Vedanta Resources PLC (registration number 04740415), a company incorporated in accordance with the laws of England and Wales;
"year"	the Company's relevant financial year ending 31 March; and
"ZCI" or **"the Company"**	Zambia Copper Investments Limited (Bermudian registration number 661:1969) a company incorporated in accordance with the laws of Bermuda and registered as a branch of an external company (registration number 1970/000023/10) in South Africa, having its primary listing on the JSE and a secondary listing on Euronext.

THE COMPANY

1. INCORPORATION AND HISTORY

ZCI is a public company incorporated in Bermuda on 6 November 1969. It has a primary listing on the JSE and a secondary listing on the Euronext. In terms of the Listings Requirements, ZCI is at the circular date classified as a cash shell. Prior to such classification, the Company's core business involved mining activities. Previously, the Company held an interest in Konkola, the largest mining and metal company in Zambia.

2. NATURE OF BUSINESS

As stated above, ZCI is classified as a cash shell in terms of the Listings Requirements. The directors intend to pursue the business plan in which new viable assets will be identified and acquired in order to enhance meaningful value to shareholders. The strategic focus is to create wealth through acquiring, developing and managing quality mining and metals projects in Central Southern Africa and targeted assets include prospecting rights, mines, smelters, refineries, processing plants and marketing/selling rights to metals.

Prior to the implementation of the transaction, the Company did not hold any investments, however, investment opportunities and projects with significant value uplift are being considered by the Manager.

On 16 April 2009, the Company announced a binding offer of finance to ACU which comprised a subscription of ACU ordinary shares for an amount of approximately US$9.9 million and the provision of credit facilities for an aggregate amount of US$12.6 million. This is considered as a first step in the process of acquiring suitable investments in line with the business plan. Plans are underway to fund projects in various stages of exploration and early production mining ventures and to acquire mining and metals assets that can be consolidated under a single corporate structure.

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

3. THE MANAGER

In order to implement the proposed business plan as disclosed in paragraph 2 above, the ZCI board appointed iCapital as its Manager. The board believes that iCapital has adequate relevant experience to execute its mandate of identifying, evaluating and recommending suitable investments, advising in regard to the financing and structuring thereof as well as the on-going management of the investments. Further details on iCapital are set out in Annexure 1 to this circular.

4. PROSPECTS

With a sufficient capital base and the possibility of leveraging this with external debt underpinned by a strong deal pipeline, the issued ordinary shares of ZCI would be relisted on the Basic Resources – Non-ferrous Metals sector of the Main Board with effect from commencement of trading on Friday, 15 January 2010.

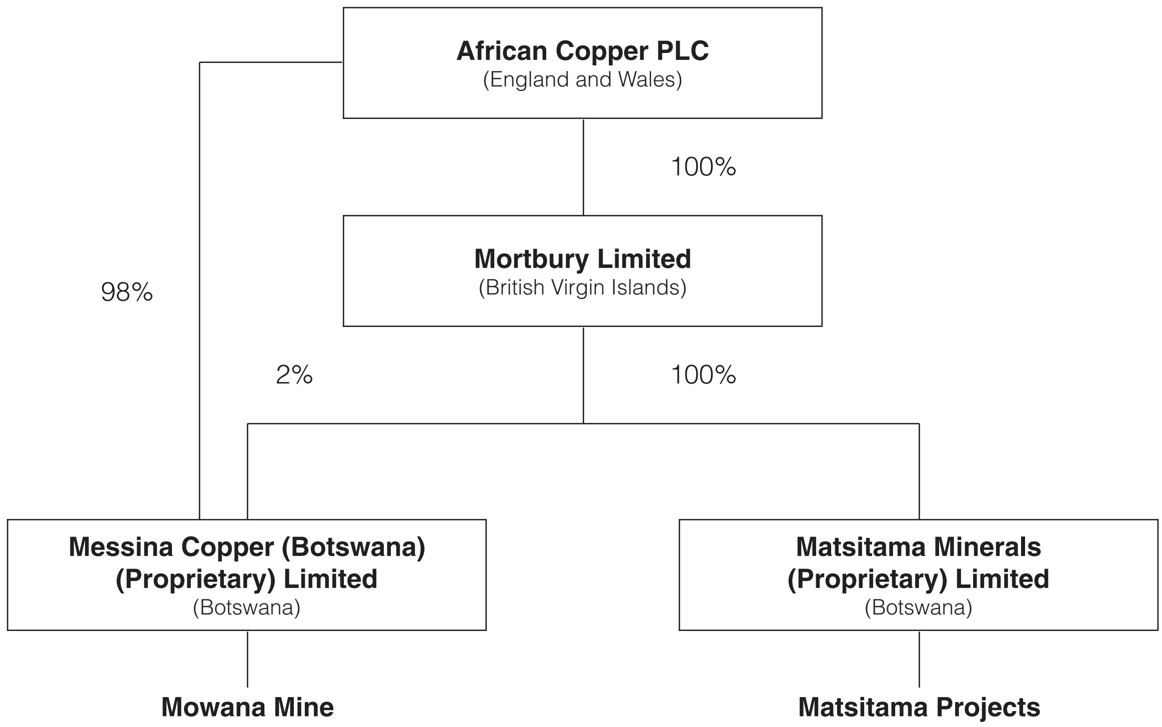
OFFER OF FINANCE AND ACQUISITION OF ACU DEBT

5. ACU

5.1 Background to ACU

ACU is an international exploration and development company incorporated in England and Wales and listed on the AIM market of the London Stock Exchange PLC and the Botswana Stock Exchange. ACU was first listed on the AIM market on 12 November 2004. ACU is currently involved in the exploration and development of copper deposits in Botswana only 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 north eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine. Please refer to Annexure 12 for details on ACU's operations and assets.

5.2 ACU Group Structure



5.3 ZCI's involvement in ACU

Jordan Soko ("**JS**"), a representative of the Manager, has been appointed as a Senior Manager of ACU following the signature of the Subscription Agreement. In terms of JS's appointment, his responsibilities include:

- the power to participate in the management of ACU; and
- the approval any material expenditures incurred by ACU.

6. OFFER OF FINANCE

6.1 The initial offer

ZCI announced on 16 April 2009 that the Company had made a binding offer of finance to ACU, which remained open for acceptance at any time prior to 20 May 2009. The offer included a subscription by ZCI of ACU ordinary shares for an amount of approximately US$9.9 million and the provision of credit facilities for an aggregate amount of US$12.6 million. In view of the legal agreements entered into by ACU with Natasa, announced by ACU on 9 April 2009, ACU had stated that it did not intend to respond to the offer prior to the completion of the Extraordinary General Meeting of ACU which had been convened for 7 May 2009 to approve the terms of a similar offer by Natasa.

Key terms of the initial offer included:

- a share subscription by ZCI for 676,570,543 new ACU ordinary shares at an issue price of GBP0.01 per share for gross proceeds to ACU of approximately US$9.9 million, giving ZCI a post-offer interest in ACU of 69.73%;
- provision by ZCI of a non-interest bearing, secured loan facility of US$ 2.5 million for a maximum term of three months in order for ACU to meet its immediate working capital requirements. ZCI was prepared to accept the form of security that ACU had already agreed with Natasa. ZCI did not require Natasa to release its existing security prior to advancing funds to ACU under the Bridge Facility;
- provision by ZCI of a secured loan facility of US$2 million for a term of 24 months bearing interest at a rate of 14% per annum payable quarterly;
- provision of a secured loan facility of US$8.1 million for a term of four years bearing interest at a rate of 12% per annum payable half-yearly, convertible by ZCI into ACU ordinary shares at a subscription price of GBP0.01 at any time during the term of the loan; and
- the continuation, for the benefit of bondholders, of US$2.5 million of ACU's outstanding Pula bond.

Controlling shareholder's undertaking

At the time of the offer, ZCI confirmed that it had received a comfort letter from CDF, which holds 72% of the issued share capital of ZCI that confirmed CDF's intention to vote all of its shares in favour of all resolutions required to approve the initial offer.

6.2 The revised offer

On 28 April 2009, ZCI announced that the Company had made a revised binding offer of finance to ACU in which it replaced the Bridge Facility component of the initial offer with a secured US$10 million bridge. The Revised Bridge Facility was intended to enable ACU to discharge indebtedness that would become due and payable to Natasa upon ACU accepting the revised offer and interim payments to be made to ACU's bondholders and certain creditors in respect of the amounts it is proposed would be paid to them pursuant to compromise arrangements to be entered into with ACU and its subsidiaries.

The Revised Bridge Facility was to be advanced in two tranches, as follows:

- a US$5 million tranche ("**Revised Bridge Facility Tranche A**") that was, subject to the satisfaction of certain conditions, available immediately upon acceptance for the purpose of discharging indebtedness owed by ACU or its subsidiaries to Natasa and for other pre-approved expenditures. The principal conditions to the availability of Revised Bridge Facility Tranche A were the execution of the documentation relating to the provision of security for the Revised Bridge Facility and the appointment of three persons nominated by ZCI as senior managers of Messina Copper, a subsidiary of African Copper, with the power to participate in its management. Revised Bridge Facility Tranche A would, from the date of any draw-down of monies under Revised Bridge Facility Tranche B, bear interest at a rate of 12% per annum; and
- a US$5 million tranche ("**Revised Bridge Facility Tranche B**") that was, subject to compromise agreements having been entered into and the security provided by ACU and its subsidiaries for the Revised Bridge Facility having become effective, available for the purpose of making interim payments to ACU's bondholders and certain creditors and for other pre-approved expenditures. Revised Bridge Facility Tranche B would bear interest at a rate of 12% per annum from the date of draw-down.

Acceptance of the revised offer by ACU

On 12 May 2009, ZCI announced that ACU had accepted the revised offer after its shareholders voted against another offer by Natasa at the Extraordinary General Meeting of ACU which was held on 7 May 2009.

6.3 First Amendment Agreement

On 13 May 2009, ZCI announced that the Company had entered into amended versions of the binding agreements with ACU effective at 12 May 2009 in which ZCI had agreed to amend the terms of the Revised Bridge Facility.

The Revised Bridge Facility would now be available in two tranches, as follows:

- an initial tranche ("Tranche 1") of up to US$7,000,000 of which:
  - US$5 million had already been drawn down by ACU for the purpose of repaying indebtedness owing to Natasa, for professional fees and for other authorised expenditures;
  - an amount of up to US$2 million to be drawn down and used to make payment of the outstanding interest due on the Pula Bond. US$1.75 million had been drawn down and used to make this payment;
  - would, from the date of any draw-down of monies under Tranche 2, bear interest of 12% per annum; and
- a second tranche ("Tranche 2") of an amount equal to US$10 million less the amount of Tranche 1 (but being no less than US$3 million) that:
  - would be available following the execution of a compromise agreement with RSV and security for the Revised Bridge Facility having become effective;
  - would be available for the purpose of making an interim payment to RSV of amounts owed to them and for other authorised expenditures;
  - would bear interest of 12% per annum.

Utilising the additional funds available to ACU under Tranche 1 of the Revised Bridge Facility, ACU made a payment of 12,250,000 Pula (approximately US$1.75 million at an exchange rate of US$1/7.0 Pula) to the trustee of the Bonds for immediate payment to the bondholders of the outstanding interest due on the Bonds.

6.4 Second Amendment Agreement

On 18 May 2009, ZCI and ACU entered into a revised agreement with the addition of a new loan facility pursuant to which ZCI agreed to provide ACU and its subsidiaries with an additional US$25.4 million of funds.

The Loan enabled ACU to pay in full: (i) the bonds acquired by Natasa, with a face value of BWP149.6 million (approx. US$21 million) and issued by ACU's wholly owned subsidiary Messina together with accrued but unpaid interest and (ii) together with the other funds immediately available under the offer of finance, to the extent required, pay any other indebtedness of Messina. The Loan bears interest at a rate of 12 per cent. per annum.

Furthermore, as a result of the new funds being provided to ACU under the Loan, ZCI and ACU agreed to reduce the amount of the previously announced Revised Bridge Facility by US$3 million because compromise agreements had been reached with Messina's two largest trade creditors directly by ZCI and therefore these funds were no longer required. Small creditors would still be repaid in full in cash from the proceeds of the offer of finance as their debts become due.

6.5 Subscription Agreement

On 21 May 2009, ZCI and ACU entered into and completed the subscription agreement under which ZCI subscribed for 676,570,500 new ordinary shares of 1 pence each in the capital of ACU (the "**New Shares**") at an issue price of GBP0.01 per share for gross proceeds to ACU of GBP6,765,705 (approximately US$9.9 million at an exchange rate of GBP1/USD1.475), giving ZCI an interest in the issued share capital of ACU of approximately 82 per cent. The Share Subscription did not require the approval of ACU's shareholders as it fell within the ACU board's existing authorities to allot shares. The shares issued to ZCI under the Subscription Agreement rank *pari passu* with the existing issued ordinary shares in ACU. As at the date of this circular, ZCI held title to the new shares, the shares have not been ceded or pledged.

6.6 Term Loan Agreement

On 18 June 2009, ZCI and ACU entered into a new term loan facility agreement to refinance the Loan and the Revised Bridge Facility made to Messina and which were guaranteed by the ACU Group. The Term Loan Facility will put ACU's borrowings from ZCI onto a more permanent footing. The principal terms of the Term Loan Facility are as follows:

- The Term Loan Facility is for an aggregate amount up to US$31,129,100 which may only be used by Messina to repay the Bridge Loans.
- Tranche A of the Term Loan Facility in an amount of US$8,379,100 is convertible into ordinary shares of 0.01GBP each in ACU at a conversion price of 0.01GBP per share at the election of ZCI. The maximum aggregate number of new ordinary shares which may be issued pursuant to the conversion rights attaching to Tranche A of the Term Loan Facility is 556,307,263 new ordinary shares (subject to usual adjustments), which would, were Tranche A to be converted in full, increase ZCI's interest in the enlarged issued share capital of the Company from 82.16 per cent. to 89.36 per cent.
- Tranche B of the Term Loan Facility is for an amount up to US$22,750,000 and is not convertible.
- Tranche A of the Term Loan Facility will bear interest at 12 per cent. per annum and Tranche B of the Term Loan Facility will bear interest at 14 per cent. per annum.
- Both Tranche A and Tranche B of the Term Loan Facility are repayable four years following the date upon which the Term Loan Facility becomes effective unless Messina is in default under the agreement in which event the Term Loan Facility will become immediately due and repayable.
- The Term Loan Facility will not become effective until, *inter alia*, the shareholders of ZCI have approved its terms and the security over Messina's assets has become effective. The security provided includes the following pieces of land:
  - o Mining Lease Area No 19-OP in the Bangwato Tribal Territory (Mining Licence No FT ML1/2009);
  - o Tribal Grant No 16-OP in the Bangwato Tribal Territory (Memorandum of Agreement of Lease No. FT TG59/2009); and
  - o Tribal Lot 18 Mosetse at Mosetse in the Bangwato Tribal Territory.
- The Term Loan Facility contains typical covenants, warranties and events of default for an agreement of this nature.
- The Term Loan Facility has been guaranteed by ACU and all other ACU group companies.

7. THE DEBT ACQUISITION

7.1 Agreement entered into with Moolman to acquire debt

On 11 May 2009, ZCI and ACU, jointly entered into a binding debt assignment agreement with ACU's mining contractor Moolman pursuant to which Moolman assigned its 60 million Pula plus VAT (approximately US$8 million at an exchange rate of US$1/7.5 Pula) outstanding debt to ZCI at a price equal to 50% of the face value of the Moolman Debt.

As part of the acquisition of Moolman Debt, all existing agreements between ACU and Moolman were terminated, including the mining contract in relation to ACU's Mowana mine.

7.2 Agreement entered into with Senet to acquire debt

On 12 May 2009, ZCI entered into a binding debt assignment agreement with ACU's engineering procurement contractor Senet pursuant to which Senet assigned its ZAR17,002,545 (approximately US$2 million at an exchange rate of US$1/ZAR8.44) outstanding debt to ZCI at a price equal to 50% of the face value of the Senet Debt.

7.3 Compromise agreement with RSV

On 21 May 2009, ZCI announced that the Company had finalised a compromise agreement with RSV, one of ACU's remaining large trade creditors, pursuant to which RSV has been paid in cash 50 per cent. of monies owed directly to RSV and 100 per cent. owed to RSV sub-contractors, being a total of ZAR3,777,836 (approximately US$448,141.87 at an exchange rate of US$1/ZAR8.43) in full and final settlement of debts due from ACU. With the RSV settlement, all debts due by ACU to large trade creditors had been settled in cash and, accordingly, no shares would be issued to trade creditors of ACU.

7.4 Agreement regarding Moolman Debt, Senet Debt and RSV Debt

In order to help secure ACU's future and accelerate bringing an important mine in the Botswanan community back into production, ZCI has agreed with ACU that, whilst ACU will cause the Senet Debt and the RSV Debt to be repaid in the short term, the Moolman Debt will only be repaid to ZCI as and when ACU has sufficient levels of working capital. In addition, ZCI has agreed with ACU that it will not initiate any insolvency proceedings against ACU or any of its subsidiaries on the basis of the Moolman Debt, Senet Debt or RSV Debt prior to the earlier of receipt of approval by the ZCI shareholders of the Term Loan Facility and 30 September 2009.

8. ACU PROSPECTS

As a result of the offer of finance, ACU has obtained the required capital to recommence operations at the Mowana Mine. With the funding in place the prospects for the Company are very positive with the plans over the next year contemplating the following:

- Processing ore from the existing 700,000 tonne stockpile to allow a reduction in the short-term mining rate until the balance between the size of the stockpile and the processing rate has been correctly balanced.
- Accessing the highest grade ore in the exposed ore zone strike at the Mowana Mine with smaller scale interim pits. The life of these interim pits is planned to be 18 months. The design offers the opportunity to reduce mining equipment size and reduce the cost of mining at lower volumes.
- Accessing mineral resources from satellite pits, in particular, Matsitama as a low-cost opportunity. The outcrop exposure at Thakadu and the possible small scale of an initial box-cut design lends itself to a small scale operation with limited overheads and the full support of the Mowana Mine infrastructure and management. The possible significant silver credit associated with Thakadu could also be factored into the costs associated with getting run of mine ore to the Mowana Mine plant.
- Focusing on increasing recovery rates of copper through the dual circuit concentrator by optimising the grade recovery for oxide and sulphide ores.

The key drivers that will impact on the success of ACU will be:

- Recommencing operations as soon as possible and achieving commercial production rates on a sustained basis without delays caused by equipment breakdown;
- Attaining future profitable operations from the Mowana Mine;
- Serving long-term supply from Matsitama.

DIRECTORS

9. DIRECTORS' DETAILS

The full names, nationalities, ages, business addresses and functions of the directors are set out below:

Full name and age	Business address	Function
Thomas Kamwendo (Zambian) (51)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Non-executive Chairman
David Rodier (Canadian) (66)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Non-executive
Steven Georgala (Luxembourgish) (52)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Non-executive
Michel Clerc (French) (85)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Non-executive
MM "Thys" du Toit (South African) (50)	Rootstock Investment Management, 2nd Floor, Andmar, corner Church and Ryneveld Streets Stellenbosch, 7600	Non-executive
Stephen Simukanga (Zambian) (51)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Non-executive
Edgar Hamuwele (Zambian) (45)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Non-executive
Kathryn Bergkoetter (American) (45)	Maitland Luxembourg S.A. 58 rue Charles Martel, L-2134, Luxembourg	Financial Director

No directors have unlimited liability.

In terms of the declarations lodged by the directors in accordance with Schedule 21 of the Listings Requirements, none of the following applies to any of the directors listed above for the 12 months preceding the circular date: bankruptcies, insolvencies or individual voluntary compromise arrangements' receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary liquidations, or any compromise or arrangement with creditors generally or any class of creditors of any company where such person is or was a director with an executive function of such company at the time of any such event; compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships of which the person is or was a partner at the time of such event; receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of such event; public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies; disqualification by a Court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and any offence involving dishonesty.

In accordance with Bermudian laws and the (Company's) bye-laws, the appointed directors shall hold office only until the next annual general meeting after which they will retire and may be re-elected, if eligible. There is no person, shareholder, provider of capital or entity with any right in relation to the appointment of any particular director(s).

10. EXPERIENCE OF DIRECTORS

Non-executive directors

Thomas Kamwendo (Chairman) (Zambian)

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

He has more than 25 years' experience in the Zambian mining industry having started his professional career as an engineer in what is today Konkola's Nchanga Division. He has been CEO of three engineering companies and is currently managing Partner of his own multi-disciplinary consulting firm. He has previously served on the boards of directors of several companiesincluding a bank and a copper mining company. He currently serves on the boards of directors of a limestone mining company, a tertiary college and an environmental management facility, among others. He is also chairman of the CDF.

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

David Rodier (Canadian)

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

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

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

Steven Georgala (Luxembourgish)

Steven Georgala was born in Nelspruit, South Africa on 26 April 1957. He obtained a Bachelor of Commerce degree from the University of Stellenbosch, South Africa in 1979 and a LLB degree from the same university in 1981. He completed his Articles with Webber Wentzel South Africa and was admitted as a South African Attorney and Notary in June 1984. In 1984 he obtained a Higher Diploma in Company Law from the University of the Witwatersrand, South Africa. In December 1984, he was posted to the Luxembourg office of Webber Wentzel where he became a partner of the firm in 1987. The European offices of Webber Wentzel became Maitland & Co in 1993 and Mr. Georgala, now resident in London continues as a principal of the Maitland firm where he specialises in international tax planning.

Michel Clerc (French)

Michel Clerc was born in Vernon, France on 27 June 1924. He obtained degrees in Law and Political Science in France and in English literature at Cambridge University in the United Kingdom. Mr Clerc is a journalist by profession, specialising in financial issues and has had several books published. He is also the former editor of *Paris-Match* magazine and was manager of Radio Luxembourg. Mr Clerc was a founder of AMZCI in 1999, an association of ZCI shareholders in France and is currently the president of this association.

Thys du Toit (South African)

Mr du Toit was a founding member (1993) of Coronation Fund Managers and a former CEO, a position he held from 1997 to 2007. Coronation under his leadership grew from a small fund management business to the second largest independent fund manager in South Africa and was listed on the Johannesburg Stock Exchange in June 2003. Prior to 1993, Mr du Toit spent four years (1990 to 1993) with Syfrets Managed Assets as a portfolio manager. He started his working career in 1984 with George Huysamer & Partners (stockbrokers) in the fields of capital and derivative markets, equity research and portfolio management. In 1985 was admitted as a Member of the Johannesburg Stock Exchange and became a partner of George Huysamer & Partners in 1986.

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

Stephen Simukanga (Zambian)

Stephen Simukanga was born in Mufulira, Zambia on 20 May 1957. He is Professor of Metallurgy and Mineral Processing at the University of Zambia and was visiting professor at the University of Cape Town for 10 years. He is also Chief Executive Officer (Vice Chancellor) of the University of Zambia. He holds a Bachelor's degree (1982) and a Master's degree (1986), both in Metallurgy and Mineral Processing from the University of Zambia, and a doctorate (1990) in Process Metallurgy from the University of Strathclyde in the United Kingdom. He is a United Kingdom Chartered Engineer and a Fellow of the Institute of Materials, Minerals and Mining and the Engineering Institution of Zambia. He has 26 years' experience in the mining industry and academia having started his working life in the Luanshya mine of Zambia Consolidated Copper Mines Limited in 1982.

He has been involved in consultancy and research in the areas of mine and quarry evaluation, mineral processing and the environment.

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

Edgar Hamuwele (Zambian)

Edgar Hamuwele was born on 16 May 1963 in Mazabuka, Zambia. He is a fellow of the Association of Chartered Certified Accountants of the United Kingdom and also a fellow of the Zambia Institute of Chartered Accountants ("**ZICA**"). He qualified as an accountant in 1986 at the London School of Accountancy. He trained as an accountant under a scholarship from Zambia Consolidated Copper Mines Limited ("**ZCCM**") and remained with ZCCM from 1981 to 1987. From 1987 to date Mr Hamuwele has worked for the accountancy firms of Deloitte & Touche, Coopers & Lybrand and now Grant Thornton. He has been a partner in the last two firms from 1994. He is currently the Senior Partner of Grant Thornton Zambia. His work has at times previously involved being an auditor on mining companies and various prospecting companies. He has been actively involved in the development of the accountancy profession in Zambia and is the immediate past president of ZICA.

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

Executive directors

Kathryn Bergkoetter (American) – Financial Director

Kathryn Bergkoetter (née Doelling) was born in Belleville, Illinois, in the United States of America on 25 March 1964. She obtained a Bachelor of Science degree with a double major in Accounting and Finance from the Southern Illinois University at Carbondale, Illinois, USA in 1985. She has completed the following professional certifications: Certified Public Accountant in 1985, Certified Management Accountant in 1988, Certified Bank Auditor in 1993, Certified Internal Auditor in 1997 and Certified Financial Manager in 1997. From 1985 to 1988, Kathryn was employed with Ernst & Young as a senior auditor and public accountant and became a member of the American Institute of Certified Public Accountants and the Institute of Management Accountants. From 1988 to 1995, Kathryn occupied senior internal auditing positions with a leading American financial institution and was the controller for an independent banking institution. In 1995, Kathryn moved into operational and compliance auditing for aerospace and energy companies. In 1998, Kathryn relocated to Luxembourg, where she took up a senior managerial and financial advisory appointment with the Maitland Group, an international firm that provides cross-border advisory, fiduciary and asset management services to commercial entities and high net worth individuals. In this capacity, since 2002, she has effectively been responsible for the financial reporting of Zambia Copper Investments Limited.

11. REMUNERATION AND BORROWING POWERS OF DIRECTORS

The relevant provisions of the bye-laws relating to remuneration and borrowing powers of directors are set out in Annexure 4. The said borrowing powers may only be varied by special resolution.

11.1 The total remuneration paid to non-executive directors during the year preceding the circular date was US$293,328 (2008: US$256,224). The remuneration paid to directors during the year ended 31 March 2009 is set out below:

2009	Salary and bonus (US$)	Travel and other related expenses (US$)	Directors' fees (US$)	Total (US$)
T Kamwendo	–	15,387	46,977	62,364
D Rodier	–	22,220	36,137	58,357
S Georgala	–	12,231	35,697	47,928
M Clerc	–	10,561	36,137	46,698
T Du Toit	–	6,886	17,000	23 886
S Simukanga	–	8,024	17,000	25,024
E Hamuwele	–	12,071	17,000	29,071
K Bergkoetter	–	–	–	–
	–	**87,380**	**205,948**	**293,328**

The remuneration paid to the directors comprises fees. Save as disclosed above, no other amount has been paid to any of the directors in form of management, consulting or technical fees in respect of services rendered, directly or indirectly, including payments to management companies, a part of which was then paid to a director. Furthermore, no amounts have been paid in respect of basic salaries, bonuses, performance-related payments, expense allowances, any other material benefits, pension scheme contributions, commission, gain or profit sharing arrangements, share options or any shares issues.

The Company has no employees and in consequence utilises the administrative services of Maitland Luxembourg S.A., which is part of the Maitland Group. Steven Georgala is a director of the Maitland Group. During the year ended 31 March 2009, the Maitland Group received from ZCI administration and legal fees of US$665,499 (2008: US$804,442).

11.2 Remuneration for the newly appointed non-executive directors will be determined by the Remuneration Committee. The proposed remuneration of directors is expected to remain unchanged at US$45,000 for the Chairman and US$34,000 for all the directors.

11.3 There will be no variation in the remuneration receivable by any of the directors as a direct consequence of the transaction and name change.

11.4 No fees were paid or accrued as payable within the three years preceding the circular date to a third party *in lieu* of directors' fees.

11.5 During the preceding three years, no sums were paid or agreed to be paid to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director (the "**associate company**"), or to any partnership, syndicate or other association of which he is a member (the "**associate entity**"), in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of ZCI.

11.6 No director or promoter has any material beneficial interest, direct or indirect, in the promotion of ZCI and in any material property to be acquired in the three years preceding the circular date, or proposed to be acquired by ZCI.

11.7 The borrowing powers of the directors have not been exceeded during the three years preceding the circular date.

12. DIRECTORS' SHAREHOLDINGS

12.1 No director has any beneficial interest, direct or indirect, in the issued share capital of ZCI. There have been no changes in the interests of directors between the end of the last reporting period and the circular date.

12.2 No director has any material beneficial interest, whether direct or indirect, in any transactions which were effected by the Company during the current year or year preceding the circular date or during an earlier year and remain in any respect outstanding or unperformed.

13. DIRECTORS' SERVICE AGREEMENTS

Termination of the directors' service agreements is subject to a three-month notice period and such agreements contain no unusual or onerous provisions. The directors' service contracts are available for inspection in terms of paragraph 43.

FINANCIAL INFORMATION

14. HISTORICAL FINANCIAL INFORMATION

The consolidated historical financial information for ZCI for the three years ended 31 March 2009, 2008 and 2007, the preparation of which is the responsibility of the directors, is presented in Annexure 7. The historical financial information for ACU for the six months ended 30 June 2009 and the three years ended 31 December 2008, 2007 and 2006 is set out in Annexure 9. Annexure 8 contains the independent reporting accountants' report for ZCI and Annexure 10 contains the independent reporting accountants' audit report and independent reporting accountants' review opinion for ACU. The independent reporting accountants have given and have not withdrawn their written consents to the issue of the circular, containing the reports in the form and context in which they appear.

15. *PRO FORMA* FINANCIAL INFORMATION

The *pro forma* financial information of the transaction is set out in Annexure 5 to this circular.

16. DIVIDENDS

No dividend has been declared in respect of the financial year ended 31 March 2009.

17. MATERIAL CHANGES

Other than the ACU transaction and the share repurchase disclosed in paragraph 24.3, there have been no material changes in the financial or trading position of ZCI and its subsidiaries since the end of the last financial period, being 31 March 2009.

Save as disclosed in paragraph 24.3, there have been no material changes to the business of ZCI and its subsidiaries during the past five calendar years. The business of ZCI or any part thereof is not managed or proposed to be managed by a third party under any contract or arrangement.

The financial statements of ACU have been prepared on the going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business. ACU is committed to commencing operations at the Mowana Mine and the exploration of the Matsitama Project, however, both projects were placed on care and maintenance on 21 January 2009 pending the completion of raising funding and subsequent optimisation of mine and exploration plans.

ACU's ability to continue as a going concern is dependent upon its ability to recommence operations and subsequently generate positive cash flows from operations at the Mowana Mine.

Following the completion of the subscription agreement, the mine plans at Mowana were re-analysed and a short-term production strategy finalised in liaison with senior managers of ZCI. This activity led to the decision being made to restart the mining operations at the mine in early August with a new small-scale mining contract team for Load & Haul, Drilling and Blasting being mobilised. The pit infrastructure has been advanced to its former operational status with ramp systems and haul roads re-established. Fresh ore is available from blasted stocks in the pit and this is being mined as direct feed to the plant. The plant is currently being recommissioned in a sequential manner from the dry sections through to the wet sections, with the mill restart and first concentrate production being achieved by mid-August. The first saleable quality concentrate batch of 500t is bagged and ready for shipment. Logistics for the pick up of this material is under discussion with MRI under the terms of the established off-take agreement. The short-term plan anticipates that the ramp-up to nameplate production will take place over the next quarters. The directors continue to anticipate that the cash recieved from ZCI provides the necessary initial funding required for production to recommence at the Mowana Mine.

18. PRELIMINARY EXPENSES

The total expenses, exclusive of any applicable Value-Added Tax, incurred or to be incurred by the Company in connection with the transaction, relisting and the name change (including this circular) are as follows:

Estimated total expenses	US$
Bridge Capital (Sponsor and Corporate Advisor)	92,612
Canaccord Adams Limited (Financial Advisor on the ACU transaction)	594,443
College Hill (Press and Public Relations)	38,452
Computershare Investor Services (Pty) Limited (SA transfer secretaries)	5,601
Collins Legal	29,450
Computershare Investor Services PLC (UK transfer secretaries)	9,170
Conyers Dill & Pearman (Bermudian legal advisor)	5,000
INCE (printing and posting in SA)	25,700
JSE documentation fees	5,270
KPMG Inc (Reporting accountant and auditor to ZCI)	15,000
McCarthy Tétrault (Legal Advisor)	564,041
Maitland Advisory LLP (Lead Counsel)	66,000
Maitland Luxembourg S.A. (Administrator)	59,500
PKF (Jhb) Inc (Reporting Accountants to ACU)	43,478
Read, Swatman & Voigt (Pty) Limited (Competent Person)	105,535
Sterling Greenaways (printing and posting)	15,400
Tectrad (French translation)	11,100
Webber Wentzel (Legal Advisor – SA Law)	6,211
Estimated total	**1,691,963**

The abovementioned expenses do not exceed the Company's contributed surplus. Save as disclosed above, no other expenses have been incurred by the Company in relation to the transaction, relisting and name change during the three years preceding the circular date.

19. CAPITAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

At the last practicable date, ZCI and its subsidiaries had no material capital commitments, lease payments or contingent liabilities.

20. BORROWINGS AND LOANS RECEIVABLE

During the three years preceding the circular date, no material loans have been made to ZCI and/or any of its subsidiaries. Neither the Company and/or its subsidiaries have any outstanding material loans receivable, other than the term loan.

During the three years preceding the circular date, no material loans remain payable by ACU and/or any of its subsidiaries, aside from the Term Loan Facility. Neither ACU nor its subsidiaries has any outstanding material loans receivable.

The Company and its subsidiaries have not exceeded its borrowing powers during the three years preceding the circular date.

Save for loans made to ACU as detailed in paragraphs 6 and 7, no material loans have been made by ZCI, including loans made, cash or security furnished by ZCI to or for the benefit of any promoter, director or manager of ZCI or any of its subsidiaries or any associate of any promoter, director or manager of ZCI or any its subsidiaries within the three years preceding the circular date.

ZCI does not have debentures created in terms of any trust deed. No debentures or debenture stock have been issued by way of conversion or replacement of debentures previously issued.

21. LOAN CAPITAL

No loan capital is outstanding.

22. ADEQUACY OF WORKING CAPITAL

The directors are of the opinion that the working capital available to ZCI before and after the acquisition of ACU, is sufficient for the Group's requirements, for at least the 12 months following the circular date.

SHARE CAPITAL

23. SHARE CAPITAL

23.1 Authorised and issued share capital

The authorised and issued share capital of ZCI is set out below:

	BD$'000
Authorised	
130,000,000 ordinary shares of BD$0.24 each	31,200
50,000 deferred shares[1] of BD$0.24 each	12
	31,212
Issued share capital	
55,677,643 ordinary shares of BD$0.24 each	13,363
50,000 deferred shares[1] of BD$0.24 each	12
Contributed surplus	89,313
	102,688

Note:

1. The unlisted deferred shares are held by Copperbelt Development Foundation and rank *pari passu* with all other ordinary shares, except that they have no voting rights and have a benefit of BD$0.24 each in the event of dissolution. The deferred shares were issued on 14 May 1975.

There will be no change to the ZCI's authorised and issued share capital as a result of the name change and the transaction.

23.2 All the ordinary shares are of the same class and rank *pari passu* in every respect. Such shares are fully paid-up and transferable.

23.3 There has been no sub-division or consolidation of shares during the three years preceding the circular date.

23.4 With regard to the Group, no offer has been made for the subscription or sale of shares during the three years preceding the circular date.

23.5 There are no preferential conversion and/or exchange rights in the issued share capital above.

23.6 No debentures will be issued.

23.7 There is no simultaneous issue of securities in the same class of the ordinary issued share capital.

24. ALTERATIONS TO SHARE CAPITAL

24.1 Alterations to authorised share capital

Save for the share repurchase programme detailed in paragraph 24.3, there has been no alteration of the authorised share capital of the Company since its incorporation.

Neither the Company nor any of its subsidiaries has disposed of, consolidated or sub-divided any of its shares.

24.2 Issue/Sale of shares

On incorporation, ZCI's authorised share capital comprised 130,000,000 ordinary shares of BD$0.24 each and 50,000 deferred shares of BD$0.24 each. Since the date of incorporation, neither the Company nor any of its subsidiaries has issued any shares.

24.3 Share repurchase

- In September 2008, the Company offered to repurchase from all shareholders on a voluntary basis all or a portion of their shares at a price of 186.48 United States cents per share, being the unaudited net asset value per share at 31 August 2008.
- The rationale for the repurchase was to provide shareholders with a means of selling their shares at a fair value given that, for a period of six months prior to the proposed repurchase, the shares had traded at a significant discount to their net asset value.
- The offer closed on 10 October 2008. The Company repurchased 70,519,719 shares, being 55.9% of the shares then in issue, for an offer consideration of US$131,505,172 cash. A Rand/Dollar exchange rate of R9.0979/US$1 or R16.9657 per share was applied to the consideration payable to shareholders registered on the South African share register of the Company.
- The repurchase programme was financed through the Company's internal resources.
- The cancellation of the repurchased shares has been effected by the JSE.
- After the repurchase, the Company had 55,677,643 shares in issue.

24.4 Issues or offers of shares by subsidiaries

No issues or offers of securities of any of the subsidiaries took place in the three years preceding the circular date.

24.5 Unissued shares

In accordance with the provisions of the Act, the issue or disposal of unissued shares is placed under the control of the Company's directors following the granting of authority by shareholders in general meeting.

25. NON-PUBLIC SHAREHOLDERS

At the last practicable date, ZCI had 2,553 shareholders. The spread of public shareholders, post the transaction, will be 28% of the total shareholding. The Company's shareholding will not change as a result of the transaction and name change.

Non-public shareholder	Number of shareholders	Number of shares	Percentage holding
CDF	1	39,845,017	72
Public shareholders	2,552	15,832,626	28
	2,553	**55,677,643**	100

26. MAJOR SHAREHOLDERS

The shareholders, other than directors, who are or will be, directly or indirectly, beneficially interested in 5% or more of the issued share capital of ZCI, at the last practicable date, are as follows:

Name of shareholder	Number of shares		Percentage holding
	Direct beneficial	Indirect beneficial	
CDF	39,845,017		72
Euroclear France SA (formerly Sicovam S.A.)		11,705,939	21

NB: Euroclear is a nominee shareholder holding shares on behalf of numerous beneficial shareholders.

27. CONTROLLING SHAREHOLDER

CDF became a controlling shareholder on 17 October 2008 (72%) when ZCI effected the share repurchase as set out in paragraph 24.3. Previously, CDF held 44% of the issued share capital.

Save as disclosed above, there have been no changes in the controlling shareholders and trading objects of ZCI during the last five years. There will be no material change in the control structure of the Company as a result of the transaction and name change.

28. OTHER LISTINGS

The shares are primarily listed on the JSE and enjoy a secondary listing on Euronext. No other shares are listed on any other stock exchange. The shares rank *pari passu* in respect of all rights, have the same nominal value, carry the same rights as to unrestricted transfer, attendance and voting at general meetings and/or annual general meetings and are entitled to dividends at the same rate and for the same period. Furthermore, the same amount per share has been paid-up.

Subject to obtaining JSE approval, ZCI's relisting will be re-instated on the Basic Resources – Non-ferrous Metals sector of the Main Board of the JSE with effect from Friday, 15 January 2010.

29. OPTIONS OR PREFENTIAL RIGHTS IN RESPECT OF SHARES

There are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the Group.

GENERAL

30. MATERIAL ACQUISITIONS OR PROPOSED ACQUISITIONS

Neither the Company nor any of its subsidiaries has implemented a material acquisition during the three years preceding the circular date.

31. DISPOSAL OF A 28.4% INTEREST IN KONKOLA

In 2002, Anglo American PLC withdrew its interests in ZCI and handed its shares to Copperbelt Development Foundation. Following the exit of Anglo American, Vedanta was selected to be the strategic partner for Konkola. In a rights offer implemented in 2004, ZCI renounced its rights in favour of Vedanta who, accordingly, retained an interest of 51% while ZCI and ZCCM-IH remained with an interest of 28.4% and 20.6%, respectively.

Pursuant to the Vedanta investment, ZCI entered into a call option arrangement with Vedanta in which Vedanta had a call option over ZCI shares in Konkola. The exercise price was the prevailing fair market value of ZCI's Konkola shares, as agreed to between ZCI and Vedanta or as determined by an independent international investment bank.

In August 2008, ZCI disposed of its remaining 28.4% shareholding in Konkola to Vedanta for an amount of US$213.15 million settled through cash. The consideration was determined by an independent investment bank.

No promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons that had such an interest.

At 31 March 2009, Volcan Investments Limited held approximately 56.90% in the issued ordinary share capital of Vedanta.

Save for the disposal of Konkola, no material property has been disposed of during the three years preceding the circular date, or is to be disposed of by ZCI or any of its subsidiaries.

32. PRINCIPAL IMMOVABLE PROPERTY LEASED

Neither ZCI nor any of its subsidiaries owns or leases any immovable property.

33. DETAILS OF SUBSIDIARIES

Details of subsidiaries at the circular date are as set out in Annexure 7, note 9.

34. MATERIAL CONTRACTS

34.1 ZCI entered into an investment advisory and management agreement, dated 11 December 2008, with the Manager for the provision by the Manager of investment advisory services to the Company, including advice and recommendations in relation to acquiring investments in the mining and metals industry within Southern Africa. A copy of the signed investment and management agreement is available for inspection in terms of paragraph 43.

34.2 Save for the material contracts detailed in paragraphs 6 and 7, neither ZCI nor any of its subsidiaries has entered into any verbal or written material contracts during the two years preceding the circular date, being contracts entered into, otherwise than in the ordinary course of business.

34.3 The Company has not paid any material technical or secretarial fees during the three years preceding the circular date.

34.4 During the preceding three years, no amount has been paid or has accrued as payable, or was proposed to be paid, to any promoter, or to any partnership, syndicate or other association of which he/she/it is or was a member.

34.5 Other than as disclosed in paragraph 31, the Company has not disposed of any material property during the three years preceding the circular date, nor proposes to do so at the circular date.

34.6 There is no commission payable or that has been paid by the Company during the three years preceding the circular date in connection with underwriting.

34.7 There have been no commissions, discounts, brokerages or other special terms granted during the three years preceding the circular date in connection with the issue or sale of any shares, stock or debentures in the capital of ZCI.

34.8 Other than as disclosed in paragraphs 34.1 and 35.2, the Company and its subsidiaries have not entered into any contract, either verbally or in writing, containing an obligation or settlement that is material and it has no royalties or any settlements of similar nature payable in any regard.

35. ACQUISITION OF ASSETS

Save as set out in paragraph 6, neither ZCI nor any of its subsidiaries has acquired material assets during the three years preceding the circular date.

No promoter or director has had any beneficial interest, direct or indirect, in the ACU transaction nor has any promoter or director been a member of a partnership, syndicate or other association of persons that has had any beneficial interest in the ACU transaction.

During the three years preceding the circular date, no amount of cash or securities have been paid or given to any promoter or is proposed to be paid or given to any promoter in relation to the ACU transaction.

The goodwill resulting from the ACU transaction was approximately US$12.2 million, being the difference between the purchase consideration and the net asset value of ACU.

The warranties provided in the share subscription agreement detailed in paragraph 6.5 thereof are normal for a transaction of this nature. Save for accrued withholding taxes amounting to approximately US$139 045, ACU and each of its subsidiaries have no accrued taxes. No book debts were guaranteed in the ACU transaction.

At the circular date, approximately 82.7% of ACU's ordinary shares were held by non-public shareholders, as set out below:

Name of shareholder	Number of shares held	Percentage
Brad Kipp	300,000	0.04
David Jones	1,515,000	0.18
Anthony Williams	2,250,012	0.27
ZCI	676,570,500	82.16

36. LITIGATION STATEMENT

Neither ZCI nor ACU have any legal or arbitration proceedings that are pending or threatened of which ZCI and/or ACU are/is aware which may have, or have had during the 12-month period preceding the circular date, a material effect on the financial position of ZCI and/or ACU at the last practicable date.

37. REPORTING ACCOUNTANT AND AUDITOR

In compliance with Paragraph 3.86 of the Listings Requirements, ZCI appointed KPMG Inc, an audit firm registered with the JSE, with effect from 31 March 2009 as the reporting accountant and auditor.

38. ADVISORS' INTERESTS

None of the advisors, whose particulars are set out in the "Corporate Information" section of this circular, holds any shares in the Company or has agreed to acquire any shares in the Company at the circular date.

39. EXPERTS' CONSENTS

Each of the Company's advisors, the reporting accountant, commercial bankers and the transfer secretaries has consented in writing to act in the capacities stated and to their names appearing in this circular and has not withdrawn its consent prior to the circular date.

40. CODE OF CORPORATE PRACTICES AND CONDUCT

The Company's Corporate Governance Report is set out in Annexure 11.

41. EXCHANGE CONTROL REGULATIONS

In the case of certificated shareholders whose registered addresses are outside the common monetary area or where the share certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the following will apply:

Non-residents who are emigrants from the common monetary area

Share certificates bearing the new name will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations and will be sent to the shareholder's authorised dealer in foreign exchange in South Africa controlling his blocked assets.

All other non-residents

Share certificates bearing the new name will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations. With regard to dematerialised shareholders whose registered addresses are outside the common monetary area, their shares will be annotated in the Company's relevant sub-register as non-resident and statements will be restrictively endorsed in terms of those regulations.

42. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in paragraph 9, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by law and the Listings Requirements.

43. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and the office of the sponsor at any time during normal business hours for a period of 21 days from the circular date:

- the ACU offer and debt acquisition agreements referred to in paragraphs 6 and 7 of this circular;
- ZCI's constitution;
- the Memorandum and Articles of Association for ACU;
- the Company's business plan;
- the investment advisory and management agreement between ZCI and iCapital, dated 11 December 2008;
- the iCapital's profile;
- the written consents of the Company's advisors, reporting accountants and auditors, commercial bankers and transfer secretaries to act in those capacities, which consents have not been withdrawn at the circular date;

- the audited annual financial statements of ZCI for the three financial years ended 31 March 2009, 2008 and 2007;
- the audited annual financial statements of ACU for the three financial years ended 31 December 2008, 2007 and 2006;
- the signed reports by the reporting accountants and auditors on the historical financial information for ZCI and ACU;
- the independent reporting accountants' report on the *pro forma* financial information;
- a copy of the Competent Person Report, dated 10 December 2009;
- a copy of the CDF irrevocably undertaking;
- the directors' service agreements; and
- a signed copy of this circular.

For and on behalf of the Company

John Kleynhans
Company Secretary

17 December 2009

MANAGER'S PROFILE

- iCapital (Mauritius) Limited is an advisory and private equity firm registered with the Financial Services Commission of Mauritius as a regulated investment management and financial services company.
- The company was formed in 2006 by a team of highly experienced, motivated and entrepreneurial professionals to provide commercial and financial advisory services, investment management as well as private equity transactions to companies and organisations in the Southern African region.
- The members of the iCapital team have held senior executive positions in banking, mining and industry and have been involved in several capital markets, mergers and acquisition, private equity and debt transactions worth over a combined total of US$500 million.

Jordan Soko (46)

Founder and Chief Executive Officer

Jordan is the founder and Chief Executive Officer of iCapital. Prior to forming iCapital, Jordan was the Chief Executive Officer and Chief Financial Officer of Konkola, the largest copper mining company in Africa with over 10,000 employees producing 220,000 mt of copper from a complex suite of mining and metals assets.

Jordan has extensive capital market and corporate finance experience having prior to joining Konkola, 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 privatisation transactions. Jordan 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 from Lincoln University in the UK. Jordan is a qualified stockbroker and investment advisor in Zambia.

In addition to managing iCapital, Jordan sits as non-executive director on the boards of AEL Zambia PLC, the Copper Development Association Africa and Lumwana Mining Company.

Kennedy Mwandama (45)

Technical

Kennedy joined iCapital after over 20 years' experience in the Zambian Mining Industry, mainly in metallurgical operations and projects. Kennedy also spent a year as head of the Konkola Copper Mines Metal Sales and Marketing Department managing sales of over US$750 million. He has a Masters degree in Mineral Process Engineering from the Imperial College of Science and Technology – UK and is an Associate of the Royal School of Mines.

Ken Muyangwa (45)

Business Development

Ken is a key member of the iCapital team. He began his career as a Mining Engineer with Zambia Consolidated Copper Mines in 1987 but quickly moved to a commercial career beginning with PriceWaterhouseCoppers in their audit section rising to position of Audit Manager while qualifying under the Association of Chartered Certified Accountants (ACCA).

Between 1997 and 2000, Ken was Finance and Treasury Director at Barclays Bank Zambia after which he re-joined the mining industry at Konkola Copper Mines and held several senior management positions including as Head of Metal Sales and Marketing. Ken was prior to joining iCapital, Chief Executive Officer of a Youth Enterprise Investment Fund were amongst his duties was venture capital investments. He is an associate member of the Royal School of Mines.

Jeffrey Tembo (38)

Structured Finance

Jeffrey has a Corporate and Structured Finance background with over 10 years' corporate experience with Barclays Bank and Standard Bank Group of South Africa. His work experience covers transactions in project finance in sectors such as Energy, Telecoms, Mining and Property Development. He has also been involved in Trade Finance transactions such as pre-season financing and other "receivables backed" transactions. He has also undertaken some of the most successful IPOs in Zambia including Capital Raisings from the local capital market and offshore centres. He holds a Bachelor of Arts degree (with Merit) and is presently completing his MBA in Finance with Manchester Business School. Jeff is a qualified stockbroker and investment advisor in Zambia.

Udie Soko (43)

Head of Administration and Company Secretary

Udie is head of Administration and Company Secretary of iCapital and is a qualified member of the Institute of Chartered Secretaries and Administrators. Udie has over 15 years' experience in public policy through diplomatic service in the UK and Germany where she was responsible for trade and economic issues. She has attended several international meetings of Commonwealth Heads of State and Government. She also holds a degree in Public Administration. Udie is a qualified stockbroker and investment advisor in Zambia.

KEY TERMS OF THE INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

The extracts of the key terms of the Investment Advisory and Management Agreement signed between ZCI and iCapital dated 11 December 2008 are set out below:

Interpretation

The following words and expressions will have the following meanings:

"Acquisition Costs"	means the purchase price of an Investment together with any related fees, costs and expenses incurred by the Company in connection with the acquisition of the Investment, including but not limited to third party advisory costs, the costs of any due diligence and any expenses incurred by the Advisor in connection with such acquisition; *"Aggregate Value Differential"* equals: (1) the aggregate of the Individual Value Differentials plus (2) any negative Aggregate Value Differential in respect of the previous Calculation Period (which is not applicable for the first Calculation Period);
"Calculation Period"	means a two-year Fiscal Period, with the first period commencing on 1 January 2009 and ending at the close of business on 31 December 2010;
"Individual Value Differential"	equals, in relation to each Investment: • for the purpose of the first Calculation Period, the Investment Value less the Investment Hurdle; or • for the purpose of each subsequent Calculation Period, the Investment Value less the higher of: (i) the Investment Hurdle and (ii) the Investment Value in respect of the previous Calculation Period (which is not applicable for the first Calculation Period);
"Investment"	means any investment in the Mining and Metals Industry within the Territory acquired, by the Company, whether or not introduced to the Company by the Manager, including but not limited to shares, debentures, warrants, options and other securities of, or relating to, and loans (whether secured or unsecured) made to, any body corporate or other entity, and interests or commitments in a partnership or collective investment scheme;
"Investment Hurdle"	means in relation to each Investment, the Acquisition Cost plus the Hurdle for each Calculation Period;
"Investment Mandate"	means at the date of the agreement, the investment policy and guidelines of the board as amended from time to time by the board and notified in writing to the Manager;
"Investment Value"	means, in respect of the first Calculation Period, the Acquisition Cost of each Investment and in all successive Calculation Periods, the valuation of each Investment by the Valuer;
"Portfolio Company"	means a company, body corporate, partnership, collective investment scheme or any other entity involved in the Mining and Metals Industry in which the Company owns an Investment or proposes to make an Investment;

"Territory"	means at the date of the agreement, the Republics of Botswana, Malawi, Namibia, Tanzania and Zambia and such other countries as the board may determine from time to time and notify in writing to the Manager;
Uninvested Cash	means all cash and bank deposits of the Company available for Investments; and
"Valuer"	means either Ernst & Young, Deloitte & Touché or Pricewaterhouse-Coopers practising in Zambia, who shall perform the valuation or failing any of them being willing or able to act, such other person agreed between the parties and failing agreement, such person appointed by the acting president of the Zambia Institute of Chartered Accountants at that time.

TIES OF THE ADVISOR

Duties of the Manager will include, *inter alia,* the following:

(i) Providing advice and recommendations to the board in relation to:

(a) (i) acquiring Investments in the Territory; (ii) retaining or disposing of particular Investments and (iii) modifying the composition of the Company's portfolio of Investments. Such advice shall be in writing and sufficiently detailed to enable the board to make an initial investment or divestment decision and shall include the provision of proposal papers setting out details of the Investment or disposal, indicative terms of investing or divesting and, where appropriate, the structure of the potential Investments in such format and content prescribed by the Board from time to time;

(b) the implementation of the Investment Mandate;

(c) hedging foreign exchange exposure and of entering into appropriate foreign exchange hedging transactions in respect of particular Investments in a Portfolio Company;

(d) inviting certain third party investors to co-invest with the Company;

(e) arranging or negotiating borrowings for the Company in relation to Investments and/or Portfolio Companies;

(f) the protection or enhancement of an Investment and/or a Portfolio Company;

(g) following an initial investment or divestment decision by the board, made pursuant to advice provided to it under the agreement, conduct and/or procure the provision of financial, technical and legal due diligence, as appropriate, in relation to the relevant Portfolio Company;

(ii) review the calculation of the Uninvested Cash, Investment Value and Acquisition Costs calculated by or on behalf of the Company and, if required, provide advice and assistance to the Company in connection with this calculation;

(iii) at the reasonable request of the board, value Investments, whether listed or unlisted and provide such reports as may reasonably be required by the board in relation to the Investments for inclusion in the reports of the Company; and

(iv) monitor the performance of Investments and Portfolio Companies and where appropriate, liase with, consult, assist or procure that assistance be provided to Portfolio Companies; and keep the Company informed to a reasonable degree of all matters relating to Investments and Portfolio Companies generally, or which are reasonably likely to materially and adversely affect the Company or any of the Investments.

ADVISORY FEES

"In consideration of the services provided by the Manager in terms of the Agreement, the Company shall pay the following fees:

Fixed fee

(a) From 1 January 2009, the Company shall pay to the Advisor a fixed fee per annum equal to 1% of the aggregate of: (1) the Uninvested Cash and (ii) the latest available Investment Value of each Investment ("Fixed Fee Base").

(b) The first fixed fee payable in terms of this clause (a) will be calculated by or on behalf of the Company on the Fixed Fee Base at 31 October 2008. Thereafter the fixed fee will be calculated on the Fixed Fee Base at the end of the previous quarter in respect of which the fixed fee is being paid.

(c) The fixed fee will be paid quarterly in advance, within five Business Days of the date of the calculation thereof in accordance with clause (a)(ii) above.

(d) The fixed fee shall continue to be payable to the Manager until the date of termination of the Manager's appointment pursuant to the agreement. The Company shall pay the entire *pro rata* amount of the fixed fee which is or will be due to the Manager until such date of termination. If applicable, the Manager shall reimburse the Company for any portion of the fixed fee paid to the Manager in advance, to which the Manager will no longer be entitled due to any valid termination.

PERFORMANCE FEE

(a) The Company shall pay to the Manager a performance fee, which shall be determined by the Valuer, as follows:

    (i) The performance fee shall be calculated in respect of each Calculation Period.

    (ii) The performance fee shall be equal to 20% of the Aggregate Value Differential, provided that such Aggregate Value Differential is a positive value. For the sake of clarity, no performance fee shall be payable if the Aggregate Value Differential is equal to zero or is a negative value.

TERMINATION

- Either party may terminate the agreement by giving not less than six calendar months' notice in writing to the other party to the agreement at any time during the term of the agreement, provided that the Company may not give notice before 31 December 2010.
- In terms of the agreement between the Company and the Manager, either party may terminate the agreement by giving not less than six calendar months' notice, provided that the Company may not give notice before 31 December 2010.
- Either party may terminate this agreement forthwith by notice in writing to the other party to the agreement if at any time:
  - The other party goes into liquidation (except for a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party, which approval shall not be unreasonably delayed or withheld) or if a receiver is appointed in respect of any of the assets of the other party or if an examiner is appointed to the other party or if some event having an equivalent effect occurs; or
  - The other party commits any material breach of the provisions of this Agreement and (if such material breach is capable of remedy) has not remedied such material breach within fourteen days after the service of notice requiring it to be remedied.
- The agreement will automatically terminate upon the liquidation or winding up, howsoever arising, of the Company.

The Company may terminate the agreement forthwith upon six months' written notice to the Manager in the event that there is a change in legal control of the Manager, so that 50% of the issued shares of the Manager or its holding company are transferred to another person.

OTHER DIRECTORSHIPS HELD BY DIRECTORS

Set out below are the names of all the companies and partnerships of which the directors have been a director or partner at any time during the five years preceding the circular date, as well as an indication of whether or not the individual is still a director or partner:

Director	Directorships/Partnerships
Thomas Kamwendo	CDF (Chairman) Copperbelt University * Engineering Institution of Zambia * Environment Council of Zambia (Vice Chairman) Hypac Technical Services * Konkola Copper Mines * National Institute of Public Administration National Savings and Credit Bank (Chairman) * Ndola Lime Company Quartz P/L Ultimate Consulting P/L Zambia Association of Chambers of Commerce and Industry *
David Rodier	Konkola*
Michel Clerc	Spencer Europe Limited Robert Lafont Press Group
Thys du Toit	Coronation Asset Management Company Limited Coronation Fund Managers (Ireland) Limited Coronation Fund Managers Limited Coronation Investment Services (Pty) Limited Coronation Investment Management (Pty) Limited Coronation Life Assurance Company Limited Coronation International Limited (UK) CFM (Isle of Man) Limited (previously CFM International Ltd in the BVI) Ikamva Capital (Pty) Limited Imvula Capital (Pty) Limited Namibian Harvest Investments Limited (to be renamed Namibia Asset Management Limited PPS Investment Management Limited Rootstock Investment Management Limited Rootstock Capital Limited
Stephen Simukanga	York Farm, Zambia Limited Examinations Council of Zambia – Chairman National Institute for Scientific and Industrial Research (NISIR), Zambia The Copperbelt Environment Project Board The Engineers Registration Board of Zambia The Examination Council of Zambia Zambia Open University United Nations University Institute for Natural Resources in Africa
Edgar Hamuwele	Nil

Director	Directorships/Partnerships
Steven Georgala	Aall Realty Holdings Corporation Aall Hawaii Holdings, Inc Absolute Return Strategy SICAV Acta International Fund Inc. Acta Multi-Strategy Fund Inc. Alban Holdings SA Albemarle Services Limited Albemarle Investments Limited Alchemy (Offshore) Fund Alderbeck Limited Asbury Trust Aubusson Holdings Limited * Baltic Overseas Asset Management Limited Baltic Financial Holdings Belloy Holdings Limited Berggruen Collection Limited * Beta Collections Limited Bettina Collection Limited * Blue Range Corporation BPEF Golden Gate Limited Brenthurst Absolute Return Fund Brenthurst Limited Brenthurst Private Equity I Limited Brenthurst Private Equity II Brenthurst Private Equity III Brenthurst Private Equity South Africa I Big Red One Inc. Bridge Trust Co Ltd Bunclody Holdings Limited Carlton Hotels International Limited Casady Enterprises Inc. * Comitas Investment Management Limited Compass Investments Inc Coastline Company ApS Constantia Alpha Asset Management Proprietary Limited Constantia Consulting (UK) Ltd Constantia Consulting Ltd * Constantia Fund Limited Constantia Fund SPC Ltd Constantia Holdings Limited DAL Funds Ltd Delta Collections Limited Eastern Capital Fund Limited E Oppenheimer & Son Group Holdings Limited E Oppenheimer & Son International Limited Euro Protected Capital Fund Limited Fairway Fund Limited Fiduciaire T A Services Limited Fidugest Management Limited First Capricorn Company Limited ^ GFG Select Inc. Genus 15 Master Fund Hartford Limited Haussmann Holdings NV Insinger de Beaufort Holdings SA Insinger de Beaufort Zeus 0S Fund Insinger Manager Selection SICAV

Director	Directorships/Partnerships
Steven Georgala (continued)	KAM Group Limited ^ Kamarina Limited * Key Asia Holdings Inc. Key Delta Fund Inc. Key Europe Inc. Key Global Emerging Markets Inc. Key Global Inc. Key Hedge Fund Inc. Key Hedge Fund Plus Inc. Key Multi-Strategy Special Investments Inc. Key Multi-Strategy Fund Inc. Key Recovery Special Investments Limited Key Recovery Fund Limited Key Special Situations Fund Inc. Key Value Inc. Konkola Copper Mines PLC Kumakawa Limited * Maaskyn Ventures Maitland & Co Limited Maitland Advisory (IOM) Limited Maitland Advisory Holdings Limited Maitland Advisory LLP Maitland Advisory (Proprietary) Limited Maitland Asset Management (Proprietary) Maitland FS Holdings (Proprietary) Limited Maitland Asset Management (IOM) Limited Maitland Asset Management Holdings Limited Maitland Capital Advisory Services (BVI) Limited Maitland Europe Sarl Maitland FS Holdings International Ltd Maitland Fund Services (BVI) Limited Maitland Portfolio Limited Maitland International Holdings PLC Maitland Luxembourg S.A. Maitland Malta Limited Maitland Nominees Limited Maitland Trust Company Limited Maitland Trust Limited Maitland Trustees (PTY) Limited Maitland Trustees Limited Midocean Management and Trust Services (BVI) Limited Midocean Nominees Limited MIH Services Limited ^ Mintran Services Limited Momats Limited MS Investment Management Limited MTC Holdings Limited Multiple Managers SICAV Multichoice Kenya Holdings Limited Newborg Art Corporation Limited * Olympus Fund Limited Ocean Management Holdings Limited O.P.A.M. Limited Paladin Limited Petrusse (L) Limited Piedmont Leaf Tobacco Company N V Pilos Inc.

Director	Directorships/Partnerships
Steven Georgala (continued)	Praetor Services Limited Ratelfontein Farms Relief Trust Services (Proprietary) Limited Rochester Income Fund Limited ^ Rosaire S A Maitland Executive Services Limited Setas Global Vision Fund Limited Slaney Limited * Solon (Protector) Limited Solon Director Limited Solon Director (Malta) Limited Solon International Finance Limited (now called Maitland Executive Services Limited) Star Convertible Fund Ltd Sterling Properties Inc. Tabayin Holdings Inc Theseus Limited Theseus Trustees (Bermuda) Limited Theseus Trustees (South Africa) (Pty) Ltd * Tortoise Investments Limited Tuska Investments Limited Vilazuan Holdings S A * Wisteria Holdings Limited ZCI Holdings Limited Zambia Copper Investments Limited Zeedijk Handelmaatschappij N V
Kathryn Bergkoetter	Alibera S.A. Amplex S.A. Angra S.à.r.l. Bluejar Investments S.A. Braveza Investments Centennial S.à.r.l. Citygrove Developments S.à.r.l. COMECO S.à.r.l. Encore I Holdings S.à.r.l. Gancho (PTC) Limited Gedeon Investments S.A. Hosur Corporation S.A. Lignum International Magnisense Maitland Trust Services S.à.r.l. Naxia S.A. Nemus International NetEconomy Luxembourg Newco S.à.r.l. Night Flight (Finance) S.à.r.l. Quadriga International Limited Scala Immobiliare S.à.r.l. Topglas Investments S.A.

* Resigned.

^ Company no longer exists.

RELEVANT PROVISIONS OF THE BYE-LAWS

Extracts from the bye-laws of ZCI are set out below:

VARIATION OF RIGHTS

"5 Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or abrogated either with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up."

"To every such separate general meeting all the provisions of these presents relating to general meeting of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be three persons at least holding or representing by proxy one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two holders of shares of the class present in person or proxy may demand a poll and that every such holder shall on the poll have one vote for every share of the class held by him. The foregoing provisions of this bye-law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if the shares concerned and the remaining shares of such class formed separate classes."

"6 The special rights attached to any such class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto."

VOTES OF MEMBERS

"63 Subject to any special rights or restrictions as to voting attached by or in accordance with those present to any class of shares, on a show of hands every member who is present in person and every person holding a valid proxy at such meeting shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the registered holder."

REMUNERATION OF DIRECTORS

"76 The ordinary remuneration of the directors shall be at the rate of $3,600 per annum each. Such remuneration shall accrue from day to day and shall be payable by equal quarterly instalments in arrears. The Company in general meeting may vote extra remuneration to the directors or any of them."

"77 Any director who holds any executive office (including for this purpose the office of Chairman or President or Deputy Chairman whether or not such office is held in an executive capacity), or who serves on any committee, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, maybe paid such extra remuneration by way of salary, commission or otherwise as the directors may determine."

POWERS ENABLING A DIRECTOR TO VOTE ON A PROPOSAL, ARRANGEMENT OR CONTRACT IN WHICH HE IS MATERIALLY INTERESTED

"80 A director may contract or be interested in any contract or arrangement with the Company or any other company in which the Company may be interested and hold any office or place of profit (other than the office of Auditor of the Company) in the Company or any such other company and he (or any firm of which he is a member) may act in a professional capacity for the company or any such other company and (unless otherwise agreed) may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom."

"81 The directors may entrust to and confer upon any director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they see fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers."

APPOINTMENT, RETIREMENT, ROTATION OF DIRECTORS AND RE-ELECTION OF RETIRING DIRECTORS

"84. A resolution for the appointment of two or more persons as directors as a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void."

"85. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for appointment as a director at any general meeting unless not less than seven nor more than forty-two days before the day appointed for the meeting there shall have been left at the office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected."

"86. The directors shall have the power at any time and from time to time to appoint any person to be a director to fill a casual vacancy but so that the total number of directors shall not at any time exceed the maximum number fixed by the provisions of Bye-Law 74. Any director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election."

"The office of a director shall be vacated in any of the following events, namely:

(i) if he shall become prohibited by law from acting as a director;

(ii) if he shall resign by writing under his hand left at the office, or if he shall tender his resignation and the directors shall resolve to accept the same;

(iii) if in Bermuda or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;

(iv) if he shall be absent from meetings of the directors for six months without leave and the directors shall resolve that his office be vacated."

BORROWING POWERS

"99 (a) Subject to the provisions of paragraph (b) hereof the directors may borrow or raise from time to time for such purposes of the Company such sums as they dim fit.

(b) The directors shall procure that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by the Company (excluding any moneys received in the ordinary course of business by the Company on deposit or current account) shall not received in the ordinary course of business by the company on deposit or current account) shall not without the previous sanction of an ordinary resolution of the Company exceed US$310 million, provided that no such sanction shall be required for the borrowing of any moneys intended to be applied and actually applied within ninety days in the repayment (with or without any premium) of any moneys then already borrowed and outstanding. No lender or other person dealing with the Company shall be concerned to see or enquire whether these limits are observed."

DIVIDENDS

"112 The directors may, or the Company on the recommendation of the directors may, from time to time declare a dividend to be paid to the members out of the profits available for dividend. All such dividends shall be paid to the members in accordance with their rights and interests in the profits and in proportion to the amount paid up on the shares during any portion or portions of the period in respect of which this dividend is paid but excluding any amount paid in advance of calls."

WINDING UP

"134 If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the Liquidator may, with the authority of an Extraordinary Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist or properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability."

PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* income statement and balance sheet of ZCI, after the transaction are based on the audited results of ZCI for the year ended 31 March 2009. The unaudited *pro forma* income statement and balance sheet are presented for illustrative purposes only, to provide information on how the transaction may have impacted on the results and financial position of ZCI. The unaudited *pro forma* income statement and balance sheet are the responsibility of ZCI's directors. Due to the nature of the unaudited *pro forma* financial information, they may not fairly present ZCI's financial position and the results of its operations after the transaction. It has been assumed for purposes of the *pro forma* financial information that the transaction took place with effect from 1 April 2008 for income statement purposes and 31 March 2009 for balance sheet purposes.The unaudited *pro forma* financial information has been presented in a manner consistent with the format and accounting policies applied consistently throughout the period. The independent reporting accountants' report on the unaudited *pro forma* financial information is set out in Annexure 6 to this circular.

UNAUDITED *PRO FORMA* BALANCE SHEET

	Before the transaction[1] ZCI 30 June 2009 US$'000	Adjustments ACU[2] 30 June 2009 US$'000	Other adjustments US$'000	After the transaction Total US$'000
ASSETS				
Property, plant and equipment	–	20,416	–	20,416
Other financial assets	–	315	–	315
Deferred Exploration costs	–	142	–	142
Goodwill	–	–	18,630[3]	18,630
Investment	–	–	–	–
Total non-current assets	**–**	**20,874**	**18,630**	**39,504**
Inter-company loan receivable	–	–	31,129[4]	31,129
Other receivables and prepayments	76	1,280	9,920[8]	11,276
Inventories	–	1,435	–	1,435
Cash and cash equivalents	102,939	(7,111)	(41,183)[5]	54,644
Total current assets	**103,015**	**(4,396)**	**(134)**	**98,484**
Total assets	**103,015**	**16,477**	**18,496**	**137,988**
EQUITY				
Issued share capital and surplus	102,688	137,807	(137,807)[6]	102,688
Acquisition reserve	–	7,407	(7,407)[6]	–
Foreign currency translation reserve	–	11,912	(11,912)[6]	–
Retained losses	–	(180,639)	178,947[6]	(1,692)
Minority Interest	–	–	–	–
Total equity	**102,688**	**(23,513)**	**21,821**	**100,996**
LIABILITIES				
Asset retirement obligation	–	3,716	–	3,716
Total non-current liabilities	**–**	**3,716**	**–**	**3,716**
Tax payable	–	–	–	–
Trade and other payables	327	13,412	(12,820)[7]	919
Inter-company loan payable	–	–	31,129[4]	31,129
Interest bearing borrowings	–	22,862	(21,634)9	1,228
Total current liabilities	**327**	**36,274**	**(3,325)**	**33,276**
Total equity and liabilities	**103,015**	**16,477**	**18,496**	**137,988**
Net asset value per share (US cents)	184.43			181.39
Net tangible asset value per share (US cents)	184.43			147.93
Total number of shares in issue ('000)	55,678			55,678

Notes:

1. The "Before the transaction" column is based on ZCI's published, audited balance sheet at 31 March 2009.
2. The ACU balance sheet has been extracted from the reviewed consolidated financial results of ACU for the six months ended 30 June 2009 (stated in GBP) and converted to US$ at an exchange rate of 1.65US$/GBP, being the exchange rate prevalent at 30 June 2009 and relate to the assets and liabilities of ACU at book value. A purchase price allocation has not as yet been done. ACU's balance sheet at 30 June 2009 reflects certain aspects of the transaction which were completed during the reporting period, such effects have been removed, details of which are as follows:
   (a) property, plant and equipment was reduced by an amount of GBP29.6 million and retained income was reduced by the same amount to undo the effect of the reversal of impairment which was recorded as a result of the transaction improving the trading position of ACU;
   (b) issued share capital was reduced by GBP6.8 million to undo the effect of the share subscription;
   (c) trade and other payables was increased by GBP6.1 million to undo the effect of the debt acquisition;

(d) interest bearing borrowings was increased by GBP13.8 million to undo the effect of ACU settling the outstanding Pula Bond;

(e) the current liability owing to ZCI totalling GBP23.5 million has been removed; and

(f) cash and cash equivalents was reduced by GBP10.3 million representing the amount of cash received from ZCI in excess of funds utilised to pay off debt and creditors.

3. Goodwill has been adjusted to include the excess of the purchase consideration over the net asset value of the ACU acquisition.

4. Inter-company loan receivable and inter-company loan payable has been adjusted to include the new term loan facility granted by ZCI to ACU for an aggregate amount of US$31,129,100, which is eliminated on consolidation.

5. Cash and cash equivalents has been adjusted to reflect the following:

   (a) payment of estimated transaction costs amounting to US$1.69 million;

   (b) settlement of the outstanding Pula Bond totalling 150 million Pula, which was converted to US$ at an exchange rate of 6.93 Pula/USD being the exchange rate prevalent at 30 June 2009 (ACU's balance sheet date);

   (c) settlement of US$12.8 million of ACU's outstanding creditors; and

   (d) debt acquisition of US$ 5.038 million (US$ 9.92 million face value). In relation to the debt acquisition, debt denominated in Pula was converted to USD at an exchange rate of 7.95 Pula/USD, being the exchange rate at 31 March 2009 (ZCI's balance sheet date) and debt denominated in ZAR was converted to USD at an exchange rate of 9.7218 ZAR/USD, being the exchange rate at 31 March 2009 (ZCI's balance sheet date).

6. Issued share capital and share premium, acquisition reserve, foreign currency translation reserve, and retained losses have been eliminated on consolidation.

7. Trade and other payables have been adjusted for the repayment of US$12.8 million of ACU's outstanding creditors.

8. Other receivables and prepayments have been adjusted for the face value of the debt acquired by ZCI from ACU creditors in terms of the debt acquisition totalling US$9.9 million.

9. Interest bearing borrowings has been adjusted for the settlement of the outstanding Pula Bond totalling 150 million Pula which was converted to USD at an exchange rate of 6.93 Pula/USD being the exchange rate prevalent at 30 June 2009 (ACU's balance sheet date).

UNAUDITED *PRO FORMA* INCOME STATEMENT

	Before the transaction[1] ZCI 31 March 2009 US$'000	ACU[2] 31 Decmber 2008 6 months GBP'000	ACU[2] 30 June 2009 GBP'000	Adjustments[2] GBP'000	ACU[2] 30 June 2009 12 months GBP'000	ACU[2] 30 June 2009 12 months US$'000	Other Adjustments US$'000	After the transaction US$'000
Normal administrative expenses	(2,177)	(1,608)	(2,416)		(4,024)	(6,500)	(1,692)[3]	(10,369)
Gain on derivative financial instruments		1,161		1,161		1,875		1,875
Net loss on disposal of available for sale investments	(887)							(887)
Exchange gain		224	1,204		1,428	2,307		2,307
Reversal of impairment			29,638	(29,638)				
Impairment of property, plant and equipment		(92,438)			(92,438)	(149,313)		(149,313)
Impairment of deferred exploration		(6,834)			(6,834)	(11,039)		(11,039)
Total administrative expenses	(3,064)	(99,495)	28,426	(29,638)	(100,707)	(162,670)	(1,692)	(167,425)
Interest receivable	3,652	303	13		316	510	2 401[4]	6,563
Other income		4			4	6		6
Interest expense		(874)	(748)	(1,622)	(2,620)		(2,620)	
(Loss)/Profit before taxation	588	(100,062)	27,691	(29,638)	(102,009)	(164,773)	709	(163,476)
Taxation	(72)							(72)
(Loss)/Profit for the year	516	(100,062)	27,691	(29,638)	(102,009)	(164,773)	709	(163,548)
Attributable to:								
Ordinary shareholders	516					(135,385)	958	(133,912)
Minorities						(29,387)	(249)	(29,636)
Headline earnings								
Adjustments:								
– Impairment of PPE						122,683		122,683
– Impairment of deferred exploration						9,070		9,070
– Reversal of provision	(702)							(702)
Headline earnings/(loss):	(186)					3,633	958	(2,861)
Earnings/Loss per share (US cents)	0.56							(144.19)
Diluted earnings/loss per share (US cents)	0.56							(144.19)
Headline loss per share (US cents)	(0.20)							(3.08)
Diluted headline loss per share (US cents)	(0.20)							(3.08)
Weighted average number of ordinary shares ('000)	92,870							92,870
Diluted weighted average number of ordinary shares ('000)	92,870							92,870

Notes:

1. The "Before the transaction" column is based on ZCI's published, audited income statement at 31 March 2009.
2. The ACU income statement for the year ended 30 June 2009 has been compiled by aggregating the income statement for the six months ended 30 June 2009 with the income statement for the six months ended 30 December 2008 (calculated by subtracting the income statement for the six months ended 30 June 2008 from the income statement for the 12 months ended 31 December 2008) (stated in GBP) and converted to US$ at an exchange rate of 1.62USD/GBP, being the average exchange rate over the 12 months ended 30 June 2009. Furthermore, the income statement has been adjusted by removing the reversal of impairment, totalling GBP29.6 million, recognised during the six months ended 30 June 2009 due the fact that this arose as a result of the transaction.
3. Normal administration expenses have been adjusted for the payment of the expected transaction costs of US$ 1.69 million.
4. Interest receivable has been adjusted for the forfeit of notional interest at an average rate of 0.96% per annum on the cash utilised by ZCI to fund the transaction, and the interest saved by ACU on application of the proceeds received from ZCI to settle the outstanding Pula Bond totalling 150 million Pula, that amounted to 21 million Pula which was converted to USD at an exchange rate of 7.51 Pula/US$, being the average exchange rate during over the year ended 30 June 2009. Interest paid by ACU to ZCI on the Term loan agreement has been eliminated on consolidation.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

"The Directors
Zambia Copper Investments Limited
Clarendon House
2 Church Street
Hamilton
Bermuda

10 December 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* INCOME STATEMENT AND BALANCE SHEET

Introduction

We have performed our limited assurance engagement with regard to the unaudited *pro forma* income statement and balance sheet ("*pro forma* financial information') of Zambia Copper Investments Limited ("ZCI") set out in Annexure 5 to the circular to be dated 17 December 2009 issued in connection with circular relating to the offer of finance and debt acquisition ("circular").

The *pro forma* financial information has been prepared for purposes of complying with the requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the transaction might have affected the reported financial information had the transaction been undertaken on 31 March 2009 for balance sheet purposes and 1 April 2008 for income statement purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of ZCI, after the transaction.

Directors' responsibility

The directors of ZCI are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* balance sheet contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of ZCI and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* balance sheet information included in the circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial information* and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* balance sheet, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted published historical financial information of ZCI and ACU with the source documents, considering the *pro forma* adjustments in light of the accounting policies of ZCI, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of ZCI.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of ZCI and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that, in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* balance sheet has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of ZCI;
- the adjustments are not appropriate for the purposes of the *pro forma* balance sheet as disclosed pursuant to Section 8.30 of the Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued by ZCI in the form and context in which it appears.

Yours faithfully

KPMG Inc.
Per **Mickey Bove**
Chartered Accountant (SA)
Registered Auditor
Director"

ZCI HISTORICAL FINANCIAL INFORMATION

The directors of ZCI are responsible for the financial information to which the reporting accountants' report and the report of historical information on ZCI relate and from which such reports have been prepared. The independent reporting accountants' report on the historic financial information of ZCI is set out in Annexure 8 to this document.

The historical information for the three years ended 31 March 2009, 2008 and 2007 is set out below:

	Notes	31 March 2009 US$'000	31 March 2008 US$'000	31 March 2007 US$'000
Finance income	4	3,652	465	730
General and administration expenses		(2,177)	(5,956)	(849)
Share of profit of associate		–	36,268	85,577
Net cost arising from assets classified as held for sale		–	(2,732)	–
Net loss on disposal of available for sale investments	6	(887)	–	–
Profit before taxation		**588**	**28,045**	**85,458**
Taxation	5	(72)	(67)	(60)
Profit for the year		**516**	**27,978**	**85,398**
Headline earnings per ordinary share (US cents)		(0.20)	25.62	67.67
Earnings per ordinary share (US cents)	3	0.56	22.17	67.67
Non-current assets				
Long-term accounts receivable		–	–	4,890
Investment in associated company		–	–	170,313
		–	–	175,203
Current assets				
Available for sale investment	6	–	12,322	10,593
Assets classified as held for sale		–	205,398	–
Accounts receivable		76	5,258	5,250
Cash and cash equivalents	7	102,939	6,584	2,856
		103,015	**229,562**	**18,699**
Current liabilities				
Accounts payable and accrued liabilities		(327)	(7,296)	(188)
Net current assets		–	222,266	18,511
Net assets		**102,688**	**222,266**	**193,714**
Capital and reserves				
Capital	8	102,688	334,547	334,547
Revaluation reserve	6	–	702	573
Deficit on hedging reserve		–	–	(12,558)
Amounts recognised directly in equity relating to assets classified as held for sale		–	(12,113)	–
Accumulated deficit		–	(100,870)	(128,848)
Shareholders' equity		**102,688**	**222,266**	**193,714**
Number of shares in issue ('000)		55,677	126,197	126,197
Net asset value (US cents)		184.43	176.13	153.50

Consolidated statement of changes in equity
for the three years ended 31 March 2009, 2008 and 2007

(expressed in thousands of US Dollars)

	Share capital	Contri-buted surplus	Revalu-ation reserve	Hedging reserve	Assets classified as held for sale	Accumu-lated deficit	Total equity
Balance at 31 March 2006	**30,299**	**304,248**	**42**	**(14,420)**	**–**	**(214,246)**	**105,923**
Revaluation on available for sale investment (note 9)	–	–	531	–	–	–	531
Hedging reserve of associated company (note 15)	–	–	–	1,862	–	–	1,862
Profit for the year	–	–	–	–	–	85,398	85,398
Balance at 31 March 2007	**30,299**	**304,248**	**573**	**(12,558)**	**–**	**(128,848)**	**193,714**
Revaluation on available for sale investment (note 9)	–	–	129	–	–	–	129
Hedging reserve of associated company (note 15)	–	–	–	445	–	–	445
Transfer from hedging reserve	–	–	–	12,113	(12,113)	–	–
Profit for the year	–	–	–	–	–	27,978	27,978
Balance at 31 March 2008	**30,299**	**304,248**	**702**	**–**	**(12,113)**	**(100,870)**	**222,266**
Share buy-back and reduction	(16,924)	(114,581)	–	–	–	–	(131,505)
Revaluation on available for sale investment (note 8)	–	–	(702)	–	–	–	(702)
Transfer from hedging reserve	–	–	–	–	12,113	–	12,113
Profit for the year	–	–	–	–	–	516	516
Transfer from contributed surplus		(100,354)				100,354	–
Balance at 31 March 2009	**13,375**	**89,313**	**–**	**–**	**–**	**–**	**102,688**

	Note	31 March 2009 US$'000	31 March 2008 US$'000	31 March 2007 US$'000
Cash flow from operating activities				
Cash paid to suppliers and employees		(4,769)	(3,198)	(876)
Cash absorbed by operations		(4,769)	(3,198)	(876)
Interest received		3,614	135	114
Income tax paid		(88)	(86)	(76)
Net cash absorbed by operating activities		(1,243)	(3,149)	(838)
Cash flow from investing activities				
Proceeds from disposal of available for sale investments		10,733	–	–
Proceeds from partial disposal of investments in subsidiary		5,220	5,220	5,220
Proceeds from disposal of assets classified as held for sale		213,150	–	–
Purchase of available for sale investments		–	(1,600)	(7,220)
Dividends received from associated company		–	1,628	1,628
Dividends received from assets classified as held for sale		–	1,629	–
Cash generated/(absorbed) by investing activities		229,103	6,877	(372)
Cash flow from financing activities				
Repurchase of own issued shares		(131,505)	–	–
Net cash absorbed by financing activities		(131,505)	–	–
Net increase/(decrease) in cash		**96,355**	**3,728**	**(1,210)**
Net cash at beginning of year		6,584	2,856	4,066
Net cash at end of year	7	**102,939**	**6,584**	**2,856**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ZCI is incorporated as an investment holding company in Bermuda. The Company is exempt from Bermuda taxation. The Company's principal activity is the holding of cash and cash equivalents. In 2008, the principal activity was holding a 28.4% interest in Konkola. ZCI had no direct employees during the year (2008: Nil).

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The accounting policies applied in the preparation of the consolidated results for the year ended 31 March 2009 are consistent with those applied in the preparation of the Group's audited results for the year ended 31 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

New standards and interpretations not yet adopted

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2008.

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective:

Amended IFRS 1 and IAS 27 *First-time Adoption of International Financial Reporting Standards* and *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Revised IFRS 3 *Business Combinations*

IFRS 8 *Operating Segments*

Revised IAS 1 *Presentation of Financial Statements*

Amended IAS 27 *Consolidated and Separate Financial Statements*

The directors anticipate that, other than the implications of IFRS 3, the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

IFRS 3 applies to all new business combinations that occur after 1 July 2009. For these future business combinations, the Group will change its accounting policies to be in line with the revised IFRS 3. In the future, all transaction costs will be expenses and any contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit and loss. The revised IFRS 3 becomes mandatory for the Group's 2010 financial statements. The impact cannot be determined at this stage.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies are recognized in the period in which the estimated are revised and in any future periods affected.

These consolidated financial statements are presented in United States Dollars since that is the Group's functionality currency.

The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments and derivative financial instruments which are recorded at fair value.

The principal accounting policies adopted are set out below:

Principles of consolidation

The consolidated financial statements include the financial statements of ZCI and all its subsidiaries.

The interest of minority shareholders is stated at the minority's proportion of the assets and liabilities recognised. All significant inter-company transactions and balances between Group companies are eliminated on consolidation.

The subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align then with the policies adopted by the Group.

Associates (equity accounted investees)

Associate are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with these of the Group, from the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, buy only to the extent that there is no evidence of impairment.

Available for sale investments

Available for sale investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs. Available for sale investments are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in the fair value are recognised directly in equity until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognised in equity is included in the net profit and loss for the period.

Assets classified as held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimate irrecoverable amounts.

Trade payables

Trade payables are stated at their amortised cost.

Derivative financial instruments

Derivative financial instruments are initially recorded at fair value, except for those contracts linked to unquoted equity instruments whose fair value cannot be measured reliably, on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. Changes in the fair value of derivatives are recognised immediately in the income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship. Derivatives not designated into an effective hedge relationship are classified as a current asset or current liability.

Taxation

Income tax expense represents the tax currently payable and deferred tax.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Translation of foreign currencies

Transactions denominated in currencies other than United States Dollars are accounted for at the rate of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than United States Dollars are accounted for at the rates of exchange ruling at the balance sheet date, or at the forward rate determined in forward exchange contracts. Gains and losses arising on translation are included in the profit and loss account for the period.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised costs is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed, collectively, in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, and gains on hedging instruments that are recognise in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Earnings per share

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3. EARNINGS PER SHARE

(US$'000)	2009	2008	2007
Headline earnings	(186)	32,339	85,398
Less exceptional expenses:			
Negative fair value of derivative (see Note 16)	–	(4,361)	–
Reversal of provision on available for sale investment	702	–	–
Net profit attributable to shareholders	**516**	**27,978**	**85,398**
Weighted average number of shares in issue ('000)	92,870	126,197	126,197
Headline earnings per share (US cents)	(0.20)	25.62	67.67
Basic and diluted earnings per share (US cents)	0.56	22.17	67.67

The weighted average shares of 92,869,550 results from the following ordinary shares in issue during the current year: from 1 April 2008 to 9 October 2008, 126, 197,362 shares; and from 10 October 2008 to 31 March 2009, 55,677,643.

4. FINANCE INCOME

(US$'000)	2009	2008	2007
Interest income on short-term bank deposits	3,652	135	97
Unwinding of discount on deferred purchase consideration	–	330	633
	3,652	**465**	**730**

5. TAXATION

(%)	2009	2008	2007
Current income tax	72	67	60
Payable in respect of the year	72	67	60
Paid during the year	(88)	(86)	(76)
Included in accounts receivable and prepaid expenses	**(16)**	**(19)**	**(16)**

Taxation expense is a cost of the subsidiary, ZCI Holdings S.A., a company incorporated in Luxembourg. This subsidiary was formed as a holding company with "milliardaire" status under the Luxembourg Law of 1929, and it is exempt from income tax on profits, but is subject to an annual minimum taxation, based on the issued capital, equivalent to €48,000. The effective tax rate for the Group is 12.2% (2008: 0.2%)

6. AVAILABLE FOR SALE INVESTMENT

(US$'000)	2009	2008	2007
Balance at the beginning of the year	12,322	10,593	2,842
Additions during the year	–	1,600	7,220
Movement in fair value for the year	(887)	129	531
Reversal of prior year valuation recorded in equity	(702)	–	–
Disposal during the year	(10,733)	–	–
Balance at the end of the year	**–**	**12,322**	**10,593**

The investment above represents investments in an equity mutual fund. The fair value for available for sale investments is based on dealer price quotations.

7. CASH AND CASH EQUIVALENTS

(US$'000)	2009	2008	2007
Call deposits and cash at bank	102,939	6,584	2,856

Cash and cash equivalents include cash in current accounts and cash deposits which mature within three months. The credit risk on cash and liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

All deposits have a floating interest rate and mature within one month.

8. CAPITAL AND CONTRIBUTED SURPLUS

(US$'000)	2009	2008	2007
Authorised			
130,000,000 ordinary shares of BD$0.24 each (US$ 0.24 each)	31,200	31,200	31,200
50,000 deferred shares of BD$0.24 each (US$ 0.24 each)	12	12	12
	31,212	**31,212**	**31,212**
Issued			
55,677,643 ordinary shares of BD$0.24 each (US$ 0.24 each)	13,363	30,287	30,287
50,000 deferred shares of BD$0.24 each (US$ 0.24 each)	12	12	12
	30,299	**30,299**	**30,299**
Contributed surplus	304,248	304,248	304,248
Total capital	**334,547**	**334,547**	**334,547**

Ordinary shares

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

Following an extraordinary general meeting of shareholders held at 12:00 on 24 September 2008, the Company repurchased 70,519,719 ordinary shares at a price of USD 1.8648 per share, total of USD131,505,172, in accordance with the terms of a voluntary tender offer. The shares were subsequently cancelled.

Deferred shares

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

Contributed surplus

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

9. SUBSIDIARIES AND ASSOCIATED COMPANY

Details of the Company and its subsidiaries at 31 March 2008 are as follows:

	Place of incorporation and operation	Proportion of ownership interest	Principal activity
Name of parent company			
Zambia Copper Investments Limited	Bermuda	–	Holding company
Name of subsidiary			
ZCI Holdings S.A.	Luxembourg	100%	Holding company
ZCI Holdings Limited	Liberia	100%	Holding company

The Company held a 100% equity stake in Zambia Copper Investments (Luxembourg) Limited, a dormant holding company incorporated in Luxembourg. This investment had been fully provided for in the accounts of the Company in previous years. On 2 March 2009, the shareholding with net book value of zero was sold to S Georgala for one US Dollar.

The Company held a 28.4% equity stake in Konkola, a company registered in the Republic of Zambia and operating in mining and ore processing. With effect from 30 September 2007, this investment met the criteria to be classified as held for sale in accordance with IFRS 5. From that date, it was no longer considered to be an associated company, and equity accounting was discontinued. Vedanta settled its obligations under the terms of the Vedanta call option deed (see note 16) with an effective date of 9 April 2008. The Group's 28.4% equity investment in Konkola was transferred to Vedanta on that date in exchange for the cash receipt of the exercise price of Vedanta's call option, US$213,150,000.

10. RELATED PARTY TRANSACTIONS

Following the buy-back of the ordinary shares (see note 8), Copperbelt Development Foundation ("**CDF**") holds 71.5% of the Group and has become the new ultimate controlling party of the Group. CDF received USD30,000,000 in exchange for 16,087,516 shares tendered in accordance with the terms of the share buy-back.

The Company has no employees and in consequence utilises the administrative services of Maitland Luxembourg S.A., which is part of the Maitland Group. Steven Georgala is a director of the Maitland Group. The Maitland Group received from ZCI fees of US$665,499 (2007: US$804,442).

The directors of the Company received fees of US$205,948 (2008: US$173,553) for their services and US$87,380 for additional expenses (2008: US$82,671). All director's fees payable to S Georgala are payable to the Maitland Group.

11. SUBSEQUENT EVENTS

The Company made a binding offer of finance to ACU which was accepted by ACU after a vote of its shareholders at the 7 May 2009 ACU Extraordinary General Meeting. ZCI provided interim bridge financing of US$7,000,000 and US$25,400,000 to ACU so that ACU could meet its operating current cash requirements and repay pre-existing creditors and bondholders. The Company also made payments of approximately US$6,000,000, directly, to three unrelated creditors in order to retire a portion of ACU's outstanding debts.

On 21 May 2009, the Company completed a Share Subscription Agreement under which ZCI subscribed for 676,570,500 new ordinary shares of 1 pence each in the capital of ACU, resulting in ZCI holding an 82.16% interest in the issued share capital of ACU.

On 18 June 2009, the ACU Group and ZCI entered into a new Term Loan Facility Agreement for an aggregate amount up to US$31,129,100 which ACU may only use to repay the interim bridge loans. Tranche A of the Term Loan Facility, for US$8,379,100, bears interest at 12 per cent. per annum and is convertible into ordinary share of 1 pence each in ACU at a conversion price of 1 pence per share. The maximum aggregate number of new ordinary shares which may be issued pursuant to the conversion rights is 556,307,262 new shares. Tranche B of the Term Loan Facility, for an amount up to US$22,750,000, bears interest at 14 per cent. per annum and is not convertible. The Term Loan Facility is not effective until security over assets of the ACU Group is perfected.

These agreements, Share Subscription and Term Loan Facility, were ratified by the ZCI shareholders at the ZCI Annual General Meeting held on Wednesday, 16 September 2009. The majority shareholder of ZCI has already provided written confirmation of their approval of the ACU transaction. For purposes of IFRS 3, fair values have not yet been finalised.

AUDIT OPINION ON THE ZCI HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2009

"The Directors
Zambia Copper Investments Limited
Claredon House
2 Church Street
Hamilton
Bermuda

10 December 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF ZAMBIA COPPER INVESTMENTS LIMITED

Introduction

At your request, we present our Reporting Accountants' Report on the Report of Consolidated Historical Financial Information of Zambia Copper Investments Limited ("**ZCI**") and its subsidiaries (referred to, collectively, as the "**Group**") which comprise the balance sheet, the income statement, statement of changes in equity and cash flow statement for the year ended 31 March 2009, and the notes to the financial statements, which includes a summary of significant accounting policies ("**Historical Financial Information**"), as set out in Annexure 7 to the circular, for the purposes of complying with the Listings Requirements of the JSE ("the JSE Listings Requirements") and for inclusion in the circular, dated on or about 17 December 2009 ("**circular**"). We are the independent auditors to ZCI.

Responsibility of the directors

The directors of ZCI are responsible for the compilation, contents and preparation of the circular in accordance with the JSE Listings Requirements. The directors are also responsible for the fair presentation in accordance with International Financial Reporting Standards of the Historical Financial Information contained therein to which this Independent Reporting Accountants' Report relates.

Responsibility of the Independent Reporting Accountants

Our responsibility is to express an opinion on the Historical Financial Information for the year ended 31 March 2009 based on our audit included in Annexure 7 to the circular.

We conducted our audit of the Historical Financial Information for the year ended 31 March 2009 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion. This includes evidence previously obtained by us in the conduct of our audits of the financial statements of ZCI underlying the Historical Financial Information for the two years ended 31 March 2007 and 31 March 2008.

Opinion on Historical Financial Information for the year ended 31 March 2009

In our opinion, the Historical Financial Information for the year ended 31 March 2009, presents fairly, in all material respects, the consolidated financial position of ZCI and its consolidated and separate financial performance and consolidated and separate cash flow for the year ended 31 March 2009 in accordance with International Financial Reporting Standards.

Yours faithfully

KPMG Inc.
Per **Kobus Volschenk**
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown, 2193
Johannesburg"

REPORT ON THE HISTORICAL FINANCIAL INFORMATION RELATING TO AFRICAN COPPER PLC

Basis of preparation:

The statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and the related notes for the six months ended 30 June 2009 and the years ended 31 December 2008, 2007 and 2006 have been derived from the financial statements of African Copper PLC.

The financial statements for African Copper PLC for the year ended 31 December 2008 have been audited and the interim results for the period ended 30 June 2009 and financial statements for years ended 31 December 2007 and 2006 have been reviewed. The financial statements were prepared in accordance with IFRS and in terms of the JSE Listings Requirements and were reported on without qualification by PKF.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

Statements of Comprehensive Income

	Notes	Six months ended 30 June 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Normal administrative expenses		(2 416)	(3 242)	(2 738)	(1 581)
Gain/(loss) on derivative financial instruments		–	347	(406)	–
Exchange (loss)/gain		1 204	(612)	276	(2 103)
Reversal of impairment of property, plant and equipment		29 638	–	–	–
Impairment of property, plant and equipment	8	–	(92 438)	–	–
Impairment of deferred exploration costs	9	–	(6 834)	–	–
Total administrative expenses	4	28 426	(102 779)	(2 868)	(3 684)
Bank interest receivable		13	1 359	2 985	1 646
Other income		–	4	–	–
Interest expense		(748)	(1 293)	–	–
Profit/(Loss) before tax		27 691	(102 709)	117	(2 038)
Taxation		–	–	–	(62)
Profit/(Loss) for the period attributable to owners of the parent		27 691	(102 709)	117	(2 100)
Other comprehensive income					
Exchange differences on translating foreign operations		578	7 842	772	(1 664)
Net gain/(loss) on cash flow hedge		–	2 569	(812)	–
Net loss on cash flow hedge removed from equity and reported in profit and loss		–	(1 757)	–	–
Other comprehensive income/(loss) for the period, net of tax, attributable to owners of the parent		578	8 654	(40)	(1 664)
Total comprehensive income/(loss) for the period attributable to owners of the parent		28 269	(94 055)	77	(3 764)

	Note	Six months ended 30 June 2009	Year ended 31 December 2008	Year ended 31 December 2007	Year ended 31 December 2006
Headline (loss)/earnings per ordinary share	7	(0.66p)	(2.36p)	0.09p	(2.20p)
Diluted headline (loss)/earnings per ordinary share	7	(0.66p)	(2.36p)	0.09p	(2.20p)
Basic (loss)/earnings per ordinary share	7	9.34p	(70.47p)	0.09p	(2.20p)
Diluted (loss)/earnings per ordinary share	7	9.34p	(70.47p)	0.09p	(2.20p)

Statements of Financial Position

	Notes	Six months ended 30 June 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
ASSETS					
Property, plant and equipment	8	42 000	12 628	48 248	13 964
Deferred exploration costs	9	86	–	4 322	2 007
Other financial assets	10	191	197	4 167	–
Total non-current assets		42 277	12 825	56 737	15 971
Other receivables and prepayments	13	775	1 186	1 903	648
Inventories	14	869	795	–	–
Derivative financial assets	11	–	–	1 841	–
Cash and cash equivalents	15	5 998	1 763	22 428	53 254
Total current assets		7 642	3 744	26 172	53 902
Total assets		**49 919**	**16 569**	**82 909**	**69 873**
EQUITY					
Issued share capital	16	8 234	1 469	1 396	1 305
Share premium	16	81 973	81 973	76 947	69 844
Acquisition reserve	16	4 485	4 485	4 485	4 485
Foreign currency translation reserve	16	7 213	6 635	(1 207)	(1 979)
Hedging reserves		–	–	(812)	–
Retained losses		(79 739)	(107 453)	(4 843)	(5 687)
Total equity		22 166	(12 891)	75 966	67 968
LIABILITIES					
Asset retirement obligation	19	2 250	2 426	464	–
Total non-current liabilities		2 250	2 426	464	–
Trade and other payables	20	2 030	13 551	6 479	1 905
Due to Zambia Copper Investments Limited		23 473	–	–	–
Interest bearing borrowings	18	–	13 483	–	–
Total current liabilities		25 503	27 034	6 479	1 905
Total equity and liabilities		**49 919**	**16 569**	**82 909**	**69 873**
Net asset value per share	7	2.69p	(8.78p)	54.43p	52.08p
Net tangible asset value per share	7	2.68p	(8.78p)	51.33p	50.54p

Statements of Changes in Equity

	Note	Share capital £'000	Share premium £'000	Acquisition reserve £'000	Foreign currency trans-lation reserve £'000	Hedging reserve £'000	Retained loss £'000	Total equity £'000
Balance at 1 January 2006		520	16 158	4 485	(315)	–	(4 579)	16 269
Foreign exchange adjustments		–	–	–	(1 664)	–	–	(1 664)
Other comprehensive income for the year		–	–	–	(1 664)	–	–	(1 664)
Loss for the year		–	–	–	–	–	(2 100)	(2 100)
Total comprehensive income for the year		–	–	–	(1 664)	–	(2 100)	(3 764)
New share capital subscribed		785	58 702	–	–	–	–	59 487
Share issue costs		–	(5 016)	–	–	–	–	(5 016)
Credit arising on share options		–	–	–	–	–	992	992
Balance at 31 December 2006		1 305	69 844	4 485	(1 979)	–	(5 687)	67 968
Foreign exchange adjustments		–	–	–	772	–	–	772
Fair value loss on cash flow hedge		–	–	–	–	(812)	–	(812)
Other comprehensive income for the year		–	–	–	772	(812)	–	40
Profit for the year		–	–	–	–	–	117	117
Total comprehensive income for the year		–	–	–	772	(812)	117	76
New share capital subscribed	16	91	7 509	–	–	–	–	7 600
Share issue costs		–	(406)	–	–	–	–	(406)
Credit arising on share options		–	–	–	–	–	727	727
Balance at 31 December 2007		1 396	76 947	4 485	(1 207)	(812)	(4 843)	75 966
Foreign exchange adjustments		–	–	–	7 842	–	–	7 842
Fair value gain on cash flow hedge instruments		–	–	–	–	2 569	–	2 569
Net loss on cash flow hedge removed from equity and reported in the income statement		–	–	–	–	(1 757)	–	(1 757)
Other comprehensive income for the year		–	–	–	7 842	812	–	8 654
Loss for the year		–	–	–	–	–	(102 709)	(102 709)
Total comprehensive income for the year		–	–	–	7 842	812	(102 709)	(94 055)
New share capital subscribed	16	73	5 026	–	–	–	–	5 099
Credit arising on share options		–	–	–	–	–	99	99
Balance at 31 December 2008		1 469	81 973	4 485	6 635	–	(107 453)	(12 891)
Foreign exchange adjustments		–	–	–	578	–	–	578
Other comprehensive income for the period		–	–	–	578	–	–	578
Profit for the period		–	–	–	–	–	27 691	27 691
Total comprehensive income for the period		–	–	–	578	–	27 691	28 269
New share capital subscribed		6 765	–	–	–	–	–	6 765
Credit arising on share options		–	–	–	–	–	23	23
Balance at 30 June 2009		**8 234**	**81 973**	**4 485**	**7 213**	**–**	**(79 739)**	**22 166**

Statements of Cash Flows

	Six months ended 30 June 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activities				
Administration expenses	(2 416)	(3 242)	(2 738)	(1 581)
Finance costs	(748)	(1 293)	–	–
Reversal of impairment	29 638	–	–	–
Impairment of property, plant and equipment	–	(92 438)	–	–
Impairment of deferred exploration costs	–	(6 834)	–	–
Hedging gain	–	347	–	–
Taxation	–	–	–	(62)
Operating profit/(loss) from continuing operations	26 474	(103 460)	(2 738)	(1 643)
Decrease/(Increase) in receivables	416	716	(1 255)	(421)
Increase in inventories	(73)	(795)	–	–
(Decrease)/Increase in payables	(5 432)	(92)	69	(5)
Share-based payment expense	18	60	519	562
Accrued interest	748	1 293	–	–
Reversal of impairment	(29 638)	–	–	–
Impairment of property, plant and equipment	–	92 438	–	–
Impairment of deferred exploration costs	–	6 834	–	–
Hedging gain	–	(347)	–	–
Taxation	–	–	–	62
Cash used in operating activities	(7 487)	(3 353)	(3 405)	(1 445)
Interest received	13	1 359	2 986	1 646
Other income	–	4	–	–
Net cash outflow from operating activities	(7 474)	(1 990)	(419)	201
Cash flows from investing activities				
Payments to acquire property, plant and equipment	(74)	(41 103)	(28 335)	(3 805)
Payments of deferred exploration costs	(86)	(2 512)	(2 315)	(6 186)
Sale/(Purchase) of cash flow hedging instruments	–	3 000	(3 060)	–
Receipts/(Payments) of other financial assets	–	3 970	(4 167)	–
Net cash outflow from investing activities	(160)	(36 645)	(37 877)	(9 991)

	Note	Six months ended 30 June 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Cash flows from financing activities					
Issue of equity share capital, net of issue costs		6 765	5 099	7 030	52 948
Issue of equity upon exercise of options and warrants		–	–	164	1 523
Proceeds from bridge loan		1 065	–	–	–
Repayment of bridge loan		(1 065)	–	–	–
Proceeds from Zambia Copper Investments Limited		17 382	–	–	–
(Payments of)/Proceeds from interest bearing borrowings		(13 483)	13 483	–	–
Net cash inflow from financing activities		10 664	18 582	7 194	54 571
Net (decrease)/increase in cash and cash equivalents		3 030	(20 053)	(31 102)	44 681
Cash and cash equivalents at beginning of the year		1 763	22 428	53 254	10 676
Exchange (loss)/gain		1 205	(612)	276	(2 103)
Cash and cash equivalents at end of the year	15	5 998	1 763	22 428	53 254

1. EXTRACTS FROM DIRECTORS' REPORT AND COMMENTARY

Nature of operations

African Copper PLC (“**African Copper**” or the “**Company**”) is a public limited company incorporated and domiciled in England and is listed on the AIM market of the London Stock Exchange PLC and the Botswana Stock Exchange. African Copper is a holding company of a mineral exploration and development group of companies (“**the Group**”). The Group 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 north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

Results

The Group profit after taxation for the six months ended 30 June 2009 was £27 691 000 compared to a loss for the year ended 31 December 2008 of £102 708 984, a gain in 2007 of £117 410 and a loss in 2006 of £2 100 884.

Proposed dividend

The Directors do not recommend the payment of a dividend for the year (2007: nil) (2006: nil).

Directors

The directors who held office during the period ended 30 June 2009 and the year ended 31 December 2008 were as follows:

D Rodier *Chairman* (Appointed on 22 May 2009)

R D Corrans *Non-executive* (Resigned as Chairman on 22 May 2009)

J A Hamilton *Chief Executive Officer* (Resigned on 12 June 2008)

C R Fredericks *Chief Executive Officer* (Appointed on 13 June 2008, resigned with effect from 31 December 2009)

B R Kipp *Chief Financial Officer*

J Soko (Appointed on 22 May 2009)

D Jones *Non-executive Deputy Chairman* (Resigned on 30 July 2009)

M J Evans *Non-executive* (Resigned on 22 May 2009)

A J Williams *Non-executive* (Resigned on 18 June 2009)

S Simukanga (Appointed in 2009)

Board of Directors Changes

On 22 May 2009 the Company announced the appointment of two new directors to the Board of the Company, David Rodier and Jordan Soko. In addition, it was announced that Michael Evans had resigned from the Board and Roy Corrans had stepped down from his current role of Chairman but will remain on the Board. Mr Rodier was appointed as the new Chairman of the Board. On 18 June 2009 the Company announced that Anthony Williams had resigned from the Board. David Jones did not stand for re-election at the AGM which took place on 30 July 2009, thereby effectively resigning from the Board at this date. S Simukanga was appointed to the Board in 2009. On 10 December 2009 it was announced that Chris Fredericks resigned as a director and Chief Executive Officer of the Company with effect from 31 December 2009.

Directors' interests in ordinary shares of the Company

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company:

Director	Shares held at 31 December 2008	Shares held at 31 December 2007	Shares held at 31 December 2006	Share options held at 31 December 2008	Share options held at 31 December 2007	Share options held at 31 December 2006	Option exercise price	Option exercise period
R D Corrans	–	–	–	150 000	150 000	150 000	76p	12/11/04 to 12/11/14
				150 000	150 000	150 000	77.5p	01/08/06 to 31/07/16
D Jones	1 515 000	1 515 000	1 515 000	100 000	100 000	100 000	76p	12/11/04 to 12/11/14
				1 250 000	1 250 000	1 250 000	77.5p	01/08/06 to 31/07/16
C R Fredericks					750 000	750 000	75p	29/12/06 to 29/12/16
B R Kipp	300 000	300 000	200 000			350 000	35p	05/04/04 to 29/03/07
				100 000	100 000	100 000	76p	12/11/04 to 12/11/14
				1 250 000	1 250 000	1 250 000	77.5p	01/08/06 to 31/07/16
M J Evans				100 000	100 000	100 000	76p	12/11/04 to 12/11/14
				150 000	150 000	150 000	77.5p	01/08/06 to 31/07/16
A J Williams	2 250 012	2 250 012	2 250 012	100 000	100 000	100 000	76p	12/11/04 to 12/11/14
				150 000	150 000	150 000	77.5p	01/08/06 to 31/07/16

There have been no changes in the Directors' interests between 1 January 2009 and the date of this Report. Share options held by David Jones, Mike Evans and Tony Williams expire six months after their resignation from the Board of directors (refer above).

Going concern and adequacy of project finance

The financial statements have been prepared on the going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business. The Group has been committed to commencing operations at the Mowana Mine and the exploration of the Matsitama Project, however, both projects were placed on care and maintenance pending the completion of raising funding and subsequent optimisation of mine plans. Subsequently, with the aid of the ZCI Financing Package (still to be completed), the Mowana mine's anticipated operational start up has been achieved in late August 2009.

Impairment and impairment reversal

The recoverability of capitalised costs in relation to the Group's current operations in Botswana is dependent on the ability of the Group to successfully and profitably operate the Mowana Mine. The amounts shown in Property, Plant and Equipment, Other Financial Assets, Other Receivables and Prepayments, and Inventories represent costs capitalised to date, less accumulated impairment reversals. For the year ended 31 December 2008 an impairment charge of £92.4 million in respect of the carrying amount of the Mowana Mine and related property plant and equipment, £1.3 million in respect of the carrying amount of Mowana Mine deferred exploration expenditures and £5.5 million in respect of the carrying amount of the Matsitama Project and related exploration expenditures was recorded in the financial statements. This impairment charge was the result of current market conditions and other potential impairment indicators and was based on the Natasa Mining Limited ("**Natasa**") financing proposal (described below and in Note 24 – Subsequent Events) which provides an arm's length valuation of the net assets obtained from sale. This impairment is still considered to be relevant to the financial statements at 31 December 2008, despite the fact that the Natasa transaction did not take place.

For the period ended 30 June 2009 a partial reversal of the previously recognised impairment loss in respect of property, plant and equipment was recognised to the amount of £29.6 million. This resulted from a review of all mining assets performed by the directors in light of certain indicators that the previously recognised impairment loss had decreased, including the significant impact of the ZCI Financing Package. In performing their review the directors considered each of the Group's exploration and development assets on a project-by-project basis. Three cash generating units were considered for the purpose of this assessment:

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

Following this review and making estimates of the value in use of the Mowana mine and taking into account the failure of the Natasa Transaction and the pending finalisation of the ZCI financing package, the directors have concluded that a partial impairment reversal is appropriate. The estimated value in use of the Mowana mine is estimated at £42 million.

No impairment reversal has been made in respect of any of the other cash generating units.

In deriving an estimate for the value in use in respect of the Mowana mine the directors calculated a net present value of the projected cash flow to be derived from the Mowana mine based on the adopted five-year mining plan.

The net present value calculation used the following key assumptions:

Commencement of operations	**August 2009**
Copper price:	
Years 1 – 4	US$ 2.25
Year 5	US$ 2.00
Exchange rate: Pula to US$	6.93 (30/06/2009)
Discount factor:	14%
Production period:	5 years
Combined ore production from Mowana and Thakadu deposits:	
Five-year ore mined	8.4 million tonnes @1.5% Cu
Five-year ore milled	5.1 million tonnes @2.23 % Cu*

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

It is estimated that the effect of adverse changes in key assumptions would result in the following decreases in the estimated value in use:	
Decrease in copper price by 12.5%	£15.3 million
Increase in all OPEX and CAPEX estimates by 10%	£9.2 million
Appreciation of Pula:US$ exchange rate by 10% to Pula 6.24 =	US$1 £9.5 million
Increase in discount rate by 2%	£2.0 million

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

Funding arrangements

At 31 December 2008 the Group did not have sufficient cash or debt facilities to pay its existing liabilities or fund operations at either the Mowana Mine or Matsitama Project. As a result the Group needed to negotiate debt settlement agreements with its bond holders and trade creditors and raise at least

US$15 million of additional funding which, if not raised, provides significant doubt over the Group's ability to continue as a going concern and to meet its obligations as they become due and, accordingly, the appropriateness of the use of the accounting principles applicable to a going concern.

On 16 March 2009 the Company entered into an agreement with Natasa, under which Natasa was to provide African Copper a short-term, interest free, secured US$1.5 million loan (the "**Bridge Loan**") to assist it in meeting its immediate cash flow requirements (see Note 24 – Subsequent Events). The short-term loan was to be repaid out of a proposed US$6.5 million equity placement (the "**Equity Placement**") and a proposed US$8.5 million debt facility (the "**Debt Facility**"). The Equity Placement and the Debt Facility (together "**the US$15 Million Facility**") were also proposed to be provided by Natasa. This financing with Natasa was never completed as a result of receiving less than the requisite level of shareholder approval required to proceed with the transaction at the Company's extraordinary general meeting held on 7 May 2009.

On 9 May 2009 the Company announced it had entered into agreements pursuant to which ZCI agreed to provide the Company and its stakeholders with a comprehensive financing package which was subsequently amended by further agreements with effective dates of 12 May 2009, 18 May 2009, 21 May 2009 and 18 June 2009 (the **"Financing Package"**).

The ZCI Financing Package comprises:

- a secured bridge loan facility (the **"Initial Bridge Loan"**) of US$7 million. The Initial Bridge Loan was made available to Messina Copper (Botswana) Proprietary Limited ("**Messina**") on 13 May 2009;
- a second secured US$25.4 million bridge loan facility (the "**Second Bridge Loan**") bearing interest at a rate of 12 per cent. per annum. The Second Bridge Loan was made available to Messina on 18 May 2009;
- a share subscription by ZCI for 676,570,500 new ordinary shares ("**New Ordinary Shares**") at an issue price of 1 pence per share (the "**Share Subscription**") for gross proceeds to the Company of approximately £5.7 million (US$9.9 million). The Share Subscription was completed on 22 May 2009;
- a four-year secured part convertible credit facility (the "**Convertible Loan Facility**") of US$31,129,100 comprising a convertible tranche of US$8,379,100 with a coupon of 12 per cent. per annum ("**Tranche A"**) and a tranche that is not convertible of US$22,750,000 with a coupon of 14 per cent. per annum ("**Tranche B**"). Tranche A of the Convertible Loan Facility is convertible into ordinary shares of 1p each in African Copper at a conversion price of 1p per share. The Convertible Loan Facility agreement was signed on 18 June 2009.

The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions precedent including that ZCI's shareholders have approved the Convertible Loan Facility and security over Messina's assets, including the Mowana Mine, has become effective. The portion of the required security became effective during August 2009 and the remaining security became effective during November 2009.

The Initial Bridge Loan and the Second Bridge Loan will be refinanced out of the proceeds of the Share Subscription and the Convertible Loan Facility. If the Convertible Loan Facility is not completed, the Initial Bridge Loan and the Second Bridge Loan become repayable on 30 September 2009, (or earlier if there has been a default by Messina under the relevant agreements). This repayment date was subsequently extended to 30 November 2009. If the Company is unable to complete the Convertible Loan Facility, the Directors believe the Company would be unable (in the absence of immediate alternative funding) to avoid formal insolvency proceedings, and in such event it is unlikely that there will be any assets available for distribution to shareholders.

In addition ZCI entered into binding debt assignment agreements with three of Messina's largest creditors (the "**Large Creditors**") pursuant to which the Large Creditors assigned their respective debts totalling US$10.72 million to ZCI (the "**Debt Acquisitions**") at a price payable by ZCI equal to 50 per cent. of the face value. As a consequence of the Debt Acquisitions and when the Convertible Loan Facility is completed, the Group will be indebted to ZCI in an aggregate amount of US$41.85 million (see Note 24 – Subsequent Events).

ZCI has agreed with African Copper that it will not initiate any insolvency proceedings against the Company or any of its subsidiaries on the basis of the Debt Acquisitions prior to the earlier of receipt of approval by the ZCI shareholders of the Convertible Loan Facility and 30 September 2009, subsequently extended to 30 November, along with the Initial Bridge Loan and Second Bridge loan repayment date extension.

The Group's ability to continue as a going concern is dependent upon its ability to finalise the Convertible Loan Facility and subsequently generate positive cash flows from operations at the Mowana Mine. The directors have a reasonable expectation that the Convertible Loan Facility will be completed. The mine plans at Mowana have been reviewed with senior managers of ZCI the recommencing of operations at the Mowana mine began in late August 2009. Based on the possible mining and processing strategies that have been considered to date the Directors anticipate that the Financing Package provides the necessary funding that will be required for production to be recommenced at the Mowana Mine. On this basis these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The address of African Copper's registered office is 100 Pall Mall, St James's London SW1Y 5HP. These consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2009.

Delay in Filing Interim Financial Statements and MD&A

On 15 May 2009 the Company announced a delay in filing its interim financial statements (the "**First Quarter Financial Statements**") and related Management's Discussion and Analysis ("**MD&A**") for the three-month period ended 31 March 2009, as required by Canadian securities legislation National Instrument 51 – 102 – Continuous Disclosure Obligations. The delay resulted from the Company's inability to complete the financing with Natasa Mining Limited ("**Natasa**") that was announced by the Company on 16 March 2009 (the "**Natasa Transaction**") as a result of receiving less than the requisite level of shareholder approval required to proceed with completing the Natasa Transaction at the Company's extra-ordinary general meeting (the "**EGM**") held on 7 May 2009 (See Note 24 – Subsequent Events). Prior to the EGM, virtually all closing conditions to the Natasa Transaction were satisfied (except for shareholder approval) and management efforts had been predominantly focused on moving towards the successful completion of the Natasa Transaction and the necessary transitions thereafter. Following the unexpected results of the vote at the EGM, despite their best efforts and in light of the significant resources required to be devoted to negotiating the ZCI Financing Package, management was not able to prepare the First Quarter Financial Statements and MD&A in time to meet the 15 May 2009 filing deadline.

The Company applied to the applicable securities commissions or regulators for a management cease trade order ("**MCTO**") relating to the Company's securities held by the Chief Executive Officer and Chief Financial Officer to be imposed until the First Quarter Financial Statements and MD&A were filed (instead of a general cease trade order ("**CTO**") being imposed against all securities of the Company). However, as a result of the subsequent delisting of the Company's ordinary shares from the TSX (See Note 24 – Subsequent Events), the Company was not eligible for an MCTO and, accordingly a CTO was imposed effective 26 May 2009.

Audit information

Each of the Directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Indemnification of directors and officers

During the year, the Company held insurance to indemnify Directors, the Company Secretary and executive officers of the Company against liabilities incurred in the conduct of their duties to the extent permitted under legislation.

Share capital

2009

On 28 April 2009 43 new ordinary shares of 1p were issued by the Company in connection with the Company's consolidation of share capital announced on 9 April 2009 as part of the proposed Natasa Transaction. The Natasa Transaction necessitated a reorganisation of the Company's share capital resulting in a consolidation of the Company's existing ordinary shares. One new Ordinary Share of 10p was proposed to be created for every 100 existing ordinary shares. At the EGM the requisite level of shareholder approval for the Natasa Transaction was not received so, accordingly, the Natasa Transaction did not proceed to completion.

As part of the ZCI Financing Package completed on 22 May 2009, a total of 676,570,500 ordinary shares were issued at a price of £0.01 per ordinary share, raising total net proceeds of £6,765,705.

2008

On 8 February 2008, a total of 7,284,000 ordinary shares were issued at a price of £0.70 per ordinary share, raising total net proceeds of £5,098,800. This private placement was completed as part of the finalisation of a comprehensive off-take agreement for the Mowana Mine concentrates.

2007

During 2007, a total of 9,067,772 ordinary shares were issued for net cash consideration of £7,194,078 from the following:

(i) on 25 June 2007, a total of 8,367,772 ordinary shares were issued at a price of 11 Botswana Pula (approximately £0.89 or C$1.89) per ordinary share, raising total gross proceeds of 92,045,492 Botswana Pula (approximately £7.5 million or C$15.9 million). The Company paid a capital raising fee in cash to Capital Corporate Finance (Pty) Ltd. (Gaborone, Botswana) equal to 5% (exclusive of taxes) of the proceeds raised pursuant to the private placement; and

(ii) exercise of 350,000 share options to purchase ordinary shares of 1p of the Company at Can$0.25 and 350,000 share options to purchase ordinary shares of 1p of the Company at 35p. These share options were options originally granted under the Mortbury Limited option plan.

2006

During 2006, a total of 78,474,030 ordinary shares were issued for net cash consideration of £53,641,555 from the following:

(i) public placement that raised gross proceeds of £57.96 million, through the issuance of 34,375,000 ordinary shares of 1p at 77.5p per share and 40,625,000 ordinary shares of 1p at Can$1.60 per share. The net proceeds of the offering were £52.9 million after deducting a 6% cash commission to the underwriters of £3.48 million plus various professional fees and stamp duty reserve tax costs related to the offering;

(ii) exercise of 2,474,030 warrants to purchase ordinary shares of 1p of the Company at 52.5p; and

(iii) exercise of 900,000 share options to purchase ordinary shares of 1p of the Company at Can$0.25 and 100,000 share options to purchase ordinary shares of 1p of the Company at 35p. These share options were options originally granted under the Mortbury Limited option plan.

Creditor payment terms

Due to the severe reduction in the demand and price for copper world-wide during the fourth quarter of 2008, delays in shipping first concentrate resulting from the delays in commissioning of the Mowana Mine, and the current market volatility and uncertainty, African Copper has been unable to achieve the anticipated cash flow and obtain the required working capital finance for continued operations. The Group does not have sufficient cash or debt facilities to pay its existing liabilities or fund future operations and therefore cannot resume operations at the Mowana Mine and Matsitama Project until funding is secured.

As a result the Group needs to negotiate debt settlement agreements with its bond holders and trade creditors and raise at least US$15 million of additional funding which, if not raised, provides significant doubt over the Group's ability to continue as a going concern and to meet its obligations as they become due and, accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. In response to the Group's working capital deficit the Mowana Mine was placed on care and maintenance on 21 January 2009 pending the finalisation of negotiations to obtain the funding.

Management has been negotiating creditor payment terms and debt compromise agreements with its creditors. As part of the Equity Placement and Debt Facility it is proposed that African Copper will pay to the Creditors the sum of £4.3 million (US$ 5.9 million) representing approximately 20 per cent. of the amount owed to them. This payment will be funded from the proceeds of the Equity Placement and Debt Facility. In addition it is proposed that the Company will issue to the Creditors 530,951,614 new ordinary shares at a deemed price of 3.2 pence per ordinary share in satisfaction of the balance of the £17.1 million (US$ 23.7 million) owed to them.

Corporate governance

In formulating the Company's corporate governance procedures the Board of Directors takes due regard of the principles of good governance set out in Revised Combined Code issued by the Financial Reporting Council in July 2003 (as appended to the Listing Rules of the Financial Services Authority) and the size and stage of development of the Group. The Group complies with the guidance issued by the Quoted Companies Alliance, to the extent the Directors consider appropriate, having regard to the size of the Company and its current stage of development.

The Board of African Copper is currently made up of four executive directors and two non-executive directors. Mr David Rodier chairs the Board and Mr Chris Fredericks is the Company's Chief Executive Officer. It is the Board's policy to maintain independence by having at least half of the Board comprising non-executive directors who are free from any business, or other relationship with the Group. The structure of the Board ensures that no one individual or group dominates the decision-making process. The Board meets as deemed necessary to provide effective leadership and overall control and direction of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditures, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings.

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any director may take independent professional advice at the Company's expense in the furtherance of his duties.

The Board has appointed an Audit Committee, whose primary role is to review the accounts of the Group and a Remuneration Committee, which reviews executive remuneration. Meetings of the Board and of these Committees are held as deemed necessary. The Directors will continue to review the circumstances of the Company and its activities and develop its governance procedures as necessary.

The Audit Committee which meets not less than four times a year considers the Group's financial reporting (including accounting policies) and internal financial controls, is chaired by Roy Corrans. The committee receives reports from management and from the Group's auditors. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by Roy Corrans.

Remuneration of executive directors is established by reference to the remuneration of executives of equivalent status both in terms of level of responsibility of the position and by reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages include performance-related bonuses and the grant of share options.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with London Stock Exchange PLC and Botswana Stock Exchange Rules. The Company's principal communication with its investors is through the annual report and accounts, the interim statements and the management's discussion and analysis.

Financial instruments

The Group uses financial instruments comprising cash, cash equivalents, copper put options, long-term borrowings and items such as short-term accounts receivable and creditors that arise from its operations. These financial instruments are sources of finance for the Group's operations as well as proceeds from share issues. The principal risks relate to currency exposure and liquidity.

The financial risk management objectives and policies and foreign currency, liquidity, interest, commodity price and credit risks are discussed in Note 23 to the financial information.

Political and charitable contributions

The Group made no political contribution and no charitable donation during fiscal 2008 (2007: charitable donation made to the SOS Children's Village Francistown in Botswana of £2,500) (2006: £2,500).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Statement of Compliance

The consolidated financial statements of African Copper PLC have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and their interpretations adopted by the International Accounting Standards Board (IASB).

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(b) Basis of preparation

The consolidated financial statements of African Copper are presented in Pounds Sterling and have been prepared on the historical cost basis or the fair value basis for certain financial instruments.

(c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

(ii) Transactions eliminated on consolidation

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

(iii) Business combinations

On entering into a business combination, an acquirer is identified based on the identity of the entity which gains control of the combining entities.

The identifiable assets, liabilities and contingent liabilities of the acquiree are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition paid over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the income statement. The cost of acquisition is the fair value at the date of exchange of any assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentation currency and the functional currency of the Company.

(ii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency, as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(e) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and less any accumulated impairment losses. Pre-production expenditure relating to testing and commissioning is capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

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

Depreciation methods and depreciation rates are applied consistently within each asset class except where significant individual assets have been identified which have different depreciation patterns. Residual values and useful lives are reviewed at least annually. Depreciation is not adjusted retrospectively for changes in the residual amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Other assets consist of vehicles, information technology equipment and furniture and equipment.

Mining development and infrastructure

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

Mining plant and equipment

Individual mining plant and equipment assets are depreciated, once the assets are available for use, using the straight line method over the useful life of the asset as follows:

- Mine plant and equipment – 10 years

Other assets

These assets are depreciated using the straight line method over the useful life of the asset as follows:

- Vehicles – 4 years
- Information technology – 3 years
- Furniture and equipment – 5 years

(f) Deferred exploration and evaluation

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

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

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

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

(g) Other receivables and prepayments

Other receivables and prepayments are not interest bearing and are stated at amortised cost. The effective interest rate method is used to calculate amortised cost.

(h) Derivative financial instruments

Copper forward exchange contracts are entered into to hedge anticipated future transactions.

Derivative financial instruments are initially recognised in the balance sheet at the fair value on the date of acquisition and subsequently remeasured at fair value. Fair value is based on quoted market prices. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. On the date that the derivative contract is entered into, the Group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecast transaction or a firm commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity. Changes in the fair value of derivatives that are designated as fair value hedges are recognised in the income statement. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any such derivative instruments are recognised immediately in the income statement. Accumulated amounts recognised in equity in respect of cash flow hedges are recycled to the income statement in the periods when the hedged item affects profit and loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity in respect of the effective portion of the hedge at the time this occurs remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain of loss in equity is immediately transferred to the income statement.

Hedge accounting:

- The Group documents at inception of hedging transactions the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.
- The Group documents its assessment, both at hedging inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(j) Inventories

Inventories of broken ore, concentrate, consumable supplies and spare parts are physically measured or estimated and valued at the lower of cost and net realisable value **("NRV").**

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

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

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

(k) Impairment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount. An impairment loss is the difference between the carrying amount and the recoverable amount. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Previous impairment losses recognised can be reversed should the indicators of impairment no longer exist. The reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit had no impairment been recognised.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

(i) unexpected geological occurrences that render the resource uneconomic;

(ii) title to the asset is compromised;

(iii) variations in metal prices that render the project uneconomic; and

(iv) variations in the currency of operation.

(l) Share-based payment

Certain Group employees and consultants are rewarded with share-based instruments. These are stated at fair value at the date of grant and either expensed to the income statement or capitalised to deferred exploration costs, based on the activity of the employee or consultant, over the vesting period of the instrument.

Fair value is estimated using the Black-Scholes valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The Group revises its estimate of the number of options expected to vest and recognises the impact of the revision in either the income statement or deferred exploration costs, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(m) Provisions

Provisions are recognised when, the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

(n) Trade and other payables

Trade and other payables are not interest bearing and are stated at amortised cost. The effective interest rate method is used to calculate amortised cost.

(o) Income tax and deferred tax

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet liability method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised. Deferred tax is not raised on initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax is calculated using tax rates and laws enacted or substantively enacted at balance sheet date and are expected to apply when the related deferred tax asset is realised or liability is settled. Deferred tax is provided on differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will reverse in the foreseeable future.

The current tax calculation is based on tax laws enacted or substantively enacted at balance sheet date in countries where the Group companies operate and generate taxable income. Liabilities are raised for amounts expected to be paid to tax authorities whilst receivables are raised for tax overpaid

(p) Asset retirement obligations

Asset retirement obligations are future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site. The asset retirement cost is capitalised as part of the asset's carrying value and amortised over the asset's useful life. Subsequent to the initial recognition of the asset retirement obligation and associated asset, retirement cost changes resulting from a revision to either timing or the amount estimated, cash flows are prospectively reflected in the year those estimates change by adjusting the liability and the related asset. The liability is accreted over time through period charges to the income statement or capitalisation of those charges to deferred exploration costs or mine development and infrastructure.

Where the time value of money is considered to be material, an asset retirement obligation is recognised at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in deferred exploration costs or mine development and infrastructure before a level of commercial production has been reached or in the income statement as interest after a level of commercial production has been reached.

Where changes to asset retirement obligations increase the value of the related asset or cash-generating unit, the Group shall consider whether this is an indication that the new carrying amount of the asset or cash-generating unit may not be fully recoverable. If it is such an indication, the Group shall test the asset for impairment by estimating its recoverable amount and account for the impairment as described in Note 2(k). A decrease in the asset retirement obligation cannot exceed the carrying amount of the asset or cash-generating unit. If a decrease does exceed the carrying value of the asset or cash-generating unit the excess shall be recognised immediately in profit or loss. Once the asset or cash-generating unit is fully depreciated all subsequent changes in the liability are recognised in profit or loss.

(q) Revenue

(i) Interest income:

Interest income is recognised as it accrues to the Group, on a time : proportion basis using the effective interest rate method.

(r) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on managements' best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

Information about such judgements and estimation is contained in the accounting policies and/or the Notes to the financial statements, and the key areas are summarised below. Areas of judgement that have the most significant effect on the amounts recognised in the financial statements:

Capitalisation and impairment of exploration and evaluation costs – Notes 2(k), 2(f) and Note 9.

Capitalisation and impairment of Property Plant and Equipment – Notes 2(k), 2(e) and Note 8.

Estimation of share-based compensation amounts – Notes 2(l) and 17.

(s) Adoption of International Financial Reporting Standards

The financial statements are prepared in accordance with International Reporting Standards and Interpretations in force at the reporting date. The Group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted will have a material impact on the financial statements.

Standards in Issue, not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations applicable to the Group were in issue but not yet effective:

Note: Amendments in italics represent amendments introduced under the Improvements Project.

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 1: First-time Adoption of International Financial Reporting Standards	• Measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time.	1 January 2009
IFRS 3: Business Combinations	• Amendments to accounting for business combinations	1 July 2009
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	• *Plan to sell the controlling interest*	1 July 2009
IFRS 7: Financial Instruments: Disclosures	• *Presentation of finance costs*	1 January 2009
IFRS 8: Operating Segments	• New standard on segment reporting (replaces IAS 14)	1 January 2009
IAS 1: Presentation of Financial Statements	• Amendments to the structure of the financial statements. • *Current/Non-current classification of derivatives*	1 January 2009
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	• *Status of the implementation guidance*	1 January 2009
IAS 10: Events after the Reporting Period	• *Dividends declared after the end of the reporting period*	1 January 2009

Note: Amendments in italics represent amendments introduced under the Improvements Project.

Standard	Details of Amendment	Annual periods beginning on or after
IAS 16: Property, Plant and Equipment	• *Recoverable amount* *Sale of assets held for rental*	1 January 2009
IAS 18: Revenue	• *Costs of originating a loan*	1 January 2009
IAS 19: Employee Benefits	• *Curtailments and negative past service cost* • Plan administration costs • Replacement of term "fall due" • *Guidance on contingent liabilities*	1 January 2009
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	• *Government loans with a below market rate of interest* • *Consistency of terminology with other IFRSs*	1 January 2009
IAS 23: Borrowing Costs	• Amendment requiring capitalisation only model • *Components of borrowing costs*	1 January 2009
IAS 27: Consolidated and Separate Financial Statements	• Amendments dealing with measurement of the cost of investments when adopting IFRS for the first time. • Consequential amendments from changes to Business Combinations. • *Measurement of subsidiary held for sale in separate financial statements*	1 January 2009
IAS 32: Financial Instruments: Presentation	• Certain financial instruments will be classified as equity whereas prior to these amendments they would have been classified as financial liabilities	1 January 2009
IAS 34: Interim Financial Reporting	• *Earnings per share disclosures in interim financial reports*	1 January 2009
IAS 36: Impairment of Assets	• *Disclosure of estimates used to determine recoverable amount*	1 January 2009
IAS 38: Intangible Assets Standard	• *Advertising and promotional activities* • *Unit of production method of amortisation*	1 January 2009
IAS 39: Financial Instruments: Recognition and Measurement	• *Reclassification of derivatives into or out of the classification of at fair value through profit or loss* • Designating and documenting hedges at the segment level • *Applicable effective interest rate on cessation of fair value hedge accounting* • Clarifies two hedge accounting issues:	1 January 2009 1 July 2009
	• Inflation in a financial hedged item • A one-sided risk in a hedged item	

Interpretations	Annual periods beginning on or after
IFRIC 16: Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17: Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18: Transfer of Assets from Customers	1 July 2009

3. GROUP SEGMENT REPORTING

A business segment is a component of the Group distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and returns that are different from those of the other segments. The Group's only business segment is the exploration for, and the development of copper and other base metal deposits. The Group also reports by geographical segment. All the Group's activities are related to the exploration for, and the development of copper and other base metals in Botswana with the support provided from the UK. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets based on where the assets are located. There was no Group turnover during the year (31 December 2007: £ nil). No inter-segment transactions take place, other than investments in and loans to Group companies.

	2008 £'000	2007 £'000	2006 £'000
Total assets			
Botswana	14 911	60 470	16 424
UK	1 658	22 439	53 449
Total	16 569	82 909	69 873
Total liabilities			
Botswana	34 343	11 921	18 949
UK	1 676	1 579	1 513
Intercompany	(6 559)	(6 557)	(18 557)
Total	29 460	6 943	1 905
Capital expenditure on property, plant and equipment			
Botswana	53 260	34 452	3 805
UK	48	128	–
Total	53 308	34 580	3 805
Impairment relating to property, plant and equipment			
Botswana	91 219	–	–
UK	1 219	–	–
Total	92 438	–	–
Capital expenditure on deferred exploration			
Botswana	2 011	2 263	5 825
UK	126	84	350
Total	2 137	2 347	6 175
Impairment relating to deferred exploration			
Botswana	6 625	–	–
UK	209	–	–
Total	6 834	–	–

	2008 £'000	2007 £'000	2006 £'000
Segment result (Administration expenses)			
Botswana	(100 942)	(1 342)	(2 285)
UK	(90 228)	(2 196)	(3 684)
Inter-company	88 381[1]	6 702	2 285[2]
Total	(102 779)	(2 868)	(3 684)

Notes:

1. Inter-company adjustment relates to elimination of impairment of investments in and loans to subsidiary companies raised in the holding company and reclassification of foreign exchange gain/loss to the Foreign Currency Translation Reserve, as it arose from a net investment in a foreign operation.
2. Inter-company adjustment relates to reclassification of foreign exchange gain to the Foreign Currency Translation Reserve, as it arose from a net investment in a foreign operation.

4. TOTAL ADMINISTRATIVE EXPENSES

	2008 £'000	2007 £'000	2006 £'000
Loss on ordinary activities is stated after charging:			
Depreciation	402	137	115
Exchange differences	–	–	(2 103)
Auditor's remuneration			
– Audit fee	41	49	48
Fees payable to the auditor for other services:			
– Audit of Group companies pursuant to legislation	–	–	13
– Other services pursuant to legislation	–	–	8
– Other services relating to taxation	13	14	30
– Other services relating to corporate finance	–	–	60
– All other services	27	14	1

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2008	Number of employees 2007	Number of employees 2006
Finance and administration	22	15	7
Technical and operations	134	34	22
	156	49	29

The aggregate payroll costs of these persons were as follows:

	2008 £'000	2007 £'000	2006 £'000
Wages and salaries	2 838	1 694	818
Benefits	615	428	61
Share-based payments	77	620	955
	3 530	2 742	1 834

Remuneration of directors and other key management personnel

2008	Directors' fees £'000	Basic annual remune-ration £'000	Other benefits £'000	Compen-sation for loss of office £'000	Total remuneration £'000
Directors					
R D Corrans	20	–	–	–	20
D Jones	10	63	–	–	73
J A Hamilton	–	72	–	173	245
B R Kipp	–	105	–	–	105
C Fredericks	–	163	–	–	163
A J Williams	14	–	–	–	14
M J Evans	13	–	–	–	13
Total directors' remuneration	57	403	–	173	633
Non-directors	–	439	21	–	460
Share-based payments	–	–	77	–	77
	57	**842**	**98**	**173**	**1 170**

2007	Directors' fees £'000	Basic annual remune-ration £'000	Other benefits £'000	Total remuneration £'000
Directors				
R D Corrans	20	–	–	20
D Jones	21	127	–	148
J A Hamilton	–	175	–	175
B R Kipp	–	94	–	94
A J Williams	14	–	–	14
M J Evans	13	–	–	13
Total directors' remuneration	68	396	–	464
Non-directors	–	426	149	575
Share-based payments	–	–	647	647
	68	**822**	**796**	**1 686**

2007	Directors' fees £'000	Basic annual remune-ration £'000	Other benefits £'000	Total remuneration £'000
Directors				
R D Corrans	20	–	–	20
D Jones	–	128	–	128
J A Hamilton	–	176	–	176
B R Kipp	–	85	–	85
A J Williams	14	–	–	14
M J Evans	13	–	–	13
R M Whyte	9	–	–	9
Total directors' remuneration	56	389	–	445
Non-directors	–	189	24	213
Share-based payments	–	–	–	912
	56	**578**	**24**	**1 570**

A director exercised share options during 2007 realising a gain of £122,500 at the date of exercise. At 30 March 2008 the director had sold 250 000 of the 350 000 shares. The gain attributable to the highest paid director was nil.

6. INCOME TAX EXPENSE

Factors affecting the tax charge for the current period

The tax charge for the period is lower than the charge resulting from the (loss)/profit before tax at the standard rate of corporation tax in the UK – 28.5% (2007: 30%) (2006: 30%).

	2008 £'000	**2007 £'000**	**2006 £'000**
Tax reconciliation			
(Loss)/Profit on ordinary activities before tax	(102 709)	117	(2 038)
Tax at 28.5% (2007: 30%) (2006: 30%)	(29 272)	(35)	(611)
Effects (at 28.5%) (2007: 30%) (2006: 30%) of:			
Expenses not deductible for tax purposes	39	50	150
Deferred tax asset not recognised	–	681	489
Expenses previously not deductible now allowed	1	(598)	–
Tax losses carried forward	14 928	–	–
Impairment of Property, Plant and Equipment	26 345	–	–
Impairment of Deferred Exploration	1 948	–	–
Capital allowances in excess of depreciation	(13 968)	–	–
Credit in respect of overseas taxation	–	–	(19)
Irrecoverable withholding tax	–	–	62
Lower tax rates on overseas losses	–	–	(9)
Loss brought forward and utilised	–	(168)	–
Tax charge	**–**	**–**	**62**

Unrecognised deferred tax assets and liabilities

	2008 £'000	**2007 £'000**	**2006 £'000**
Tax losses	27 162	14 873	4 790
Arising on share options	–	–	38
Accelerated capital allowances	(25 773)	(14 278)	(4 521)
Net deferred tax asset not recognised	**1 389**	**595**	**307**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. At 31 December, 2008, the Group did not recognise deferred tax assets of £1 389 000 (2007: £595 000) (2006: £307 000) in respect of losses because there is insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

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

7. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The calculation of basic (loss)/earnings per ordinary share on the net basis is based on the loss on ordinary activities after taxation of £102 708 984 (2007: gain of £117 409) (2006: loss of £2 100 884) and on 145 744 465 (2007: 135 371 319) (2006: 95 516 505) ordinary shares being the weighted average number of ordinary shares in issue. During 2008 no diluted loss per share was presented as the effect of the exercise of share options would be to decrease the loss per share. During 2007 the calculation of diluted gain per ordinary share on the net basis is based on the gain of ordinary activities after taxation of £117 409 and on 135 640 296 ordinary shares. During 2006 no diluted loss per share was presented as the effect of the exercise of share options would be to decrease the loss per share.

The calculation of headline (loss)/earnings per ordinary share is based on the headline loss of £3 436 984 (2007: headline earnings of £117 409) (2006: headline loss of £2 100 884) and on 145 744 465 (2007: 135 371 319) (2006: 95 516 505) ordinary shares, being the weighted average number of ordinary shares in issue. During 2008 no diluted headline loss per share was presented as the effect of the exercise of share options would be to decrease the loss per share. During 2007 the calculation of diluted headline earnings per ordinary share on the net basis is based on the gain of ordinary activities after taxation of £117 409 and on 135 640 296 ordinary shares. During 2006 no diluted headline loss per share was presented as the effect of the exercise of share options would be to decrease the loss per share.

	2008	2007	2006
Earnings and diluted earnings per share			
Reconciliation of weighted average number of shares and diluted weighted average number of shares:			
Basic number of shares	145 744 465	135 371 319	95 516 505
Effect of dilutive share options	–	268 977	–
Diluted number of shares	145 744 465	135 640 296	95 516 505

Details of share options in issue that could potentially dilute earnings per share in the future are shown in Note 16.

	2008 £'000	2007 £'000	2006 £'000
Earnings and headline earnings per ordinary share			
Reconciliation of basic earnings to headline earnings:			
Basic (loss)/earnings attributable to equity holders of parent	(102 709)	117	2 100
Impairment of property, plant and equipment	92 438	–	–
Impairment of deferred exploration	6 834	–	–
Headline (loss)/earnings attributable to ordinary shareholders	(3 436)	117	2 100

There are no tax effects on the adjustments for headline earnings.

	2008 £'000	2007 £'000	2006 £'000
Net asset value and tangible net asset value per share			
Total assets	16 569	82 909	69 873
Total liabilities	29 460	6 943	1 905
Net asset value attributable to equity holders of parent	(12 891)	75 966	67 968
Less: Deferred exploration costs	–	(4 322)	(2 007)
Tangible net asset value attributable to equity holders of parent	**(12 891)**	**71 644**	**65 961**
Number of ordinary shares in issue ('000)	146 859	139 575	130 507
Net asset value per share (p)	(8.78)	54.43	52.08
Tangible net asset value per share (p)	(8.78)	51.33	50.54

8. PROPERTY, PLANT AND EQUIPMENT

	Mine development and Infrastructure £'000	Mine plant and equipment £'000	Other assets £'000	Total £'000
Cost				
Balance at 1 January 2006	–	–	162	162
Reclassification from deferred exploration costs	10 395	241	–	10 636
Additions	3 322	146	337	3 805
Exchange adjustments	(458)	–	(32)	(490)
Balance at 31 December 2006	13 259	387	467	14 113
Balance at 1 January 2007	13 259	387	467	14 113
Additions	32 376	–	2 204	34 580
Exchange adjustments	(150)	(5)	(6)	(161)
Balance at 31 December 2007	45 485	382	2 665	48 532
Balance at 1 January 2008	45 485	382	2 665	48 532
Additions	51 620	–	1 688	53 308
Exchange adjustments	3 737	34	163	3 934
Balance at 31 December 2008	100 842	416	4 516	105 774
Depreciation and impairment losses				
Balance at 1 January 2006	–	–	(42)	(42)
Depreciation charge for the year	–	–	(115)	(115)
Exchange adjustments	–	–	8	8
Balance at 31 December 2006	–	–	(149)	(149)
Balance at 1 January 2007	–	–	(149)	(149)
Depreciation charge for the year	–	–	(137)	(137)
Exchange adjustments	–	–	2	2
Balance at 31 December 2007	–	–	(284)	(284)
Balance at 1 January 2008	–	–	(284)	(284)
Depreciation charge for the year	(56)	–	(346)	(402)
Impairment of property, plant and equipment	(88 660)	(365)	(3 413)	(92 438)
Exchange adjustments	–	–	(22)	(22)
Balance at 31 December 2008	(88 716)	(365)	(4 065)	(93 146)
Carrying amounts				
Balance at 1 January 2006	–	–	120	120
Balance at 31 December 2006	13 259	387	318	13 964
Balance at 1 January 2007	13 259	387	318	13 964
Balance at 31 December 2007	45 485	382	2 381	48 248
Balance at 1 January 2008	45 485	382	2 381	48 248
Balance at 31 December 2008	12 126	51	51	12 628

Impairment loss

In the fourth quarter of 2008 general conditions in the credit markets deteriorated substantially, which had a serious impact on the global economy and contributed to a significant and rapid decline in the demand and selling price for copper. Average base metal prices were down significantly from average prices in the fourth quarter of 2007 with the Group's major product, copper, down 45%.

Long-lived assets including property, plant and equipment and deferred exploration costs are initially recognised in the financial statements in accordance with the Group's accounting policies set out in Note 2. These long-lived assets are also tested for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. During the year ended 31 December 2008, the Company undertook a review of all mining assets in light of recent economic events and associated declines in the outlook for metal prices in the near-to-mid-term.

The Group assessed the impairment of property, plant and equipment by reference to fair value less costs to sell. The determination of fair value less costs to sell was based on the estimated amount that would be obtained from sale in an arm's length transaction between knowledgeable and willing parties. This estimate was derived from the terms of the Natasa transaction (see Note 26 – Subsequent Event), whereby Natasa would acquire a 70% interest in the Group.

9. DEFERRED EXPLORATION COSTS

	£'000
Balance at 1 January 2006	7 159
Additions	6 175
Exchange adjustments	(691)
Reclassification to Mine Development and Infrastructure	(10 636)
Balance at 31 December 2006	2 007
Additions	2 347
Exchange adjustments	(32)
Balance at 31 December 2007	4 322
Additions	2 137
Exchange adjustments	375
Impairment of deferred exploration	(6 834)
Balance at 31 December 2008	**–**

Impairment loss

In 2008 the impairment write-down of deferred exploration costs at the Mowana Mine and Matsitama Project followed adverse changes in assumptions about future prices and stage of development of the exploration properties. During the years 2006 and 2007 the Group did not recognise any provision for impairment against any of its deferred exploration assets.

10. OTHER FINANCIAL ASSETS

	2008 £'000	**2007 £'000**	**2006 £'000**
Bank guarantee	197	4 167	–

As part of the five-year mining contract for the Mowana Mine, in August 2007 Botswana Pula 50 million was lodged by Messina Copper (Botswana) (Pty) Ltd ("**Messina**") in favour of Moolman Mining Botswana (Pty) Ltd ("**Moolman**") under the terms of a bank guarantee as security for Messina's obligations under the Contract. At the request of the Company, on 29 July 2008 Moolman released such funds and Messina agreed to re-instate such security by 30 June 2009. In consideration for the release of such funds, Messina granted Moolman a lien over the run of mine ore, ore stockpiles and copper concentrate at the Mowana site. Subsequent to year-end, African Copper and ZCI entered into a binding debt assignment agreement with Moolman whereby Messina's debt in respect of Moolman was assigned to ZCI (refer to Note 24 – Subsequent events). On this basis, the guarantee requirements fall away. The remaining £197,000 balance at 31 December relates to a payment guarantee to Botswana Power Corporation in respect of the Mowana Mine.

11. DERIVATIVE FINANCIAL ASSETS

	2008 £'000	2007 £'000	2006 £'000
Copper put contracts designated as a cash flow hedge	–	1 383	–
Copper put contracts designated as fair value through profit and loss	–	458	–
Total derivative financial assets	**–**	**1 841**	**–**

On 12 November 2008 the Company exercised and sold all of its copper put options for £3.3 million (US$4.75 million). In May 2007 African Copper took the decision to implement revenue protection for the Mowana mine by purchasing copper put options for up to 5 850 tonnes of copper at a strike price of US$3.00/lb, divided evenly over the period April 2008 to December 2008, which equates to 650 tonnes per month over the eight-month period. As copper traded above US$3/lb for the period April to September 2008, the put options for these periods were not exercised and expired. The copper put options sold related to the October 2008 to December 2008 puts. As the mine is not yet generating revenue, all fair value gains and losses on the copper put contracts were recycled to the income statement, being the ineffective portion thereof.

The gain/(loss) recognised in the income statement in respect of the copper put contracts, being the ineffective portion of the gain/(loss) is as follows:

	2008 £'000	2007 £'000	2006 £'000
Gain/(Loss) on derivative financial assets	347	(406)	–

12. SUBSIDIARY UNDERTAKINGS

	Country and incorporation of operation	Physical activity	Holding of equity shares 2008	Holding of equity shares 2007	Holding of equity shares 2006
Mortbury Limited	British Virgin Islands	Investment	100%	100%	100%
Messina Copper (Botswana) (Pty) Ltd *	Botswana	Development	100%	100%	100%
Matsitama Minerals (Pty) Ltd *	Botswana	Exploration	100%	100%	100%

* Indirectly held via Mortbury Limited.

13. OTHER RECEIVABLES AND PREPAYMENTS

	2008 £'000	2007 £'000	2006 £'000
VAT receivable	830	1 600	440
Interest receivable	5	71	115
Prepayments and other receivables	351	232	93
	1 186	**1 903**	**648**

Carrying amounts approximate fair values as the time value of money is not considered to be material.

14. INVENTORIES

	2008 £'000	2007 £'000	2006 £'000
Stockpile inventories	59	–	–
Consumables	736	–	–
Total inventories	**795**	**–**	**–**

Stockpile inventories are carried at net realisable value, being fair value less costs to sell. An amount of £1 111 986 was recognised as an impairment of stockpile inventories during the year.

15. CASH AND CASH EQUIVALENTS

	2008 £'000	2007 £'000	2006 £'000
Cash at bank	–	136	421
Short-term bank deposits	1 763	22 292	52 833
Cash and cash equivalents in the statement of cash flows	**1 763**	**22 428**	**53 254**

16. SHARE CAPITAL AND RESERVES

	Number of shares	£'000
Authorised		
At 31 December 2006, 2007 and 2008		
Ordinary shares of 1p each	495 000 000	4 950
Redeemable preference shares of £1 each	50 000	50
Issued		
Balance at 1 January 2006	52 033 155	520
Ordinary shares issued on June 2006 placement	75 000 000	750
Ordinary shares issued on exercise of warrants	2 474 030	25
Ordinary shares issued on exercise of options	1 000 000	10
Balance at 31 December 2006	130 507 185	1 305
Ordinary shares issued on Botswana private placement	8 367 772	84
Ordinary shares issued on exercise of options	700 000	7
Balance at 31 December 2007	139 574 957	1 396
Ordinary shares issued on private placement	7 284 000	73
Balance at 31 December 2008	146 858 957	1 469

Shares issued

2006

During 2006, a total of 78 474 030 ordinary shares were issued for net cash consideration of £53 641 555 from the following:

(i) public placement that raised gross proceeds of £57.96 million, through the issuance of 34 375 000 ordinary shares of 1p at 77.5p per share and 40 625 000 ordinary shares of 1p at Can$1.60 per share. The net proceeds of the offering were £52.9 million after deducting a 6% cash commission to the underwriters of £3.48 million plus various professional fees and stamp duty reserve tax costs related to the offering;

(ii) exercise of 2 474 030 warrants to purchase ordinary shares of 1p of the Company at 52.5p; and

(iii) exercise of 900 000 share options to purchase ordinary shares of the Company at Can$0.25 and 100 000 share options to purchase ordinary shares of the Company at 35p. These share options were options originally granted under the Mortbury Limited option plan.

2007

During 2007, a total of 9 067 772 ordinary shares were issued for net cash consideration of £7 194 078 from the following:

(i) on 29 March 2007 a total of 700 000 ordinary shares were issued for net cash consideration of £163 961 from the exercise of 350 000 share options to purchase ordinary shares of the Company at Can$0.25 each and 350 000 share options to purchase ordinary shares of the Company at 35p each. These share options were options originally granted under the Mortbury Limited option plan; and

(ii) on 25 June 2007, a total of 8 367 772 ordinary shares were issued at a price of 11 Botswana Pula (approximately £0.89 and C$1.89) per ordinary share, raising total gross proceeds of 92 045 492 Botswana Pula (approximately £7.4 million). The Company paid a capital raising fee in cash to Capital Corporate Finance (Pty) Ltd (Gaborone, Botswana) equal to 5% (exclusive of taxes) of the proceeds raised pursuant to the private placement.

2008

On 8 February 2008, a total of 7 284 000 ordinary shares at a price of £0.70 per ordinary shares, raising total net proceeds of £5 098 800. This private placement was completed as part of the finalisation of a comprehensive off-take agreement for the Mowana Mine concentrates.

Share options and warrants

Share options held at 31 December 2008	Share options held at 31 December 2007	Share options held at 31 December 2006	Date of grant	Option price per share	Exercise period
–	–	350 000	29 March 1999	Can$0.25	Up to 29 March 2007
–	–	350 000	5 April 2004	£0.35	Up to 31 March 2007
500 000	500 000	500 000	23 September 2004	£0.35	Up to 23 September 2014
675 000	675 000	700 000	12 November 2004	£0.76	Up to 12 November 2014
–	–	499 872	12 November 2004	£0.836 from admission until two years following admission date. £0.912 from that date until three years following admission date	Up to three years following admission
1 500 000	1 500 000		5 January 2005	£0.76	Up to 5 January 2015
–	–	100 000	25 April 2005	£0.76	Up to 25 April 2015
–	–	300 000	1 September 2005	£0.76	Up to 1 February 2015
90 000	90 000	120 000	1 September 2005	£0.76	Up to 14 March 2015
240 000	240 000	240 000	12 November 2005	£0.76	Up to 12 November 2015
6 860 000	6 860 000	7 310 000	1 August 2006	£0.775	Up to 1 August 2016
400 000	400 000	400 000	11 September 2006	£0.775	Up to 11 September 2016
200000	200 000	200 000	30 November 2006	£0.775	Up to 30 November 2016
750 000	750 000	750 000	29 December 2006	£0.775	Up to 29 December 2016
–	200 000	–	29 March 2007	£0.775	Up to 29 March 2017
11 215 000	**11 415 000**	**13 319 872**			

Acquisition reserve

The acquisition reserve comprises the difference between the issued equity of Mortbury Limited ("**Mortbury**") at the date of the reverse acquisition of the Company by Mortbury and the par value of shares issued by the Company in the share exchange, together with the fair value of equity issued to repurchase the Mortbury preference shares in issue. As such, the acquisition reserve is a component of the issued equity of the Group.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Botswana foreign subsidiaries that have a different functional currency from the presentation currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

Dividends

The directors do not recommend the payment of a dividend.

Capital Management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. During 2006 and 2007 the Group's capital was sourced from equity (i.e. ordinary share and share premium). During 2008 the Group's strategy changed to increase the debt-to-adjusted capital ratio resulting primarily from the increase in net debt that occurred on 28 March 2008 from the Botswana Pula150 million Note Programme.

	2008	**2007**	**2006**
Total interest bearing debt	13.83	–	–
Total equity (£'000)	(12,891)	75,966	67,968
Debt-to-equity ratio	1.04	–	–

17. SHARE-BASED PAYMENTS

African Copper has established a share option scheme with the purpose of motivating and retaining qualified management and to ensure common goals for management and the shareholders. Under the African Copper share plan each option gives the right to purchase one African Copper ordinary share. For options granted the vesting period is generally up to three years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company. In 2005 all options were granted at 76p and in 2006 and 2007 all options were granted at 77.5p. No options were granted in 2008.

As part of the acquisition of Mortbury in 2004, the Company agreed to grant options in the Company on the same basis as the Mortbury options outstanding on the date of acquisition. No further options will be granted under the Mortbury share option scheme. Under the Mortbury share option scheme, directors, employees and consultants of Mortbury were granted a total of **1,700,000** to acquire ordinary shares of Mortbury ranging in exercise prices from 11p to 35p resulting in a weighted average 57 exercise price of 17p. All Mortbury options that were exercisable at the date of acquisition were exercised on 29 March 2007.

As part of admission to the AIM market of the London Stock Exchange, the Company issued its Nominated Advisor an option to subscribe for 499,872 ordinary shares at a price of 83.6p (the "**Underwriters Options**") for two years following 12 November 2004 (date of admission) and at a price of 91.2p for the third year of the exercise period. All Underwriters Options expired without being exercised.

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

	2008 Weighted average exercise price in £ per share	2008 options	2007 Weighted average exercise price in £ per share	2007 options	2006 Weighted average exercise price in £ per share	2006 options
At 1 January	73p	11 415 000	73p	13 319 872	55p	5 659 872
Granted	–	–	77.5p	200 000	77.5p	8 660 000
Forfeited	77.5p	(200 000)	77p	(1 404 872)	–	–
Exercised	–	–	23p	(700 000)	14p	(1 000 000)
At 31 December		11 215 000	76p	11 415 000	73 p	13 319 872
Exercisable at the end of the year	75p	10 598 331	74p	10 056 666	70p	7 229 872

The assumptions used were as follows:

	2008	2007	2006
Weighted average share price	–	68p	73p
Weighted average exercise prices	–	77.5p	77.5p
Expected volatility	–	41%	34%
Expected life	–	5 years	5 years
Risk free rate	–	5.0%	4.5%
Expected dividends	–	None	None

2008

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

The total expense in respect of share-based payments for the year was £98 862 (2007: £728 115) (2006: £991 642), of which £60 307 (2007: £518 657) (2006: £562 199) was recorded as an expense in the income statement and £38 555 (2007: £209 458) (2006: £429 443) was capitalised as part of deferred exploration costs.

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

Expiry date	Exercise price in £ per share	Shares 2008	Shares 2007	Shares 2006
2007	49p	–	–	1 199 872
2014	59p	1 175 000	1 175 000	1 200 000
2015	76p	1 830 000	1 830 000	2 260 000
2016	77.5p	8 210 000	8 210 000	7 310 000
2017	77.5p	–	200 000	1 350 000
	73p	11 215 000	11 415 000	13 319 872

The weighted average remaining contractual life of the outstanding options at 31 December 2008 was 7.2 years (2007: 8.22 years) (2006: 8.68 years).

18. INTEREST BEARING BORROWINGS

	2008 £'000	2007 £'000	2006 £'000
Unsecured 14% fixed rate Pula bond	13 483	–	–

On 4 April 2008 Messina, the Company's wholly-owned subsidiary, completed the private placement of £13.6 million (Botswana Pula 150 million) of fixed rate unsecured notes (the "**Botswana Bond**"). The notes have been priced at 14.0 per cent. annual interest with a maturity of seven years. Due to Messina's working capital deficit at 31 December 2008, Messina is in technical breach of the Botswana Bond. As a result the Botswana Bond has been reclassified to current liabilities from non-current liabilities. Refer to Note 24 – Subsequent Events, for details relating to the acquisition and repayment of the bonds subsequent to year-end. The carrying amount of interest bearing borrowings equates its fair value.

19. ASSET RETIREMENT OBLIGATIONS

The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 December 2008 is £2 426 399 (2007: £464 078) (2006: £ Nil). Although the ultimate amount to be incurred is uncertain, the independent Environmental Impact Statement, completed on the Mowana Mine by Water Surveys Botswana (Pty) Limited in September 2006, using an assumption that mining continues to 2023, estimated the undiscounted cost to rehabilitate the Mowana Mine site of 24.3 million Botswana Pula. Amounts raised as asset retirement obligations are capitalised to mine development and infrastructure.

Under the terms of the Mining Licence, by the end of the first financial year in which copper is produced and sold, the Company must establish a trust fund to provide for rehabilitation of the Mowana Mine site once the mine closes. The Company will annually make contributions to this fund over the life of the mine so that these capital contributions together with the investment income earned will cover the anticipated costs. At the end of each financial year the Company will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions accordingly.

20. TRADE AND OTHER PAYABLES

	2008 £'000	2007 £'000	2006 £'000
Trade payables	7 814	1 511	548
Amounts due to related parties (Note 22)	5	41	39
Withholding taxes	96	111	204
Accrued expenses and other payables	5 636	4 816	1 114
	13 551	**6 479**	**1 905**

21. COMMITMENTS

2008

At 31 December 2008, commitments total to £10.1 million:

Contractual 0bligations	Notes	Total £'000	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2013 and thereafter £'000
Goods, services and equipment	(a)	2 110	2 110	–	–	–	–
Mining contract bank guarantee	(b)	4 534	4 534	–	–	–	–
Matsitama exploration licences	(c)	669	487	91	91	–	–
Mining licence		7	1	1	1	4	–
Lease agreements	(d)	344	216	87	41	–	–
Asset retirement obligations	(e)	2 426	161	223	302	350	1 390
		10 090	**7 509**	**402**	**435**	**354**	**1 390**

Notes:

(a) The Company and its subsidiaries have a number of agreements with arm's length third parties who provide a wide range of goods and services and equipment. The primary commitments relate to the engineering, procurement, construction and management contract ("**EPCM**") for the construction of the flotation concentrator and related housing and mine facilities at the Mowana Mine.

(b) In respect of mining contract, the Company's subsidiary is required to obtain a bank guarantee by June 2009 in support of certain payment obligations in the mining contract (See Note 10 – Other Financial Assets).

(c) Under the terms of the Company's prospecting licences, Matsitama is obliged to incur certain minimum expenditures.

(d) The Company has entered into agreements for lease premises for various periods until 5 November 2010.

(e) The Company estimates the total discounted amount of cash flows required to settle its asset retirement obligations at 31 December 2008 is £2 426 399. Under the terms of the Mining Licence, by the end of the first financial year in which copper is produced and sold, the Company must establish a trust fund to provide for rehabilitation of the Mowana Mine site once the mine closes. The Company will annually make contributions to this fund over the life of the mine so that these capital contributions together with the investment income earned will cover the anticipated costs. At the end of each financial year the Company will reassess the estimated remaining life of mine as well as the cost to rehabilitate the mine site and adjust its annual contributions accordingly.

2007

At 31 December 2007, commitments under such agreement total £18.9 million:

Contractual obligations	Notes	Total £'000	2008 £'000	2009 £'000	20103 £'000
Goods, services and long lead equipment	(a)	14 614	14 614	–	–
Mining contract	(b)	3 356	3 356	–	–
Matsitama exploration licences	(c)	777	775	1	1
Lease agreements	(d)	136	121	15	–
		18 883	**18 866**	**16**	**1**

Notes:

(a) The Company and its subsidiaries have a number of agreements with arm's length third parties who provide a wide range of goods and services and equipment. The primary commitments relate to the engineering, procurement, construction and management contract ("**EPCM**") for the construction of the flotation concentrator and related housing and mine facilities at the Mowana Mine.

(b) In the event of the optional termination of the Moolman Mining Botswana (Pty) Ltd mining contract by the Company, a maximum early termination payment of approximately £2.6 million, which payment may be reduced, depending upon the number of months' notice given, to £ nil upon six months' notice, together with demobilisation charges would be payable.

(c) Under the terms of the Company's prospecting licences, Matsitama is obliged to incur certain minimum expenditures.

(d) The Company has entered into agreements for lease premises for various periods until 30 August 2009.

2006

Non-cancellable operating lease rentals are payable as follows:

	£'000
Less than one year	113
Between one and three years	43
	156

The Group has purchase commitments in 2007 in respect of exploration and development expenditures for the Dukwe and Matsitama projects totalling to £10,85 million.

22. RELATED PARTY TRANSACTIONS

The following amounts were paid to companies in which directors of the Group have an interest and were incurred in the normal course of operations and are recorded at their exchange amount:

				Balance outstanding at 31 December		
	2008 £'000	**2007 £'000**	**2006 £'000**	**2008 £'000**	**2007 £'000**	**2006 £'000**
Amount paid to the Dragon Group, a group controlled by A J Williams, for the provision of fully serviced office accommodation in the UK and reimbursed expenses. Contract ended February 2007	–	23	77	–	9	6
Amount paid to Summit Resource Management Limited, a company controlled by D Jones, for the provision of fully serviced office accommodation in Canada and reimbursed expenses. B Kipp, a director of the Company, is Vice President Finance of Summit	76	79	82	–	5	–
Amount paid to Aegis Instruments, company controlled by a director of a subsidiary, in respect of provision of geophysical and geological consulting, administration services and reimbursed expenses	3	101	35	81	27	3
On 1 July 2006 the Company entered into an agreement with Pickax International Corporation ("**Pickax**") to provide the services of Mr Joseph Hamilton, a director and Chief Executive Officer of the Company. The agreement commenced on 1 July 2006, during which the Pickax will be paid £164 800 per year. On 12 June 2008 the Company signed a Leaving Agreement ("**the Agreement**") with Pickax and Joseph Hamilton who resigned as a director and CEO of the Company and was paid £173 040 (inclusive of Canadian Goods & Services Tax) for compensation of loss of office. Pickax is a corporation controlled by Joseph Hamilton	233	165	82	–	–	–
	392	368	276	81	41	39

	£'000
Loans to subsidiaries	
Balance 1 January 2006	4 767
Amounts advanced to subsidiaries	11 868
Interest charged	351
Balance 31 December 2006	16 986
Amounts advanced to subsidiaries	37 554
Conversion of amounts advanced to equity	(47 714)
Balance 31 December 2007	6 826
Amounts advanced to subsidiaries	24 356
Conversion of amounts advanced to equity	(24 356)
Impairment of loans to subsidiaries	(6 826)
Balance 31 December 2008	**–**

The amounts due from subsidiaries at 31 December 2008 have been subordinated in favour of other creditors of those companies.

23. FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise trade payables, purchase contracts, accrued expenses and interest bearing borrowings. The Group has various financial assets such as derivative financial assets (being copper put contracts), cash and cash equivalents, VAT and interest receivables, which arise directly from its operations.

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

All of the Group's financial liabilities are measured at amortised cost and all of the Group's financial assets are classified as loans and receivables and measured at amortised cost, other than derivative financial assets, representing copper put contracts, which are classified as financial assets at fair value through profit or loss and which are designated as such upon initial recognition. Hedge accounting is applied to copper put contracts if hedge accounting requirements are met, whereby gains and losses are recognised in profit or loss or equity, depending on whether the hedge is a fair value or cash flow hedge, respectively. The ineffective portions for both types of hedges are recognised immediately in profit or loss.

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

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

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. Interest bearing borrowings comprise a fixed rate note and variable rate vehicle lease obligations. Variable lease obligations are not considered material. At 31 December 2008, with other variables unchanged, a plus or minus 1% change in interest rates, on investments and borrowings whose interest rates are not fixed, would affect the loss for the year by plus or minus £18 000 for the year.

(ii) Foreign exchange risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk as a result of financial assets, future transactions, foreign borrowings, and investments in foreign companies denominated in Botswana Pula.

The Group has not used forward exchange contracts to manage the risk relating to financial assets, future transactions or foreign borrowings. Fluctuations in financial assets, future transactions or foreign borrowings are recognised directly in profit or loss. During 2006, 2007 and 2008 the Group purchased South African Rand from time to time to match known future South African Rand transactions relating to the development and construction of the Mowana Mine.

The table below shows the currency profiles of cash and cash equivalents:

	2008 £'000	2007 £'000	2006 £'000
Sterling	509	11 903	29 021
Canadian Dollars	14	11	16 406
South African Rand	10	9 950	7 308
US Dollars	1 235	36	448
Botswana Pula	(9)	525	47
Euros	4	3	24
	1 763	**22 428**	**53 254**

Cash and cash equivalents bear interest at rates based on LIBOR.

As a result of the Group's main assets and subsidiaries being held in Botswana and having a functional currency different than the presentation currency (Note 2(d)), the Group's balance sheet can be affected significantly by movements in the Pound Sterling to the Botswana Pula. During 2006, 2007 and 2008 the Group did not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with these Botswana subsidiary assets and liabilities as the effective portion of foreign currency gains or losses arising are recorded through the translation reserve.

The table below shows an analysis of net monetary assets and liabilities by functional currency of group companies:

	2008			2007			2006		
	Sterling £'000	Pula £'000	Total £'000	Sterling £'000	Pula £'000	Total £'000	Sterling £'000	Pula £'000	Total £'000
Sterling	225	44	269	10 657	1 206	11 863	27 501	2 076	29 577
Pula	(2)	(21 178)	(21180)	(3)	2 166	2 163	(1)	(124)	(125)
Canadian Dollars	(17)	–	(17)	(52)	(1)	(53)	16 400	–	16 400
South African Rand	–	(1 967)	(1 967)	8 074	277	8 351	7 301	(367)	6 934
Australian Dollars	–	(1)	(1)	–	(1)	(1)	–	(21)	(21)
US Dollars	270	(470)	(200)	1 841	(306)	1 535	396	(1 188)	(792)
Euros	4	–	4	3	–	3	24	–	24
	479	(23 572)	(23 093)	20 520	3 341	23 861	51 621	376	51 997

Foreign currency risk sensitivity analysis:

	Profit/(Loss)			Equity		
	2008 £'000	2007 £'000	2006 £'000	2008 £'000	2007 £'000	2006 £'000
If there was a 10% weakening of Pula against Sterling with all other variables held constant – increase/(decrease)	–	–	–	7 474)	(4 806)	(1 366)
If there was a 10% strengthening of Pula against Sterling with all other variables held constant – increase	–	–	–	134	5 874	1 669
If there was a 10% weakening of Rand against Sterling with all other variables held constant – increase/(decrease)	179	(714)	(630)	179	(714)	(630)
If there was a 10% strengthening of Rand against Sterling with all other variables held constant increase/(decrease)	(219)	873	770	(219)	873	770

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues will be derived based on a contract with a physical off-take partner at prices that will be determined by reference to market prices of copper at the delivery date.

From time to time the Group may manage its exposure to commodity price risk by entering into put contracts or metal forward sales contracts with the goal of preserving its future revenue streams.

On 23 May 2007 the Group purchased copper put options giving the Group the right, but not obligation, to sell up to 5,580 tonnes of copper at a strike price of $US3.00/lb divided evenly over the period April 2008 to December 2008. The price or copper can affect the viability of the Mowana Mine and Matsitama projects.

At 31 December 2007, it was determined that the forecast production hedged by the put options for the period from April 2008 to June 2008 was no longer likely to occur and hedge accounting ceased for those contracts. On 12 November 2008 the Group exercised and sold all of its copper put options.

An analysis of the effect of movements in the copper price on the Group and Company's equity is as follows:

	2008 £'000	2007 £'000	2006 £'000
If there was a 10 cent/lb weakening in the copper price – increase on the value of the puts	–	84	–
If there was a 10 cent/lb strengthening in the copper price – increase on the value of the puts	–	73	–

There is no profit impact for the above changes.

(b) Credit risk

The Group is exposed to credit risk on its cash and cash equivalents and other receivables as set out in Notes 11, 13 and 15 which also represent the maximum exposure to credit risk. The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

(c) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group monitors its risk to a shortage of funds using a recurring cash flow model. This model considers the availability of the Group's financial investments and financial assets (other receivables and other financial assets) and projected cash flows and expenditures from operations.

At 31 December, 2008 the Company had £2.0 million in cash and cash equivalents, £1.2 million in other receivables and prepayments and £13.5 million in interest bearing borrowings.

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

The Group commenced initiatives focused on significantly reducing costs and expenditures. These initiatives included: placing the Mowana Mine on care and maintenance until a fundraising is completed, terminating the mining contract, curtailment of all but essential capital spending and suspension of all exploration activity, cutting operating and administrative costs to the minimum to support essential operations and negotiating a compromise of debts with major creditors and bondholders. The Group requires additional funding in order to pay its current obligations and commence operations at the Mowana Mine. On 16 March 2009 the Company signed an agreement with Natasa to provide a short-term loan facility of US$1.5 million which is to be repaid out of a proposed US$6.5 million private placement of ordinary shares and funds advanced to the Company pursuant to a proposed US$8.5 million debt facility. (See Note 24 – Subsequent Events.)

Due to Messina's working capital deficit at 31 December 2008, Messina is in technical breach of the Botswana Bond (See Note 18 – Interest Bearing Borrowings).

During the year ended 31 December 2008, the Group undertook a review of all mining assets in light of recent economic events and associated declines in the outlook for metal prices in the near-to-mid term.

The Group assessed the impairment of property, plant and equipment by reference to fair value less costs to sell. The determination of fair value less costs to sell was based on the estimated amount that would be obtained from sale in an arm's length transaction between knowledgeable and willing parties. This estimate was derived from the terms of the Natasa transaction (See Note 24 – Subsequent Events). As a result of this review and impairment the Company has recorded an impairment charge of £31.2 million in long-term receivables and £57.2 million in investments in the Company account for receivables and investments in its subsidiaries.

2008

Financial liabilities	**Due or due in less than 1 month**	**Due between 1 to 3 months**	**Due between 3 months and 1 year**	**Due between 1 to 5 years**
Trade and other payables	–	11 172	1 938	441
Interest bearing borrowings	13 483	–	–	–

2007

Financial liabilities	**Due or due in less than 1 month**	**Due between 1 to 3 months**	**Due between 3 months and 1 year**	**Due between 1 to 5 years**
Trade and other payables	5 308	280	610	281
Fair value of financial instruments The fair value of the Group's and the Company's financial instruments reflect the carrying amounts shown in the balance sheet.				

24. SUBSEQUENT EVENTS

2008 Subsequent events

On 7 May 2009 an EGM was held for the purposes of seeking shareholder approval for the Natasa Transaction. The result of the EGM was that the requisite level of shareholder approval for the Natasa Transaction was not received, as the Natasa Transaction did not proceed to completion.

On 9 May 2009 the Company announced it had entered into agreements pursuant to which ZCI agreed to provide the Company the Financing Package which was subsequently amended by further agreements with effective dates of 12 May 2009, 18 May 2009, 21 May 2009 and 19 June 2009.

The ZCI Financing Package comprises:

- the Initial Bridge Loan facility of US$7 million. The Initial Bridge Loan was made available to Messina on 13 May 2009;
- the Second Bridge Loan facility of US$25.4 million. The Second Bridge Loan was made available to Messina on 18 May 2009;
- the Share Subscription for gross proceeds to the Company of approximately £5.7 million (US$9.9 million). The Share Subscription was completed on 22 May 2009 and the New Ordinary Shares were admitted to AIM. Following the Share Subscription, the Company had 823 429,500 ordinary shares in issue and ZCI had an interest in 82.16 per cent. of the issued ordinary share capital of the Company; and
- the Convertible Loan Facility comprising a convertible Tranche A of US$8 379 100 with a coupon of 12 per cent. per annum and Tranche B that is not convertible of US$22 750 000 with a coupon of 14 per cent. per annum. The Convertible Loan Facility was signed on 18 June 2009. Tranche A of the Convertible Loan Facility is convertible into ordinary shares of African Copper at a conversion price of 1p per share. The maximum aggregate number of new ordinary shares which may be issued pursuant to the conversion rights attaching to Tranche A is 556,307,263 new ordinary shares (subject to usual adjustments), which would, were Tranche A to be converted in full, increase ZCI's interest in the enlarged issued share capital of the Company from 82.16 per cent. to 89.36 per cent.

Both Tranche A and Tranche B are repayable four years following the date upon which the Convertible Loan Facility becomes effective unless Messina is in default under the agreement in which event the Convertible Loan Facility will become immediately due and repayable. The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions precedent including that ZCI's shareholders have approved the Convertible Loan Facility and security over Messina's assets, including the Mowana Mine, has become effective. The approval of ZCI's shareholders is expected to occur in January 2010 and security was effective during July 2009. ZCI's right of conversion in relation to Tranche A is conditional upon the Company having sufficient authorised but unissued share capital and the directors of the Company having been granted the necessary authorities by the Company's shareholders to allot and issue ordinary shares to ZCI upon any exercise of such right of conversion. The Initial Bridge Loan and the Second Bridge Loan will be refinanced out of the proceeds of the Share Subscription and the Convertible Loan Facility. The Convertible Loan Facility may only be used for this purpose. The Convertible Loan Facility contains typical covenants, warranties and events of default for an agreement of this nature. The Convertible Loan Facility has been guaranteed by African Copper and all other African Copper group companies and will be secured over Messina's assets including a share pledge over the shares of Messina.

ZCI Debt Acquisitions

On 11 May 2009, the Company and ZCI entered into a binding debt assignment agreement with Moolman pursuant to which Moolman assigned its 60 million Pula plus VAT (approximately US$8 million at an exchange rate of US$1/7.5 Pula) outstanding debt of Messina (the "**Moolman Debt**") to ZCI at a price equal to 50 per cent. of the face value of the Moolman Debt plus the full amount of invoiced VAT. The amount of the VAT will be refunded by the Company to ZCI upon recovery by the Company.

On 12 May 2009, the Company's engineering procurement contractor Senet CC ("**Senet**") entered into an agreement with ZCI, pursuant to which Senet assigned its ZAR 17,002,545 (approximately US$2 million at an exchange rate of US$1/ZAR8.44) outstanding debt of Messina (the "Senet Debt") to ZCI at a price equal to 50 per cent. of the face value of the Senet Debt.

On 21 May 2009, ZCI completed a compromise agreement with Read Swatman & Voigt (Pty) Limited ("**RSV**") pursuant to which RSV was paid in cash 50 per cent of monies of the total of ZAR4 537 525 owed directly to RSV and 100 per cent of the total ZAR1 509 374 owed to RSV sub contractors, being payment of a total of ZAR3 777 836 (approximately US$448 141.87 at an exchange rate of US$1/ZAR8.43) in full and final settlement of debts due from the Company and its subsidiaries. Pursuant to the compromise agreement the full amount of the RSV Debt, ZAR6 046 899 (approximately US$717 307 at an exchange rate of US$1/ZAR8.43) (the "**RSV Debt**") was assigned to ZCI.

Each of the Moolman Debt, the Senet Debt and the RSV Debt are currently due and payable. ZCI and African Copper have agreed that the Company will cause the full amounts of the Senet Debt and RSV Debt to be repaid to ZCI in the short term and that the Moolman Debt will be repaid to ZCI as and when sufficient levels of working capital are available to the Company.

ZCI has agreed with African Copper that it will not initiate any insolvency proceedings against the Company or any of its subsidiaries on the basis of the Moolman Debt, Senet Debt or RSV Debt acquired by it prior to (save in the event of default), the earlier of receipt of approval by the ZCI shareholders of the Convertible Loan Facility and 30 September 2009.

As a consequence of the Convertible Loan Facility and the ZCI Debt Acquisitions, the Group is indebted to ZCI in an aggregate amount of approximately US$41.85 million.

Natasa's Debt Acquisitions

On 15 May 2009 the Company announced that Natasa had acquired (i) bonds issued by Messina with a face value of BWP 149.6 million (approximately US$20.4 million); and (ii) other indebtedness of Messina amounting to approximately US$2.1 million. The Company subsequently received a demand from Natasa calling for the immediate repayment of the entire principal amount of the Bonds on the basis of alleged defaults under the terms of the Bonds. On 15 May 2009, Natasa lodged the Liquidation Petition with the High Court of Botswana to seek an order for the provisional liquidation of Messina.

On 3 June 2009 the Company settled in full all the claims of Natasa against its subsidiaries Messina and Matsitama and Natasa withdrew its petition for the provisional liquidation of Messina filed at the Botswana High Court.

Use of Proceeds of the Share Subscription and Convertible Loan Facility

The use of proceeds of the Share Subscription and Convertible Loan Facility which total approximately US$41.85 million are expected to be as follows;

	US$ millions
Repayment of Natasa Bridge Loan	1.51
Payment to ZCI of the ZCI Debt Acquisitions*	10.72
Purchase from Natasa the Bonds	20.40
Payment to Natasa of the Natasa Debt Acquisitions	2.10
Working Capital	7.12
Total Financing Package	41.85

* *ZCI and ACU have agreed that the Company will cause the full amounts of each of the Senet Debt and the RSV Debt to be repaid to ZCI in the short term and that the Moolman Debt will be repaid to ZCI as and when sufficient levels of working capital are available to the Company.*

The mine plans at Mowana are currently being reviewed with senior managers of ZCI with the goal of recommencing operations at the Mowana Mine as soon as practical. Based on the possible mining and processing strategies that have been considered to date the Directors anticipate that the Financing Package provides the necessary working capital that will be required for production to be recommenced at the Mowana Mine. However, depending on the mining and processing plan that is ultimately adopted further capital may be required. In addition, if ramp-up to commercial production is delayed or, after commercial production re-commences any material reduction in tonnages, grades and/or recovery rates and overruns in operating costs are experienced these factors could have a material adverse effect on the Company's business and require a need for further working capital. The Directors expect that such funding may be provided by ZCI but the terms of any further funding will be subject to separate commercial negotiations between the Company and ZCI once the mine plans have been completed and/or the timing and amount of such necessary funds is known. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve further dilution to existing shareholders.

Impairment reversal subsequent to year-end

Per Management's Discussion and Analysis for the period ended June 2009, the Directors undertook a further review of mining assets in light of certain indicators that the previously recognised impairment loss had decreased including the significant impact of the Company completing the ZCI Financing Package. In performing their review the Directors considered each of the Group's exploration and development assets on a project-by-project basis. Three general cash generating units were considered for the purpose of this assessment. These are:

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

Following this review and making estimates of the value in use of the Mowana mine and taking into account the failure of the Natasa Transaction and the finalisation of the ZCI Financing Package, the Directors have concluded that a portion of the recognised impairment loss recognised in 2008 on the Mowana mine unit no longer exists and that a partial impairment reversal of £28.4 million is appropriate. The estimated value in use of the Mowana mine is estimated at £42.0 million compared with a carrying value of the assets of £13.6 million at 31 March 2009. No impairment reversal has been made in respect of any of the other cash generating units.

Recommencing of mining activities

Mobilisation and mining activities recommenced at Mowana Mine in early August 2009 and production is planned to commence by the end of August 2009.

Delisting from the Toronto Stock Exchange

On 20 May 2009 the Company announced that the Toronto Stock Exchange (the "**Exchange**") had accepted the Company's application to voluntarily delist its ordinary shares from the Exchange. The application for delisting was a condition of the closing of the Financing Package. The delisting of the ordinary shares from the Exchange took place as of the close of trading on Wednesday, 20 May 2009. The Company's ordinary shares continue to be listed on AIM under the symbol "ACU" and on the Botswana Stock Exchange under the symbol "African Copper".

Contingent liability

ACU has been threatened with legal proceedings by Tom Neelands, Matsitama's Vice President of Exploration and Daniele Spethman, a project geologist, whose contracts were terminated in February 2009. The threatened legal proceedings claim compensation totalling US$200,000.

2007 Subsequent events

On 25 January 2008 the Company finalised an off-take agreement with MRI Trading AG ("**MRI**") of Zug, Switzerland. The off-take agreement has a duration of 5 years, is renewable, and covers 100% of all copper products shipped from the Mowana Mine. In conjunction with the off-take agreement, MRI subscribed for 7,284,000 ordinary shares at a subscription price of £0.70 per ordinary share. The private placement closed on 8 February 2008.

On 28 March 2008 the Company announced the private placement of Botswana Pula 150 million (£11.4 million) of fixed rate unsecured notes issued by Messina Copper (Botswana) (Pty) Ltd, the Company's wholly-owned subsidiary. The notes have been priced at 14.0 per cent. with a maturity of seven years.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AFRICAN COPPER PLC

"The Directors
Zambia Copper Investments Limited
Clarendon House
2 Church Street
Hamilton
Bermuda

10 December 2009

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AFRICAN COPPER PLC ("AFRICAN COPPER") FOR THE PERIOD ENDED 30 JUNE 2009 AND THE YEARS ENDED 31 DECEMBER 2008, 31 DECEMBER 2007 AND 31 DECEMBER 2006

Introduction

At your request and for the purposes of the circular to Zambia Copper Investments Limited ("**Zambia Copper**") shareholders to be dated on or about 17 December 2009 ("**the circular**"), we present our report on the historical financial information relating to African Copper for the period ended 30 June 2009 and the years ended 31 December 2008, 31 December 2007 and 31 December 2006 in compliance with the JSE Limited Listings Requirements.

Responsibilities

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation, contents and presentation of the circular and the fair presentation of the historical financial information in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the historical financial information of African Copper for the period ended 30 June 2009 and the years ended 31 December 2008, 31 December 2007 and 31 December 2006, included in the circular, based on our audit of the financial information for the year ended 31 December 2008 and our review of the financial information for the period ended 30 June 2009 and the years ended 31 December 2007 and 31 December 2006.

Scope of the audit

We conducted our audit of the historical financial information for the year ended 31 December 2008 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial information.

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

Scope of the review

We conducted our review of the historical financial information for the period ended 30 June 2009 and the years ended 31 December 2007 and 31 December 2006 in accordance with the International Standards on Review Engagements 2400, "Engagements to review financial statements". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit in respect of the period ended 30 June 2009 and the years ended 31 December 2007 and 31 December 2006 and, accordingly, we do not express an audit opinion in respect of these periods.

Audit opinion

In our opinion, the historical financial information of African Copper for the year ended 31 December 2008 fairly presents, in all material respects, for the purposes of the circular, the financial position of African Copper at that date and the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and the Listings Requirements of the JSE Limited.

Emphasis of matter – going concern

In forming our opinion, we have considered the adequacy of the disclosure included in note 1 to the historical financial information concerning the Group's ability to continue as a going concern. The Group had current liabilities at 30 June 2009 which exceeded current assets by £14 403 000. As explained in Note 1 to the historical financial information, project finance has been agreed in principle but the conditions precedent have not yet been met and there remains uncertainty over the completion of these conditions. In addition the group needs to implement the plans for the Mowana Mine utilising the working capital that is currently available and there are various factors which may mean that the working capital available is not sufficient requiring further funds to be raised. These conditions along with the other matters explained in note 1 to the historical financial information, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The historical financial information does not include the adjustments that would result if the company was unable to continue as a going concern.

Review conclusion

Based on our review nothing has come to our attention that causes us to believe that the historical financial information of African Copper for the period ended 30 June 2009 and the years ended 31 December 2007 and 31 December 2006 is not fairly presented, in all material respects, for the purposes of the circular, in accordance with International Financial Reporting Standards and the Listings Requirements of the JSE Limited.

Consent

We consent to the inclusion of this report and the reference to our opinion in the circular in the form and context in which it appears.

Yours faithfully

Duncan Church

PKF (Jhb) Inc
Registration number 1994/001166/21
Registered Auditors
Chartered Accountants (SA)

42 Wierda Road West
Wierda Valley
Sandton
2196"

CORPORATE GOVERNANCE

ZCI is committed to the principles of openness, integrity and accountability as advocated in the South African King II Report on Corporate Governance. The directors endorse the Code of Corporate Practices and Conduct ("**the Code**"), as set out in the King II Report.

Application

Having regard to the fact that the Company has no employees or administrative infrastructure of its own, some of the requirements of the Code are not applicable to it.

Board of directors

As the circular date, the board of directors consisted of seven non-executive directors. The board retains full and effective control over the Company. To fulfil their responsibilities, the board has access to accurate, relevant and timely information and to the advice and services of the Company secretary who is responsible to the board for ensuring that board procedures are followed. In addition, the directors are entitled to obtain independent professional advice at the Company's expense, should they deem this necessary. The directors are individuals of high calibre with diverse backgrounds and expertise, which ensures that their views carry significant weight in deliberations and decisions.

Audit Committee

The Audit Committee comprises Edgar Hamuwele (Chairman), Stephen Simukanga, Steven Georgala and David Rodie. The Audit Committee will be responsible, *inter alia*, for the review of the procedures and policies of internal control, the review of the measures taken by the Manager in mitigating risk, the regular review of the adjudication of tenders and award of contracts in ensuring that they comply with the intent of the business plan, the review of the accounting principles, policies and practices adopted in the preparation of the statutory financial statements and the consideration of the appointment of external auditors. The Audit Committee will meet four times annually.

The Audit Committee will also set the principles for recommending to the board the use of the external auditors for non-audit purposes.

Remuneration Committee

The Remuneration Committee comprises Steven Georgala (Chairman), Thys du Toit and Stephen Simukanga. The Remuneration Committee will be responsible, *inter alia*, for considering, reviewing and making recommendations to the Board on remuneration packages and related matters of the Manager. The Remuneration Committee will be responsible for vetting the individuals proposed for directorship and making recommendations to the board for approval. Before nomination, appropriate background checks will be performed on proposed new directors. New directors will be taken through a formal induction programme and be provided with all the necessary background information to familiarise themselves with issues affecting the Company. The Remuneration Committee will meet four times annually.

Investment Review Committee

The Investment Review Committee comprises Thomas Kamwendo (Chairman), Thys du Toit, David Rodier and Michel Clerc. This committee will meet four times annually and be responsible for assessing or considering the recommendations provided by the Manager prior to making presentations to the whole board. This committee will also be responsible for designing, implementing and monitoring the Company's risk management processes and reviewing the effectiveness thereof. The process will involve identifying significant risks impacting the business and assessing the effectiveness of the systems of internal control in managing these risks. Furthermore, the committee will also approve all risk policies, limits and allocations of capital commitments.

EXECUTIVE SUMMARY OF A COMPETENT PERSON'S REPORT AND MINE ASSET VALUATION ON THE THAKADU AND MOWANA ASSETS OF AFRICAN COPPER PLC

EXECUTIVE SUMMARY

i. Purpose

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

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

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

ii. Project outline

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

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

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

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

www.zci.lu

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

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

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

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

www.sedar.com

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

www.africancopper.com

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

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

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

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

iii. Location

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

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

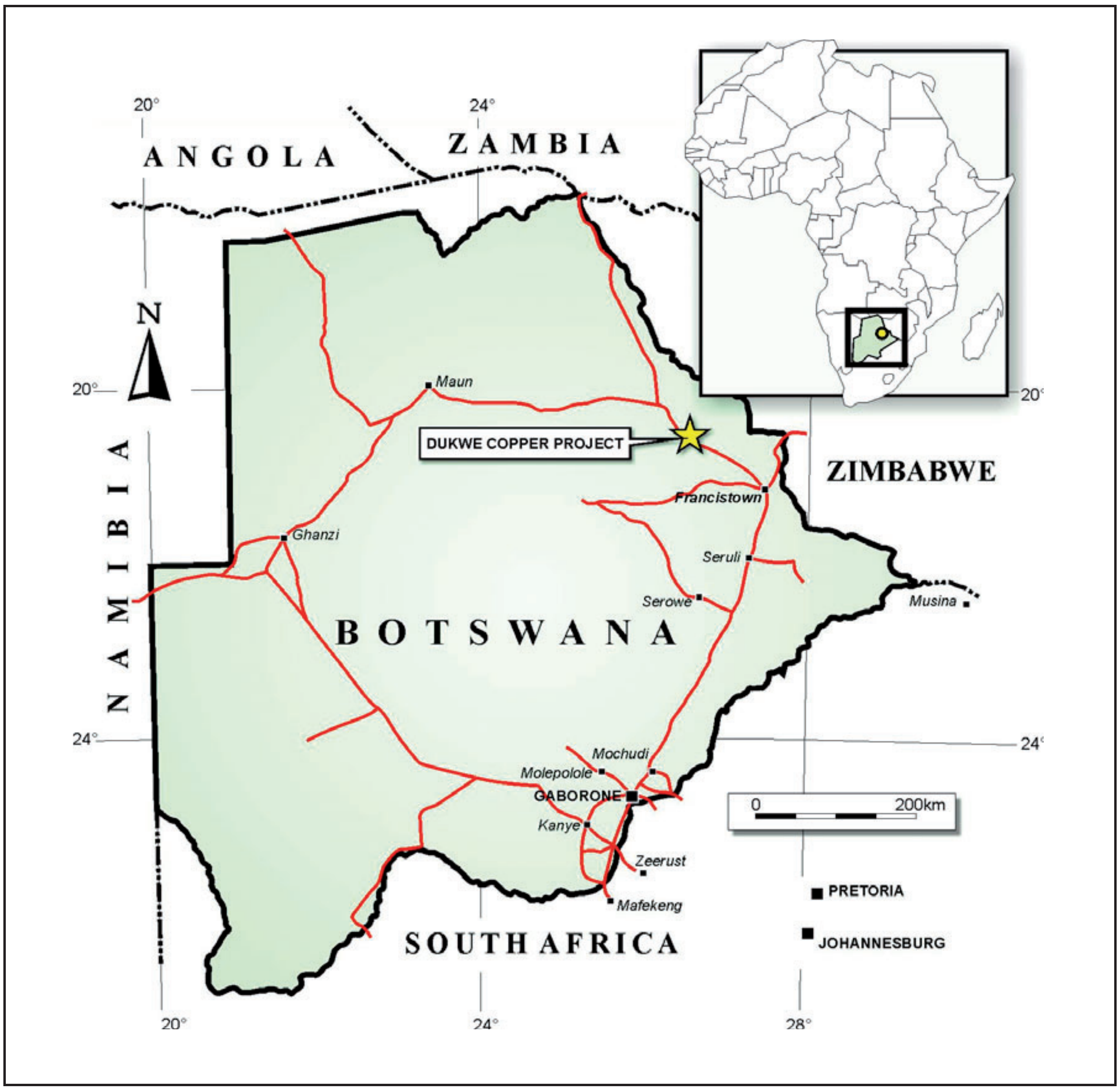


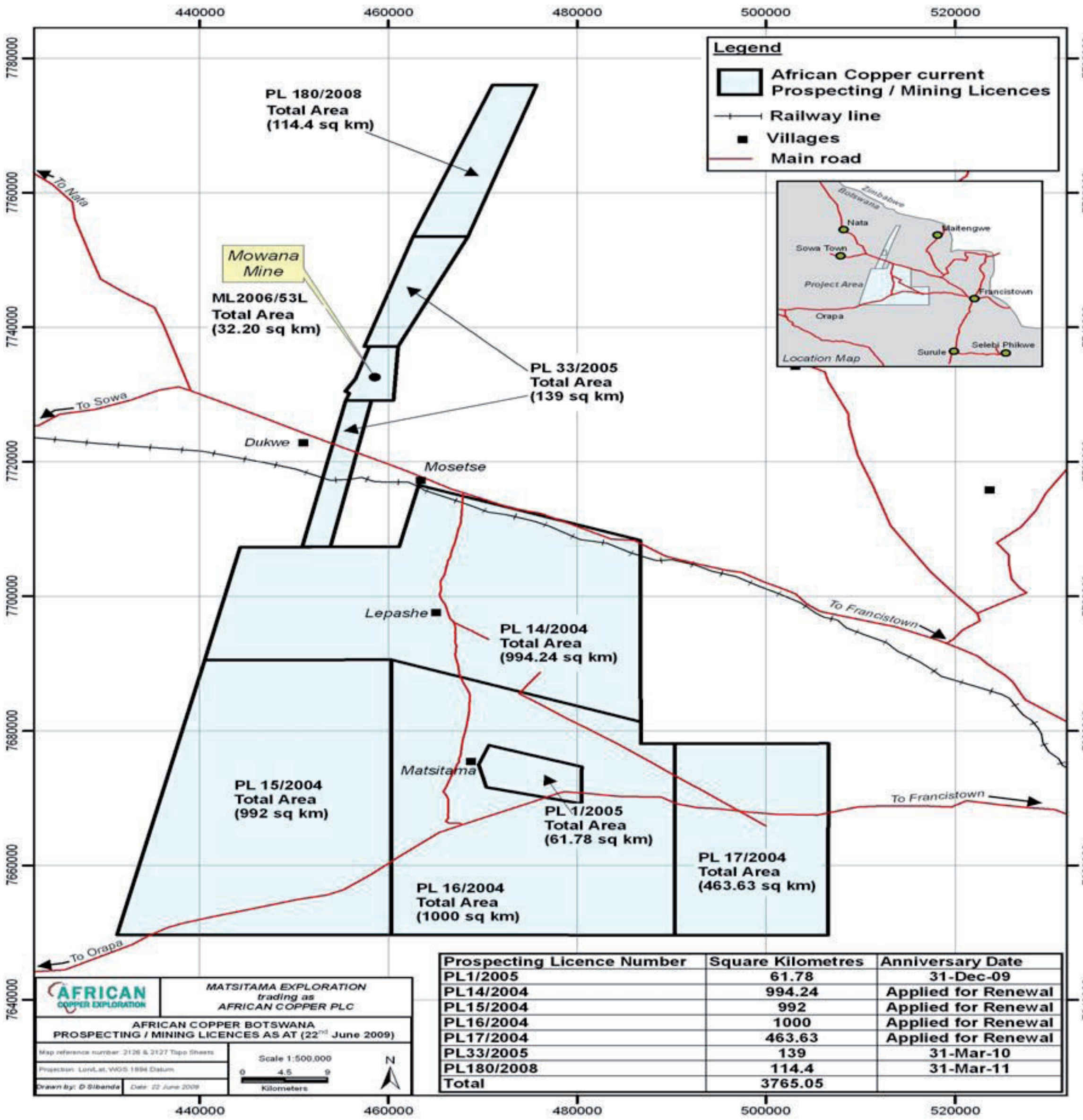
Figure S. 1 Location of the Mowana Mine

iv. Legal aspects and tenure

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

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

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



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

Figure S. 2 Prospecting and mining licences

AC also holds two surface rights to the mining lease area and multi-residential areas in Mosetse Village and Dukwe Village (see Appendix 4).

v. Geological setting

- Mowana

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

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

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

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

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

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

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

Geozone	Orebody	Classification	Tonnes	Cu %
	Shells	Measured	11,546,890	1.42
		Indicated	19,485,516	1.41
		Sub total	**31,032,406**	**1.42**
		Inferred	18,378,141	1.16
	Breccia	Measured	62,717,926	0.21
		Indicated	53,190,422	0.16
		Sub total	**115,908,348**	**0.19**
		Inferred	46,308,310	0.15
	Combined Orebody	Measured	74,264,816	0.40
		Indicated	72,675,938	0.49
		Sub total	**146,940,754**	**0.45**
		Inferred	64,686,451	0.36

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

Table S. 1 Mowana mineral resources

- Thakadu

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

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

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

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

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

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

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

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

Thakadu Copper Project Samrec Compliant Mineral Resource Estimate							
Ordinary Kriging No Reporting Cut-off Applied							
	Tonnage	Grade Cu%	Content Kg		Tonnage	Grade G/T	Content Kg
Footwall Mineralized Zone							
Oxide	732,000	2.63	19,257,248		731,000	22	15,925
Sulphide	2,376,000	1.53	36,381,253		1,707,000	13	22,612
	3,108,000	1.79	55,638,501		2,438,000	16	38,537
Hangingwall Mineralized Zone							
Oxide	410,000	2.10	8,620,969		410,000	24	9,735
Sulphide	1,197,000	1.40	16,808,758		710,000	14	10,264
	1,607,000	1.58	25,429,727		1,120,000	18	19,999
Thakadu Copper Project							
Oxide	1,142,000	2.44	27,878,217		1,141,000	22	25,660
Sulphide	3,573,000	1.49	53,190,011		2,417,000	14	32,876
	4,715,000	1.72	81,068,228		3,558,000	16	58,536
Inferred Mineral Resource							
Sulphide	961,000	1.29	12,416,627				

Table S. 2 Indicated Thakadu mineral resource

vi. Exploration programme and budget

Exploration in the Matsitama area, which constitutes the Thakadu Project, continues.
Table S. 3 summarise the planned expenditure in each of the prospecting areas, and Table 1 to Table 8 in the report give details of the planned activities.

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

Table S. 3 Planned and past exploration expenditure

vii. Key modifying factors

- Governmental

There are no outstanding governmental matters.

- Environmental

See Section viii below.

- Social

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

- Mining

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

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

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

- Metallurgical

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

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

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

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

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

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

The plant was commissioned on 10 September 2009.

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

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

- Failure of the primary crusher lubrication circuit;
- Damage to the primary crusher flywheel;
- Lower head grade – the plant head grades were < 1 % Cu where the design head grade was approximately 2.5% Cu. Grades of final products were lower than anticipated from the test work;
- Black cotton soil – the presence of black cotton soil was a major problem throughout the plant but particularly in the tailing thickening and filtration section, making commissioning of those impossible. It also consumed excessive reagent;
- Problems with the mill lubrication circuit;
- Lack of operator training – it appears that many of the operators on the plant had not previously had metallurgical operations experience. This was problematic especially in the crushing and milling areas;
- Lack of critical spares and commissioning spares – resulted in long periods of down time waiting for new spares;
- Problems is stabilising the tailing thickener and filter circuit;
- The presence of graphite in the ore was a problem for the flotation circuit – resulted in high reagent consumptions, affected slurry rheology.

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

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

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

- Although leaching would be normally be considered as an alternative to flotation for the extraction of copper from oxidised copper sulphides, this was not financially viable as an alternative due to the very high acid consumptions and long leach times;
- Mineralogical analysis of the ores indicated that primary and secondary sulphides were present, interspersed with significant amounts of oxidised copper minerals such as malachite and chrysocolla. This would result in a variable flotation response depending on the relative amounts of copper mineral. The ore body was thus defined as either sulphide, supergene or oxidised depending on the ore mineralogy;
- Comminution test work showed average work and abrasion indexes – standard crusher/ball mill configurations will be suitable for grinding;
- Bench scale flotation results have demonstrated the amenability of oxide, supergene and sulphide ore to recovery within a standard flotation concentrator;
- The use of a sulphidising agent such a sodium hydrosulphide (NaHS) would be beneficial in the recovery of oxidised copper minerals;
- Recoveries were obtained at a coarse grind (150 micron) for all the three types of ore;
- Sulphide recoveries of 90% have been achieved to produce a concentrate containing 32% copper from the bench scale and locked cycle tests;
- Supergene recoveries exceed those expected from heap leach – 83% recovery indicated from supergene zones producing a 30% concentrate grade;
- A recovery of circa 58% can be expected from the oxide ore;
- No mention is made in the test work with regard the recovery of silver from the ore;
- A detailed analysis of the concentrate produced indicate no deleterious elements that may result in future penalties;

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

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

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

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

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

- Marketing

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

- Legal

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

viii. Key environmental matters

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

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

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

ix. Mineral resources and mineral reserves

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

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

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

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

Using a 0.25% cut off grade, RSV re-estimated the Reserves as shown in Table S. 5.

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

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

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

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

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

In 2010 AC plan to process ore from the Thakadu project area. Table S. 6 shows the RSV estimate of these Reserves and Resources.

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

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

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

The LOM has not been adjusted.

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

- The forward copper price curve as supplied by AC –
  i.e. 2009 - 2010 = $2,25/lb and 2011 – 2020 = $2,00/lb;

- Operating costs;
- Metallurgical recoveries;
- Prevailing Botswana tax rates;
- Average smelter charges ("TC/RCs");
- Transport costs to the ports of Durban/Richards Bay, in Kwa-Zulu Natal, South Africa.

x. Risks

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

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

xi. Competent Person's statement

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

xii. Valuation summary

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

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

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

The valuation uses two approaches:

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

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

	Discount Rate					
	0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
	Present value of Operating Margin					
Life of mine [$000]	219,906	155,917	115,740	89,308	71,150	58,179
5-year forecast (2009-2013) [$]	98,845	83,403	71,032	61,006	52,797	46,010
Number of post-subscription shares	823,429,500					
	Discount Rate					
	0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
	Present Value per share (823,429,500 ordinary shares issued)					
Life of mine [$]	0.27	0.19	0.14	0.11	0.09	0.07
5-year forecast (2009-2013) [$]	0.12	0.10	0.09	0.07	0.06	0.06

Table S. 7 Cash flow approach summary

Agreed Buyer/Seller Value of African Copper on		21-May-09	was	$13,084,959
or	$0.0157	per share		
Agreed Buyer/Seller Value of African Copper on		31-Aug-09	was	$13,577,758
or	$0.0163	per share		

Table S. 8 Market Approach summary

Three input variables, revenue, mining costs and process cost, were varied from -20% to +20% and applied to the LOM (2009 TO 2020) cash flows obtained at two discount rates, 10% and 25%. A discount rate of 25% is considered appropriate because this is the rate at which the projected cash flow most closely approaches the ruling AIM stock price.

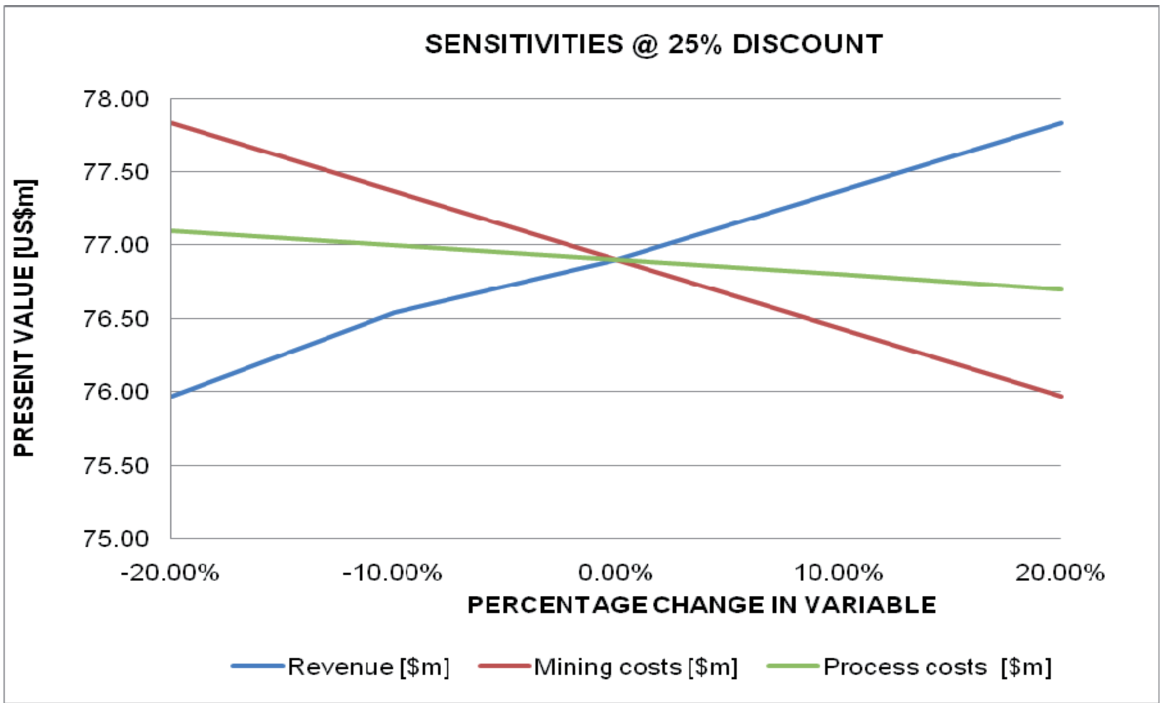


Figure S. 3 Sensitivity of input parameters @ 25% discount

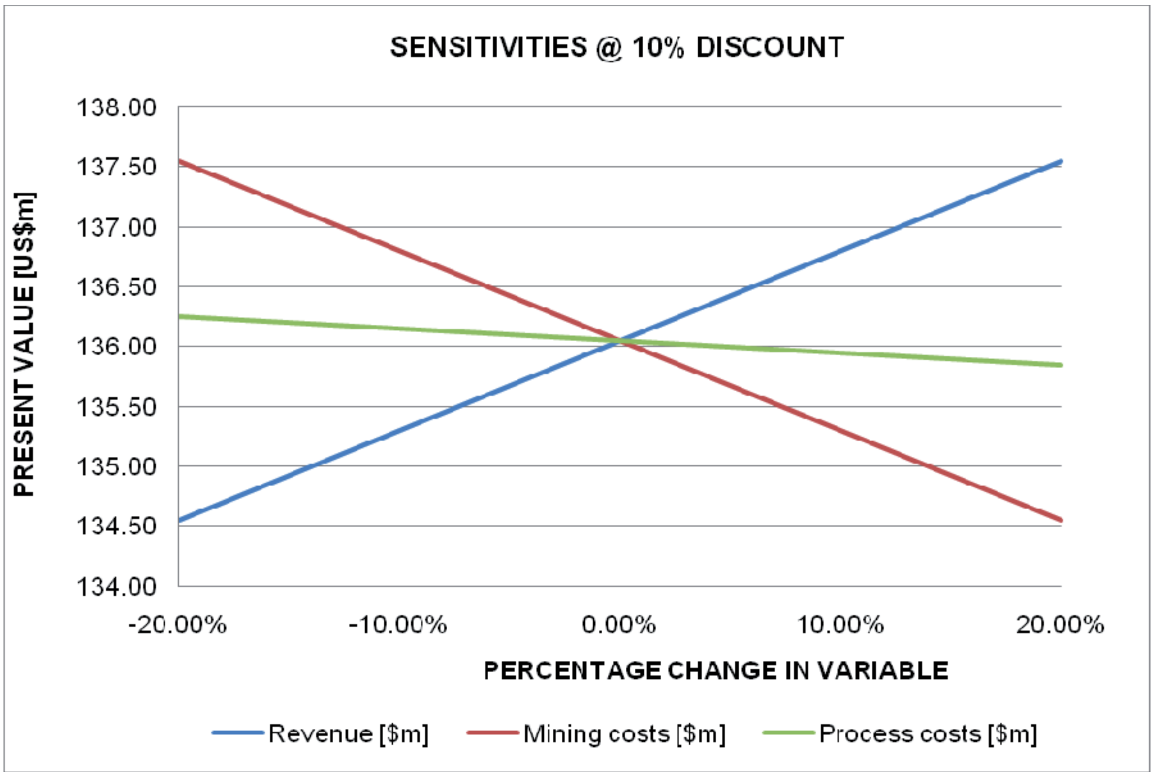


Figure S. 4 Sensitivity of input parameters @ 10% discount

Signed copy on file

L.C. Stilwell, Pr.Eng
Lead Competent Person

PRICE HISTORY OF ZCI SHARES ON THE JSE

Any ordinary shares that are issued after the circular date will rank *pari passu* in all respects with listed shares that are currently in issue. Set out below is a table showing the aggregate volumes and values traded and the highest and lowest prices traded in ZCI shares for:

- each month over the twelve months prior to the date of ZCI's suspension on the JSE;
- each quarter over the two years prior to the date of ZCI's suspension on the JSE; and
- each day over the 30 days preceding the date of ZCI's suspension on the JSE.

	Low (cents)	High (cents)	Volume	Traded value (R)
Quarterly				
March 2007	12,22	18,00	854 772	14 278 860
June 2007	15,00	25,00	1 711 613	33 807 161
September 2007	18,00	27,00	1 172 502	26 244 347
December 2007	19,75	24,90	239 357	5 210 070
March 2008	8,55	28,95	1 032 631	14 509 993
June 2008	10,15	12,95	1 012 740	11 206 798
September 2008	9,80	11,75	931 842	10 020 570
December 2008	11,37	11,83	1 287 152	15 227 008
Monthly				
January 2009	10,10	10,23	38 777	41 801 606
December 2008	9,68	10,18	41 931	42 224 517
November 2008	11,50	12,12	36 255	45 463 770
October 2008	14,55	14,71	1 208 966	1 976 659 410
September 2008	13,51	13,80	6 409 679	8 800 489 267
August 2008	10,78	10,87	409 404	441 746 916
July 2008	10,59	10,93	579 283	622 729 225
June 2008	11,39	11,46	201 879	230 545 818
May 2008	10,60	10,75	511 876	548 219 196
April 2008	11,47	11,73	301 985	343 356 945
March 2008	11,35	11,44	437 738	494 206 202
February 2008	11,16	11,33	118 749	134 423 868
Daily				
9 January 2009*	11,00	11,00	24 077	264 847
8 January 2009	10,50	10,50	3 000	31 500
7 January 2009	10,50	10,50	9 640	101 220
6 January 2009	9,60	10,40	60	624
5 January 2009	9,50	9,50	1 000	9 500
2 January 2009	9,50	9,50	1 000	9 500
31 December 2008	–	10,50	–	–
30 December 2008	6,51	10,50	1 000	10 500
29 December 2008	9,90	9,90	2 000	19 800
24 December 2008	–	9,90	–	–
23 December 2008	–	9,90	–	–
22 December 2008	–	9,90	–	–
19 December 2008	9,50	10,50	14 110	139 689
18 December 2008	9,75	9,90	4 000	39 600
17 December 2008	10,40	10,5	1 201	12 611
15 December 2008	10,20	10,50	3 471	35 751

	Low (cents)	High (cents)	Volume	Traded value (R)
Daily				
12 December 2008	10,00	10,50	3 999	39 990
11 December 2008	10,00	10,00	1 000	10 000
10 December 2008	–	10,00	–	–
9 December 2008	9,76	10,00	2 500	25 000
8 December 2008	–	10,20	–	–
5 December 2008	10,20	10,50	3 550	36 210
4 December 2008	9,77	10,20	1 100	11 220
3 December 2008	10,00	10,00	2 000	20 000
2 December 2008	9,50	9,50	1 000	9 500
1 December 2008	10,00	10,00	1 000	10 000
28 November 2008	–	10,00	–	–
27 November 2008	10,00	10,00	1,000	10 000
26 November 2008	–	10,00	–	–
25 November 2008	10,00	10,00	2 000	20 000
24 November 2008	10,50	11,25	1 000	10 500

*Date of suspension on the JSE.

PRICE HISTORY OF ACU SHARES ON THE AIM MARKET OF THE LONDON STOCK EXCHANGE

Set out below is a table showing the aggregate volumes and values traded and the highest and lowest prices traded in ACU shares for:

- each month over the twelve months prior to the last practicable date;
- each quarter over the two years prior to the last practicable date; and
- each day over the 30 days preceding the last practicable date.

	Low (GBp)	High (GBp)	Volume	Traded value (GBP)
Quarterly				
December 2007	56.50	100.50	20,992,649	15,324,480
March 2008	44.50	71.00	8,271,644	4,698,001
June 2008	36.75	49.50	10,606,466	3,654,777
September 2008	8.50	36.75	31,037,118	3,117,224
December 2008	1.10	8.50	34,294,380	950,209
March 2009	0.70	2.88	100,793,102	1,495,392
June 2009	1.13	15.50	505,539,789	35,311,690
September 2009	5.25	10.00	127,122,213	9,756,576
Monthly				
December 2008	1.10	3.38	9,177,235	160,232
January 2009	1.00	2.88	30,578,083	519,240
February 2009	0.70	1.38	13,586,766	143,579
March 2009	0.70	2.45	56,628,253	832,574
April 2009	1.13	3.40	138,355,349	3,315,008
May 2009	2.80	15.50	308,386,607	27,128,400
June 2009	5.88	11.25	58,797,833	4,868,279
July 2009	5.25	9.00	43,148,199	2,979,118
August 2009	6.38	9.75	57,602,739	4,652,388
September 2009	6.75	10.00	26,371,275	2,125,069
October 2009	6.63	9.75	20,037,737	1,508,737
November 2009	6.13	7.63	10,987,184	745,565
Daily				
2 November 2009	6.88	7.13	704,390	49,881
3 November 2009	6.88	7.00	99,291	6,884
4 November 2009	6.88	6.88	896,812	62,044
5 November 2009	6.75	6.88	79,100	5,419
6 November 2009	6.75	7.00	576,875	39,220
9 November 2009	7.00	7.00	114,179	7,855
10 November 2009	6.88	7.00	227,628	15,748
11 November 2009	6.88	7.00	73,087	5,208
12 November 2009	7.00	7.13	105,865	7,540
13 November 2009	7.13	7.50	1,080,897	80,664
16 November 2009	7.38	7.63	751,934	57,323
17 November 2009	6.88	7.50	565,446	39,993
18 November 2009	6.88	7.00	1,179,194	80,454
19 November 2009	6.63	7.00	1,540,285	100,289
20 November 2009	6.25	6.63	714,571	46,438
23 November 2009	6.50	6.63	119,358	7,902
24 November 2009	6.63	6.63	270,352	17,684

	Low (GBp)	High (GBp)	Volume	Traded value (GBP)
Daily				
25 November 2009	6.38	6.63	132,914	8,532
26 November 2009	6.13	6.38	1,056,823	63,938
27 November 2009	6.13	6.25	260,608	15,845
30 November 2009	6.25	6.25	437,575	26,703
1 December 2009	6.13	6.25	1,485,050	93,787
2 December 2009	5.88	6.38	1,569,186	94,226
3 December 2009	5.88	6.13	419,217	24,627
4 December 2009	5.88	6.00	209,584	12,229
7 December 2009	5.88	6.00	70,390	4,223
8 December 2009	5.88	5.88	324,870	18,764
9 December 2009	5.38	5.88	1,002,176	55,050
10 December 2009	4.88	5.38	1,857,943	93,367
11 December 2009 *	4.50	5.13	2,133,879	102,617

* last practicable date

Zambia Copper Investments Limited

(Registered as a company in Bermuda and as a branch of an external company in South Africa)
(Bermudian registration number 661:1969)
(South African registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240
("**ZCI**" or "**the Company**")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting will be held at Novotel Hotel, 35 rue du Laboratoire, Luxembourg at 14:30 on Monday, 11 January 2010, for purposes of considering and, if deemed fit, passing, with or without modification, the following resolutions.

The definitions commencing on page 10 of this circular to which this notice is attached have, where necessary, been used on this notice of general meeting and form of proxy.

Ordinary resolution number 1

"Resolved that, the offer of finance comprising a subscription by ZCI of ACU ordinary shares for an amount of approximately US$9.9 million and the debt acquisition as more fully disclosed in paragraphs 6 and 7 of this circular to which this notice is attached, be and is hereby ratified and approved."

Ordinary resolution number 2

"Resolved that, the directors be and are hereby authorised to do all such things and sign all such documents as may be necessary to implement the proposed transaction and everything done by them/any one of them in this regard be hereby ratified."

Special resolution number 1

"Resolved that the name of the Company be changed from 'Zambia Copper Investments Limited' to 'ZCI Limited'."

Reason for and effect of special resolution number 1

The reason for effecting the resolution is to more appropriately reflect the profile and future strategy of the Company and to enhance the position of the Company for international markets, including alignment with the Company's new business plan. The board is of the opinion that the implementation of the name change will be to the long-term benefit of ZCI shareholders. Shareholders will not incur any direct costs related to this name change, such costs will be borne by ZCI. The effect of special resolution number 1 will be that the Company will, with effect from the date of registration of the special resolution number 1, be known as ZCI Limited.

The change of name will be effective on the JSE from the commencement of business on Monday, 1 February 2010, and the Company will trade under the new name "ZCI Limited" from Monday, 1 February 2010.

VOTING AND PROXIES

1. Every person present and entitled to vote at the general meeting as a shareholder or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, a shareholder will be entitled to one vote per share held.
2. A shareholder entitled to attend, speak and vote at the general meeting is entitled to appoint a proxy (who need not be a shareholder of ZCI), to attend, speak and vote in his/her stead.
3. Shareholders that are companies or other bodies corporate may, in terms of section 188(1) of the Act, by resolution of their directors or other governing body, authorise any person to act as their representative at the general meeting.

4. Certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and return it to the relevant transfer secretaries to be received by no later than 14:30 on Thursday, 7 January 2010.

By order of the board

John Kleynhans
Company Secretary

Bermuda
17 December 2009

Zambia Copper Investments Limited

(Registered as a company in Bermuda and as a branch of an external company in South Africa)
(Bermudian registration number 661:1969)
(South African registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240

FORM OF PROXY
(FOR USE BY RSA REGISTERED SHAREHOLDERS)

FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN NAME" DEMATERIALISED SHAREHOLDERS AT THE GENERAL MEETING OF ZCI TO BE HELD AT NOVOTEL HOTEL, 35 RUE DU LABORATOIRE, LUXEMBOURG AT 14:30 ON MONDAY, 11 JANUARY 2010 ("THE GENERAL MEETING")

I/We

(PLEASE PRINT FULL NAMES IN BLOCK CAPITALS)

of (PLEASE PRINT ADDRESS)

being a shareholder of ZCI, holding ______ ordinary shares in ZCI hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the general meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the general meeting to be held at Novotel Hotel, 35 rue du Laboratoire, Luxembourg at 14:30 on Monday, 11 January 2010 and at any adjournment thereof, and to vote or to abstain from voting on the ordinary and special resolutions to be proposed at the general meeting, as follows:

Resolutions to be proposed at the general meeting:

	FOR	AGAINST	ABSTAIN
Ordinary resolution number 1 To approve the offer of finance and debt acquisition			
Ordinary resolution number 2 To authorise the directors to do all such things and sign all such documents as may be necessary to implement the proposed transaction.			
Special resolution number 1 To approve the change of name			

Signed at (place) on this day of 20

Signature of shareholder(s)

Assisted by (where applicable)

Please read the notes and instructions on the reverse hereof.

NOTES:

A shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a shareholder of ZCI.

Every person present and entitled to vote at the general meeting as a shareholder or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of ZCI shares such person holds or represents, but in the event of a poll, a shareholder will be entitled to one vote per share held.

Please insert the relevant number of ZCI shares and indicate with an "X" in the appropriate spaces, how you wish your votes to be cast. If you return this form of proxy duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.

INSTRUCTIONS ON SIGNING AND LODGING THIS FORM OF PROXY:

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the authorised signatory/ies.
2. The Chairperson shall be entitled to decline to accept the authority of a person signing this form of proxy;
   (a) under a power of attorney; or
   (b) on behalf of a group,
   unless that person's power of attorney or authority is deposited with Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) no later than 14:30 on Thursday, 7 January 2010.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
4. When there are joint holders of ZCI shares, any one of the joint shareholders can sign this form of proxy on behalf of the other joint holders.
5. The completion and lodging of this form of proxy will not preclude the shareholder who grants this proxy from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
6. 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 Computershare Investor Services (Pty) Limited or waived by the Chairperson of the general meeting. The Chairperson of the general meeting may reject any form of proxy not completed and/or received in accordance with these notes and instructions or with the bye-laws of ZCI.
7. Completed forms of proxy must be returned to Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 14:30 on Thursday, 7 January 2010.
8. This form of proxy will remain valid for use at any adjourned general meeting (if relevant) unless withdrawn or replaced.

Zambia Copper Investments Limited

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(Bermudian registration number 661:1969)
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JSE share code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240

FORM OF PROXY
(FOR USE BY UK REGISTERED SHAREHOLDERS)

AT THE GENERAL MEETING OF ZCI TO BE HELD AT NOVOTEL HOTEL, 35 RUE DU LABORATOIRE, LUXEMBOURG AT 14:30 ON MONDAY, 11 JANUARY 2010 ("THE GENERAL MEETING")

I/We

(PLEASE PRINT FULL NAMES IN BLOCK CAPITALS)

of (PLEASE PRINT ADDRESS)

being a member/members of the Company hereby appoint:

or failing him/her the Chairperson of the general meeting,

as my/our proxy to attend and to vote on my/our behalf at the General Meeting of shareholders to be held at Hotel Novotel, 35 rue du Laboratoire, Luxembourg, at 14:30 (CET) on Monday, 11 January 2010 and at any adjournment thereof and in particular to vote on the following resolutions dealing with the matters described in the notice of meeting:

Resolutions to be proposed at the general meeting:

	FOR	AGAINST	ABSTAIN
Ordinary resolution number 1 To approve the offer of finance and debt acquisition			
Ordinary resolution number 2 To authorise the directors to do all such things and sign all such documents as may be necessary to implement the proposed transaction.			
Special resolution number 1 To approve the change of name			

**Please indicate with an "X" in the appropriate space above how you wish your vote to be cast. If you return this form duly signed without specific instructions, the proxy will vote or abstain from voting as he/she deems fit.

Signature Date 20

Notes:

1. A shareholder 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 shareholder. A Proxy need not be a shareholder of the Company.
2. In the case of a joint holding of shares the first named in the register of shareholders only need sign and his vote will be accepted to the exclusion of the vote(s) of the other joint holder(s).
3. A corporation may affix its common or official seal or use the signature of its duly authorised officer.
4. Completion and lodging of this form of proxy will not preclude the shareholder who grants the proxy from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed.
5. Forms of proxy should be completed and forwarded to reach Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3ZZ, UK, so as to be received not less than 48 hours before the time fixed for the holding of the general meeting.

SA Transfer Secretaries
Computershare Investor Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)
(Telephone: +27 11 370 5000 – SA registered shareholders)

TO BE COMPLETED BY ZCI CERTIFICATED SHAREHOLDERS

I/We irrevocably authorise you to produce the signature of such documents that may be necessary to complete the replacement of ZCI shares in the new name of ZCI.

I/We hereby instruct you to forward the replacement share certificate/s to me/us, by registered post, at my/our own risk, to the address overleaf and confirm that, where no address is specified, the share certificate(s) will be forwarded to my/our address recorded in the share register of ZCI.

My/Our signature(s) on the form of surrender constitutes my/our execution of this instruction.

In terms of the provisions of the circular to which this form is attached and of which it forms part, I/we surrender and enclose the undermentioned share certificate(s):

____

____

____

Zambia Copper Investments Limited

(Registered as a company in Bermuda and as a branch of an external company in South Africa)
(Bermudian registration number 661:1969)
(South African registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG988431240
Euronext share code: BMG988431240
("**ZCI**" or "**the Company**")

FORM OF SURRENDER
(ONLY FOR USE BY RSA REGISTERED CERTIFICATED SHAREHOLDERS)

PLEASE REFER TO THE INSTRUCTIONS BELOW AND NOTES ON THE REVERSE SIDE OF THIS FORM BEFORE COMPLETING THIS FORM. SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES IN TERMS OF STRATE MUST *NOT* COMPLETE THIS FORM. USE BLOCK CAPITALS WHEN COMPLETING THIS FORM.

ZCI shareholders are required to surrender their share certificates and/or other documents of title in respect of all their existing ZCI shares by completing and sending this form, together with the share certificates/ documents of title, to ZCI's South African transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107).

PLEASE COMPLETE THE FOLLOWING IN BLOCK LETTERS:

Dear Sirs

I/We hereby surrender the undermentioned ZCI share certificates and/or documents of title:

Surname

First names (in full) (if applicable)

Title (Mr., Mrs, Miss, etc.)

Signature Date

Address to which new share certificates should be sent (preferably PO Box number)

Postal code

Subject to the approval, and where necessary the registration, of the resolution contained in the notice of general meeting forming part of the circular to which this form of surrender is attached being fulfilled, certificates reflecting the name change will be sent to the above address, by registered post, at the risk of the ZCI shareholder concerned on or about Monday, 8 February 2010, if the documents of title have been received by the relevant transfer secretaries by 12:00 on Friday, 5 February 2010 or if thereafter, within five business days of receipt of such documents of title. Contrary instructions will **not** be accepted.

APPLICABLE TO ALL CERTIFICATED ZCI SHAREHOLDERS

Share certificates and/or documents of title surrendered

Name of registered holder (separate form for each holder)	Certificate number(s)	Number of shares	*For office use only*
Total			

APPLICABLE TO NON-RESIDENT ZCI SHAREHOLDERS ONLY

FORM OF SURRENDER

Non-residents who are emigrants from South Africa

Share certificates will be sent to an authorised dealer in foreign exchange in South Africa controlling such shareholder's blocked assets and will be restrictively endorsed in terms of the Exchange Control Regulations. Such non-residents must give the following information:

Name and address of the authorised dealer in South Africa

____

____

____

____

Account number ____

(If no nomination is made in terms of this section, the new share certificate will be held in trust by the relevant transfer secretaries.)

All other non-residents

A share certificate will be sent to the registered address of the non-resident concerned or any other address in accordance with the posting instructions given on the face of this form and will be restrictively endorsed in terms of the South African Exchange Control Regulations.

All other non-residents must give the following information:

Name and address of the authorised dealer in South Africa

____

____

____

____

Account number ____

Notes:

1. Return address

   This completed form together with share certificates and/or documents of title must be delivered or mailed to the relevant transfer secretaries at the following address in an envelope marked "**ZCI – Certificates of Title**":

   Transfer Secretaries (SA)

   By hand

   Computershare Investor Services (Pty) Limited
   70 Marshall Street
   Johannesburg, 2001
   (Telephone number: +27 11 370 5000)

   By post

   Computershare Investor Services (Pty) Limited
   PO Box 61763
   Marshalltown, 2107

2. No receipts will be issued for share certificates and/or documents lodged unless specially requested. In compliance with the requirements of the JSE Limited ("JSE"), lodging agents requiring receipts are requested to prepare special transaction receipts.
3. A minor must be assisted by his parent or guardian.
4. Where shares are jointly held, any one of the joint shareholders can sign this form of surrender on behalf of the other joint holders.
5. If this form of surrender is signed under power of attorney, such document must be produced unless it has previously been noted by the relevant transfer secretaries of ZCI or the documents have been lodged with a JSE stockbroker and this form bears the stamp of that stockbroker.
6. If the ZCI shareholder is a deceased estate, this form must be accompanied by the Letters of Executorship or equivalent documentation of the estate is not governed by South African law unless the relevant documents have been lodged with a JSE stockbroker and this form of surrender bears the stamp of that stockbroker.
7. If a shareholder produces evidence to the satisfaction of ZCI that any share certificate in respect of his/her shares has been lost or destroyed, ZCI may waive the surrender of that certificate against an indemnity given by the ZCI shareholder or other person and in a form and on terms and conditions approved by ZCI, or ZCI may, in its discretion, waive the requirement for the indemnity.
8. Shareholders who have dematerialised their share certificates in terms of Strate must **not** complete a form of surrender. Where such shareholders wish to provide a new address to which share statements is/are to be posted they should contact their Central Securities Depository Participant or stockbroker.

Zambia Copper Investments Limited

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Euronext share code: BMG988431240
("**ZCI**" or "**the Company**")

FORM OF SURRENDER
(FOR USE BY UK REGISTERED CERTIFICATED SHAREHOLDERS)

Please refer to the notes overleaf before completing this form. Use BLOCK CAPITALS when completing this form.

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

Dear Sirs

I/We hereby:

1. Surrender my/our ZCI share certificates and/or documents of title details of which are shown below.
2. Confirm that my/our ZCI share certificate(s) must be posted to me/us unless instructions to the contrary are given by the completion of the disposal instructions below.

NAME OF SHAREHOLDER

DISPOSAL INSTRUCTIONS

New share certificate(s) will be posted, by registered post, at the risk of the ZCI shareholder concerned to the registered address, unless an indication is made that the ZCI share certificate(s) are to be collected.

I require that my/our share certificate(s) be:

(please tick one of the boxes)

POSTED	
COLLECTED	

Address to which the new share certificate(s) are to be posted (if different from that shown in the Company's records). Please note that this will not be recorded as a permanent change of address.

____

____

____

SHARE CERTIFICATE(S) DOCUMENTS OF TITLE SURRENDERED

Certificate number	Number of shares	Certificate number(s)	Number of shares
		Total	

Signature Date

Notes:

1. **Return address**

   This completed form together with share certificates and/or documents of title must be delivered or mailed to the relevant transfer secretaries at the following address in an envelope marked "**ZCI – Certificates of Title**":

   Transfer Secretaries (UK)
   Computershare Investor Services PLC
   Corporate Actions Projects
   The Pavilions
   Bridgwater Road
   Bristol
   BS99 6AH
   (Telephone: +44 870 707 1574 – UK registered shareholders)

2. No receipts will be issued for documents lodged, unless specifically requested. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
3. Any alteration to this form of surrender must be signed in full and not initialled.
4. If this form of surrender is signed under power of attorneys, then such power of attorney, or a notarially certified copy of hereof, must be sent with this form for noting (unless it has already been noted by Computershare).
5. Where the ZCI shareholder is a company or a close corporation, unless it has already been registered with Computershare, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by Computershare.
6. Where there are joint holders of any ZCI ordinary shares, all holders whose names appear in the register of members must sign this form of surrender.
7. If this form of surrender is returned with the relevant documents of title, it will be treated as a conditional surrender which is made subject to the change of name becoming effective. Documents surrendered in anticipation of the change of name becoming effective will be held in trust by the transfer secretaries until the change of name becomes effective.
8. The replacement share certificates will not be sent to the relevant shareholders unless and until documents of title in respect of the shares held by such shareholders have been surrendered to the transfer secretaries.
9. If a shareholder produces evidence to the satisfaction of ZCI that documents of title in respect of ZCI ordinary shares have been lost or destroyed, ZCI may waive the surrender of such documents of title against delivery of an indemnity in a form and on terms and conditions approved by it, or may in its discretion waive such indemnity.
10. Persons who have acquired shares in ZCI after Thursday, 17 December 2009, the date of posting of the notice of general meeting to which this form of surrender is attached, can obtain copies of the form of surrender and notice of general meeting from Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH.

TYPESETTING BY INCE (PTY) LTD SOUTH AFRICA W2CF08654