Zambia Copper Investments Limited

(Incorporated in Bermuda)
(Registration number 1970/000023/10)
JSE share code: ZCI ISIN: BMG988431240
LSE share code: ZCI Euronext share code: BMG988431240
("ZCI" or "the company")

Circular to shareholders

The recommended introduction of Vedanta Resources plc as a strategic equity partner in Konkola Copper Mines plc

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and incorporating:
a notice of general meeting; and
a form of proxy.

Date of issue: 11 October 2004

RAND MERCHANT BANK
A division of FirstRand Bank Limited

International legal adviser

Maitland

Independent adviser and sponsor

South African legal adviser

WWB
WEBBER WENTZEL BOWENS

Reporting accountants and auditors

Deloitte.
Deloitte & Touche Chartered Accountants
Registered Accountants and Auditors

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In South Africa

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This circular is available in English and French. Copies may be obtained from the registered office of the company, the sponsor and the transfer secretaries at the addresses set out above.

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11 October 2004

Dear ZCI shareholder,

I am writing to urge you to support your Board's unanimous recommendation regarding the introduction of Vedanta Resources plc as a strategic equity partner for our subsidiary Konkola Copper Mines plc ("KCM"), details of which are set out in this circular.

As you will remember in 2002, we were faced with the unexpected announcement that Anglo American plc had decided to withdraw from its investment in Zambia Copper Investments Limited and therefore KCM stating that a managed closure of KCM's operations was its 'preferred option'. Such a course would have had a disastrous impact on our interests and indeed upon the economy of Zambia as a whole. Subsequent to the announcement, Anglo American withdrew from ZCI and handed its shares in ZCI to the Copperbelt Development Foundation. As a result, KCM found itself in a position with no financial and technical support.

Against this background and following a thorough extensive technical and strategic review, it was agreed that the most appropriate way forward would be to introduce a new strategic equity partner that could bring the technical expertise, management experience and funding support to address the management and capital constraints hitherto placed upon KCM. Accordingly, with the encouragement of your Board, KCM and its shareholders together with the Government of the Republic of Zambia ("GRZ"), with the support of its advisers, Standard Bank London Limited, Clifford Chance LLP and Stefan Robertson & Kirsten SA (Pty) Ltd, embarked upon a process to identify, select and secure an appropriate strategic equity partner for KCM.

Following a worldwide review of potential strategic equity partners, a competitive bidding process was initiated, and which included a detailed technical and financial due diligence of KCM, the in depth negotiation of a new Development Agreement with GRZ, the negotiation of a new Shareholders Agreement and other definitive documents required to ensure the successful introduction of a new strategic equity partner into KCM. As a result of this process, alternative proposals and offers were received, from which, after due consideration, Vedanta was selected as the preferred bidder by the KCM board, a decision which was endorsed by the GRZ. Vedanta is an international mining and metals group listed on the London Stock Exchange plc with a current market capitalisation of approximately US$1.8 billion. Vedanta has a successful track record in turning round underperforming assets and a commendable reputation for its commitment to training and the introduction of modern mining techniques. It has also recently embarked upon a US$2 billion capital expenditure programme to significantly expand its operations.

Under the terms of the agreements, which are set out in detail in this circular, Vedanta will subscribe for new KCM shares and will obtain a 51% interest in KCM. In return, Vedanta will inject US$25 million as new equity capital into KCM and, in addition, your company will receive US$23.2 million as deferred consideration over a four and a half year period. Also, in the event that the free cash flow of KCM is negative at any time during a period of nine years following completion of the transaction, Vedanta will be obliged to fund any cash shortfalls up to a cumulative amount of US$220 million.

The detailed terms of the transaction which are set out in this circular are subject to the approval of shareholders at a General Meeting to be held at Hermes Amphitheatre, Paris Expo, Coeur Défense, 110 Esplanade du Général de Gaulle, 92032 Paris La Defence Cedex at 10:00 (South African and Central European time) on Tuesday 26 October 2004.

Your Board retained Rand Merchant Bank, an investment bank, to consider the terms of the transaction, which we have put before you and, acting as an independent expert, Rand Merchant Bank has confirmed that it is of the opinion that, as they pertain to ZCI shareholders, the terms are fair and reasonable. Needless to say, your Board has given the fullest consideration to the terms and conditions of the transaction and is firmly of the opinion that it is in the best interests of the company and its shareholders.

Accordingly, your Board unanimously recommends you to vote in favour of the transaction at the forthcoming General Meeting. If you are unable to attend the General Meeting in person, please complete the enclosed proxy form in support of the resolution(s).

I am sure that you will understand that this is a critically important decision which will have a long term impact on the future of our subsidiary KCM, and hence your company, as well as the future of the Zambian copper industry.

I trust therefore that I can count on your active support for this recommended transaction which your Board believes represents an outstanding opportunity to secure a sustainable profitable future for KCM.

Yours faithfully

Barrie Ireton
Chairman

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This document is important and requires your immediate attention. If you are in any doubt as to what action to take, please consult your stockbroker, banker, accountant, attorney or other financial adviser.

Action required by shareholders

Please take careful note of the following provisions regarding the action required by shareholders.

A general meeting of shareholders will be held at 10:00 South African and Central European time on Tuesday 26 October 2004 at Hermes Amphitheatre, Paris Expo Coeur Défense, 110 Esplanade du Général de Gaulle 92032 Paris La Defence Cedex, France.

The following instructions apply should you be registered on the South African shareholders register of ZCI as either a certificated or dematerialised shareholder.

A. If you have not dematerialised your ordinary shares or you have dematerialised your shares with "own name" registration:

- **Voting, attendance and representation at the general meeting**

  - You may attend and vote at the general meeting in person.

  - Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy in accordance with the instructions it contains and which must be lodged with or posted to the South African transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, (P O Box 61051, Marshalltown, 2107) to be received by no later than 10:00 South African time on Monday 25 October 2004.

B. If you have dematerialised your ordinary shares without "own name" registration:

- **Voting at the general meeting**

  - If you have not been contacted by your CSDP/broker to ascertain how you wish to cast your vote at the general meeting, you must contact your CSDP/broker and provide your CSDP/broker with your voting instructions in accordance with the provisions contained in the agreement concluded between you and your CSDP/broker.

  - If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.

  - You must **not** complete the attached form of proxy.

- **Attendance and representation at the general meeting**

  In accordance with the agreement between you and your CSDP/broker, you must advise your CSDP/broker if you wish to attend the general meeting in person, or if you wish to send a proxy to represent you at the general meeting and your

CSDP/broker will issue the necessary letter of authority for you or your proxy to attend the general meeting.

If you wish to dematerialise your ordinary shares, please contact your broker.

If you have disposed of your ordinary shares, this circular, together with the attached form of proxy, should be handed to the purchaser of such ordinary shares or the broker or other agent who disposed of your ordinary shares for you.

Should you be registered on the United Kingdom register of ZCI:

- o You may attend and vote at the meeting in person.
- o Alternatively you may appoint one or more proxies to attend and, on a poll, vote instead of the shareholder at the general meeting by completing the attached form of proxy in accordance with the instructions it contains and must be lodged with or posted to the United Kingdom transfer secretaries, Computershare Investor Services plc, Bridgwater road, Bristol BS99 7NH, United Kingdom, (P O Box 82, The Pavilions), to be received by no later than 09:00 United Kingdom time on Monday 25 October 2004.
- o A Proxy need not be a shareholder of the Company.
- o 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).
- o A corporation may affix its common or official seal or use the signature of its duly authorised officer.
- o Completion and lodging of the form of proxy will not preclude the shareholder who grants the proxy from attending the meeting and speaking and voting in person to the exclusion of any proxy appointed.

Should you hold your shares through a European bank or brokerage account:

- **Voting at the general meeting**
  - o You should contact your bank/broker in the manner stipulated in the agreement concluded between you and your bank/broker and instructing them how you wish to cast your vote at the general meeting and indicate the number of shares you wish to vote. **Your instructions should be received by your bank/broker by no later than 17:00 on Tuesday 19 October 2004.** Provided that they have received the instructions in time your bank/broker shall:
    - ▪ Restrict your ability to trade in the shares (in respect of which they have received notification) until after the general meeting; and
    - ▪ Inform Euroclear of your voting instructions.

   - If your bank/broker does not obtain voting instructions from you, no vote will be cast in respect of your shares.

   - You should **not** complete the attached form of proxy.

- **Attendance and representation at the general meeting**

   - if you wish to attend the general meeting in person you should contact your bank / broker in the manner stipulated in the agreement concluded between you and your bank / broker advising them accordingly and indicate the number of shares you wish to represent at the meeting (a single share would be sufficient for this purpose).

   - **Your instructions should be received by your bank/broker by no later than 17:00 on Tuesday 19 October 2004.** Provided that they have received the instructions in time your bank/broker shall:

      - Restrict your ability to trade in the shares referred to in the instructions until after the general meeting; and
      - Inform Euroclear of your wish to attend the meeting in person;
      - Procure the delivery to you of a letter of authority to attend the meeting in person (indicating the number of shares being represented by you).

Shareholders holding shares through Euroclear should note that no communications in relation to these matters should be addressed to the Company and that only those instructions given in accordance with the procedures outlined above will be valid for the stated purpose.

If you have disposed of your ordinary shares, this circular, together with the attached form of proxy, should be handed to the purchaser of such ordinary shares or the broker or other agent who disposed of your ordinary shares for you.

Important dates and times

	2004
Last day to lodge form of proxy for general meeting by 10:00 on	Monday 25 October
General meeting of shareholders to be held at 10:00 on	Tuesday 26 October
Results announcement published on SENS, LSE and Euronext on	Tuesday 26 October
Results announcement published in the South African press on	Wednesday 27 October

Notes:

1: These dates and times may be changed at the instance of the company. Any changes will be published on SENS, LSE and Euronext and in the South African press.

2: These times are South African and Central European times.

Definitions

Unless stated otherwise, or as may appear from the context, references to ZCI in the context of the transaction should be construed as references to ZCI acting indirectly through its shareholding in ZCI Holdings.

In this circular, unless otherwise stated or the context otherwise indicates, reference to the singular shall include the plural and *vice versa* and words denoting one gender include the other. Expressions denoting natural persons include juristic persons and associations of persons and the words in the first column have the meanings stated opposite them in the second column, as follows:

"the Act"	the Mines and Minerals Act, Cap No. 213 of the Laws of Zambia as from time to time amended and in effect, and includes any regulations made thereunder;
"Anglo American exit deed"	the agreement dated 19 August 2002 whereby Anglo American plc exited from its investment in ZCI and, indirectly, in KCM;
"Approved Programme of Mining and Metal Treatment Operations"	the proposals for rehabilitating, developing and operating KCM and associated production schedules;
"the Board"	the board of directors of ZCI;
"circular"	this bound circular, dated 11 October 2004, including the notice of general meeting and all Annexures and the attached form of proxy;
"Cross-Indemnity Agreement"	the agreement to be entered into between ZCI and ZCCM-IH whereby each of them agrees to indemnify the other in certain circumstances for any liability incurred by the other for breach of any of the representations and warranties given to Vedanta about the business and financial condition of KCM;
"CSDP"	Central Securities Depository Participant in South Africa;
"Deloitte"	Deloitte, Chartered Accountants (SA), Registered Accountants and Auditors, the reporting accountants and auditors to ZCI and KCM;
"deferred consideration"	an amount of twenty-three million two hundred thousand dollars ($23,200,000) payable by Vedanta to ZCI as consideration for ZCI renouncing its pre-emptive right to acquire new KCM shares in favour of Vedanta, details of which are contained in section 6.2 of the circular;
"deferred KCM shares"	deferred shares with a par value of ninety nine cents ($0.99) each in the share capital of KCM;
"dematerialised shareholders"	shareholders holding dematerialised shares;
"dematerialised shares"	ordinary shares which have been incorporated into the STRATE system and which are no longer evidenced by documents of title;
"directors"	the directors of ZCI, whose names are set out in section 10.1 of this circular;
"Disclosure Letter"	the letter from KCM, ZCI and ZCCM-IH to Vedanta making certain disclosures against (and thereby qualifying) the representations and warranties given to Vedanta about

	the business and financial condition of KCM;
“dollar” or “$”	United States dollars;
"Employment and Training Plan"	the programme as approved by the Minister for the purposes of Section 25(1)(e) of the Act;
“Euronext”	the corporate group consisting of Euronext N.V., a corporation (“*naamloze vennootschap*”) organised under the laws of the Netherlands, the Euronext Market Undertakings and any other subsidiary of Euronext N.V., as the context may require;
"Final Environmental and Social Management Plan"	the programme for environmental clean-up and protection, in terms of section 25(1)(d) and 76(2) of the Act;
“force majeure event”	*inter-alia*, an act of war, invasion, armed conflict or any other political, environmental and social event which could not reasonably be expected to be prevented or controlled;
“general meeting”	the general meeting of shareholders to be held at 10:00 South African and Central European time on Tuesday 26 October 2004 at Hermes Amphitheatre, Paris Expo Coeur Défense, 110 Esplanade du Général de Gaulle, 92032 Paris La Defence Cedex, France;
“GRZ”	Government of the Republic of Zambia, acting through the Minister of Finance and National Planning;
“JSE”	JSE Securities Exchange South Africa;
“KCM” or “the business”	Konkola Copper Mines plc, a company incorporated in Zambia (registration number 43628), whose registered office is at Stand M/1408 Fern Avenue, Chingola, Zambia;
"KCM Development Agreement"	the amended and restated agreement between GRZ and KCM regulating the relationship between KCM and GRZ and containing the Approved Programme of Mining and Metal Treatment Operations, the Final Environmental and Social Management Plan and the Employment and Training Plan which will come into effect on conclusion of the transaction;
“KCM rights offer”	the offer of 560,325,511 new KCM shares in the share capital of KCM for an aggregate price of twenty five million dollars ($25,000,000);
"Konkola Ore Body Extension Project"	the project providing for the extension of the KCM ore-body as set out in the KCM Development Agreement which extension is subject to the fulfilment of certain conditions;
“last practicable date”	Thursday 7 October 2004, being the last practicable date prior to the finalisation of this circular;
“LSE”	London Stock Exchange plc;
“NAV”	the net asset value, being the residual value of the assets after deducting liabilities;
"new KCM Shareholders' Agreement"	the new shareholders' agreement relating to KCM to be entered into by GRZ, ZCI, ZCI Holdings, ZCCM-IH, Vedanta and KCM;
“new KCM shares”	KCM shares to be issued in terms of the KCM rights offer;
“ordinary KCM shares”	ordinary shares with a par value of one US cent each in the share capital of KCM;
“ordinary shares”	issued ordinary shares of four US cents ($0.04) each in

	the share capital of ZCI;
"permitted exit date"	any date after 1 January 2008 or the expiry of a continuous period of two years in respect of a *force majeure* event;
“Rand” or “R”	South African Rand;
“RMB”	FirstRand Bank Limited acting through Rand Merchant Bank Corporate Finance (registration number 1929/001225/06), a public company incorporated in South Africa;
“SENS”	the Securities Exchange News Service of the JSE;
“shareholders”	the registered holders of ZCI ordinary shares;
“South Africa”	the Republic of South Africa;
"special share"	the special share of one dollar ($1.00) in the share capital of KCM owned by the GRZ;
“shortfall funding commitment”	the commitment by Vedanta to procure the provision of debt or equity finance to KCM, at any time, limited to a maximum amount equal to two hundred and twenty million dollars ($220,000,000);
"shortfall funding commitment termination date"	the date being the earliest of: • the ninth anniversary of the date of the transaction which date can be extended under certain circumstances; • the transfer of all of Vedanta's ordinary shares to ZCI and/or ZCCM-IH pursuant to the ZCI / ZCCM Call Option Deed; or • the permitted exit date;
“Sterlite”	Sterlite Industries (India) Limited, a subsidiary of Vedanta Resources in which Vedanta currently has an effective interest of 60.8%;
“STRATE”	STRATE Limited (registration number 1998/022242/06), a registered securities depository in terms of the Custody and Administration of Securities Act, 1992 (Act 85 of 1992), as amended;
“Subscription Agreement”	the agreement in terms of which Vedanta will subscribe for 51% of the issued ordinary share capital of KCM;
“tpa”	tonnes per annum;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated in South Africa;
“treasury shares”	ordinary shares of ZCI held by its subsidiaries;
“Vedanta”	Vedanta Resources plc, a company incorporated in England and Wales (registration number 04740415), whose registered office is at Hill House, 1 Little Street, London EC4A 3TR, England;
“Vedanta Call Option Deed”	the agreement to be entered into between ZCI, Vedanta and KCM detailed in section 6.6.1 of this circular;
“Vedanta investment” or “the transaction”	the subscription by Vedanta for 51% of the increased ordinary share capital of KCM resulting in the effective reduction by ZCI of its interest in KCM from 58% to 28.4%

	and all matters relating thereto;
"Vedanta Tax Indemnity"	the agreement between Vedanta, ZCI and ZCCM-IH whereby Vedanta agrees to indemnify ZCI and ZCCM-IH in certain circumstances for any tax liabilities arising from the structure of the transaction;
"VWAP"	volume weighted average price of a ZCI ordinary share;
"ZCCM-IH"	ZCCM Investment Holdings plc, a company incorporated in the Republic of Zambia (registration number 771), whose registered office is at Mukuba Pension House, 5309 Dedan Kimathi Road, Lusaka, Zambia;
"ZCI group"	ZCI and its subsidiary companies and associates;
"ZCI" or "the company"	Zambia Copper Investments Limited, a company registered in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda and with its primary listing on the JSE and secondary listings on the LSE and Euronext;
"ZCI Holdings"	ZCI Holdings S.A., a company registered under the laws of Luxembourg with registration number B75148 whose registered office is at 6 Rue Adolphe Fischer, L-1520 Luxembourg, which is wholly owned by ZCI; and
"ZCI / ZCCM-IH Call Option Deed"	the agreement to be entered into between ZCI, ZCCM-IH, Vedanta and KCM detailed in section 6.6.2 of this circular.

Zambia Copper Investments Limited
(Registered in Bermuda)
JSE share code: ZCI   ISIN: BMG988431240
LSE share code: ZCI   Euronext share code: BMG988431240

Circular to shareholders

1. Introduction

It was announced on SENS on Friday 20 August 2004 that the GRZ, ZCI, ZCCM-IH, Vedanta and KCM had signed a subscription agreement pursuant to which Vedanta will subscribe for a 51% interest in KCM.

The transaction is the culmination of a long-term strategy by ZCI and ZCCM-IH to select a suitable strategic equity partner in KCM, namely Vedanta, to provide financial support, particularly in the form of equity, as well as technical assistance for the longer term development of the business.

The transaction will be effected through ZCI and ZCCM-IH renouncing their rights in terms of the KCM rights offer in favour of Vedanta. As consideration for ZCI renouncing its rights, Vedanta will pay ZCI the deferred consideration of $23.2 million. Furthermore, Vedanta will pay $25 million to KCM as consideration for subscribing for the new KCM shares.

The purpose of this circular is to furnish shareholders with the terms and conditions relating to the transaction, in accordance with the provisions of the Listings Requirements of the JSE, and to convene the general meeting to consider and, if deemed fit, to pass the ordinary resolutions required to implement the transaction.

2. Rationale for the transaction

ZCI is Bermudan registered with its primary listing on the JSE. It has secondary listings on the LSE and the Euronext. The company's only material asset is its shareholding of 58% of the issued ordinary share capital of KCM.

In 2002 Anglo American plc announced its intention to withdraw from its investment in ZCI, and therefore KCM, and stated that a managed closure of the KCM operations was its preferred option. The closure of KCM would have had a disastrous effect on all the stakeholders of KCM, including the shareholders of KCM and ZCI, as well as the Zambian economy as a whole.

After the exit of Anglo American plc as a shareholder of ZCI (and indirectly KCM) in September 2002, the KCM shareholders and the GRZ embarked on a process to ensure the long-term sustainability of KCM. It was agreed that the introduction of a new strategic equity partner was the most appropriate route to follow to secure the future of KCM as the two key issues that needed to be addressed were:

- technical expertise and management experience; and
- funding support to ensure the financial stability of KCM.

A competitive bidding process was therefore initiated in October 2002, with the support of advisers Standard Bank London Limited, Clifford Chance LLP and Stefan, Robertson & Kirsten

SA (Pty) Ltd, to identify a new strategic equity partner for KCM. Bids were received from interested parties in February 2003 from which, after due consideration, Vedanta was selected as the preferred bidder by the KCM board and endorsed by the GRZ.

Pursuant to implementation of the transaction, KCM will have the support of a leading aluminium, zinc and copper producer in Vedanta. Since the exit of Anglo American plc as a shareholder of ZCI and subsequent restructuring of ZCI in 2002, KCM has suffered from the absence of a world class mining company with the requisite skills and commitment. Currently, KCM is a high-cost copper producer with significant leverage to the level of the copper price. Also, the mine has a limited remaining life unless a partner is introduced that can commit capital to maintain and expand current operations and extend the life of the mine.

As part of the transaction, an amended KCM Development Agreement will be entered into between KCM and the GRZ which will ensure the continued development and exploitation of KCM through the commitment of Vedanta to an agreed schedule of development programmes. The KCM Development Agreement contemplates KCM having sufficient financial, management and strategic support to fully develop the resources covered by its mining licences and to comply with its obligations in relation to development of the Zambian economy. In the new KCM Shareholders Agreement, Vedanta has indicated its commitment to provide such support to KCM.

Pursuant to the transaction Vedanta will inject $25 million of immediate funding into KCM and will make the shortfall funding commitment available to KCM. This commitment will significantly increase the financial stability of KCM. Currently, KCM is a marginal operation with limited access to funding in the event of a cash flow shortfall. The shortfall funding commitment will provide funding in respect of any cash flow shortfalls at KCM.

KCM has an existing projected life of mine to 2012. The extension of the life of mine of KCM depends on the further development of the Konkola ore body as envisaged in the Konkola Ore Body Extension Project. As a result of the transaction, Vedanta will provide up to $1 million of the funding required to undertake a feasibility study in respect of this project. It will also commit to procure the funding for the Konkola Ore Body Extension Project in the event that the KCM Board decides to proceed with the project. In the event that the KCM board decides not to proceed with the Konkola Ore Body Extension Project then ZCI and ZCCM-IH will be able to call on Vedanta's shares in KCM, as detailed in section 6.6.2.

Shareholders will be informed as to developments in respect of the Konkola Ore Body Extension Project feasibility study.

In terms of the transaction, Vedanta has agreed that KCM will set aside a portion of its future annual free cash flow to create a cash reserve so that the shareholders and the GRZ have assurance that as cash is accumulated in the reserve, KCM has dedicated funds available to fund its environmental and terminal benefits obligations

In addition, Vedanta will contractually undertake not to exit KCM prior to 1 January 2008. Thereafter if it wishes to exit, Vedanta will be required to provide a twelve months' notice of its intention to exit, during which time Vedanta will continue to provide the management to KCM, and Vedanta will be obliged to pay the budgeted capital expenditure for the notice period (as adjusted for any over or under spending of capital expenditure in prior financial periods), with its standby funding commitment terminating on the exit date.

Thus overall the Board is of the view that Vedanta is able to provide KCM with the necessary technical and operational expertise and financial stability required to support the profitable existence of KCM.

3. Opinions and recommendation

RMB, acting as an independent expert, has considered the terms of the transaction as they pertain to ZCI shareholders and is of the opinion that they are fair and reasonable. It has advised the Board accordingly. The text of the letter from RMB is set out in Annexure 6.

The board of directors has considered the terms and conditions of the transaction and is of the opinion that the transaction is in the best interests of the company and its shareholders. The board of directors recommends that ZCI shareholders vote in favour of the transaction at the general meeting.

4. Prospects for ZCI

KCM is ZCI's only material asset. A restructured KCM with a committed and financially strong strategic equity partner is an attractive proposition for ZCI shareholders. ZCI shareholders will participate in value upliftment in KCM that would result with the introduction of such a strong strategic equity partner, namely Vedanta.

The Board will consider all alternatives for the company post the Vedanta investment with a view to maximising the shareholders' return, which could eventually include the making of strategic acquisitions or the possible declaration of a dividend.

5. Public listings

Post the Vedanta investment, ZCI will continue to be publicly listed on the JSE, as a primary listing, and the Euronext Paris Bourse as a secondary listing.

However, ZCI will terminate its secondary listing on the LSE. Post the transaction ZCI will no longer meet the listing requirements as specified by the UK Listing Authority, a regulatory body falling under the Financial Services Authority. Therefore a process to delist the company from the LSE will commence on conclusion of the transaction.

6. Details of the transaction

6.1. Terms of the KCM rights offer

KCM will offer 560,325,511 new KCM shares to its current shareholders by way of a rights offer. Its current shareholders, including ZCI will renounce their rights in favour of Vedanta. Vedanta will subscribe for 560,325,511 new KCM shares for an amount of $25 million such that Vedanta obtains a 51% interest in KCM. Accordingly, ZCI will reduce its shareholding and voting interest in KCM from 58% to 28.4% and ZCCM-IH will reduce its shareholding and voting interest in KCM from 42% to 20.6%.

Following the subscription, there will be 1,098,677,473 ordinary KCM shares, 60,000,000 deferred KCM shares and the special share in issue. Vedanta will be the registered owners of 560,325,511 ordinary KCM shares comprising 51% of the issued share capital of KCM. ZCI will be the holder of ordinary KCM shares representing 28.4% of KCM. ZCCM-IH will be the holder of ordinary KCM shares representing 20.6% of KCM.

ZCI and ZCCM-IH will remain the registered holders of 80% and 20% of the deferred KCM shares respectively.

6.2. Deferred consideration

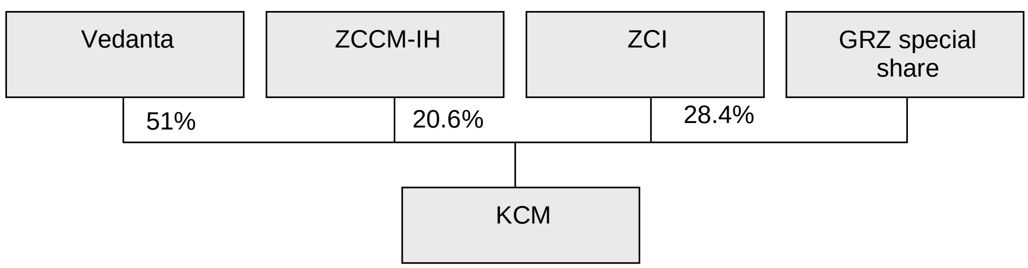
In order to enable Vedanta to subscribe for new KCM shares, ZCI and ZCCM-IH will waive their pre-emptive subscription rights. As consideration for this waiver, ZCI will receive a deferred consideration of $23.2 million from Vedanta, payable over a period commencing on the completion date of the Vedanta investment and ending on 31 December 2008. The schedule of deferred payments is as follows:

- $2,320,000 on fulfilment of all the conditions precedent to the transaction;
- $5,220,000 on 31 December 2005;
- $5,220,000 on 31 December 2006;
- $5,220,000 on 31 December 2007; and
- $5,220,000 on 31 December 2008.

While ZCCM-IH will not receive a deferred consideration from Vedanta, in order for ZCCM-IH to be in an equivalent position, ZCCM-IH will receive $16.8 million by way of a debt cancellation arrangement with the GRZ, whereby the GRZ will cancel debt owed by ZCCM-IH to the GRZ.

6.3. Ownership structure of KCM post the transaction

The resulting ownership structure of KCM subsequent to the Vedanta investment will be as follows:



6.4. KCM board of directors

6.4.1. Reconstitution of the KCM board of directors

At present, the board of directors of KCM consists of three ZCI appointed directors, two ZCCM-IH appointed directors and one GRZ appointed director (with limited voting rights). On completion of the Vedanta investment, the board of KCM will be reconstituted and consist of five Vedanta appointed directors, two ZCI appointed directors, namely Steven Georgala and Barrie Ireton, two ZCCM-IH appointed directors and one GRZ appointed director (with limited voting rights).

6.4.2. Appointment of Chairman and CEO

Vedanta will have the right to appoint the Chairman and the Chief Executive Officer, each of whom will be a Vedanta director.

6.4.3. Voting rights

Each board member will have one vote except for the GRZ director who will have no vote (except under certain predefined circumstances). The Chairman will not have a casting vote.

6.5. Undertakings by Vedanta

6.5.1. Shortfall funding commitment

In the event that the free cash flow (after sustaining project capital expenditures) of KCM is negative at any time during a period of nine years after the completion date of the transaction, then Vedanta will guarantee and be responsible for providing or securing the necessary additional funding required by KCM to immediately fund, to the extent of the negative cash flow, up to, but not exceeding, a cumulative amount of $220 million. Should this shortfall funding commitment be provided by Vedanta in the form of equity, it will be non-dilutive to existing shareholders.

6.5.2. Konkola Ore Body Extension Project feasibility study

An undertaking has been given by Vedanta to have KCM complete a feasibility study on the extension of the Konkola ore body by no later than 31 December 2006. Vedanta will contribute $1 million towards the cost of the feasibility study.

6.5.3. Konkola Ore Body Extension Project

Should the KCM board decide to proceed with the Konkola Ore Body Extension Project, Vedanta will secure the funding necessary for the project once approved. This may be in the form of debt or equity finance. If necessary, Vedanta will be required to contribute whatever equity is required by KCM to secure the debt funding. ZCI and ZCCM-IH will be able to follow their rights of any equity contribution required, but should they decline to do so, the additional equity will be contributed by Vedanta on a dilutive basis.

6.5.4. Environmental and terminal benefit provisions in KCM

Vedanta has agreed that KCM will set aside a portion of its future annual free cash flow to create a cash reserve so that the shareholders and the GRZ have assurance that as cash is accumulated in the reserve, KCM has dedicated funds available to fund its environmental and terminal benefit obligations.

6.6. Call option agreements

Pursuant to the Vedanta investment, ZCI, ZCCM-IH and Vedanta will enter into the following call option arrangements:

6.6.1. Vedanta Call Option Deed

Vedanta will have a call option over ZCI's shares in KCM, exercisable on either a positive development decision on the Konkola Ore Body Extension Project or the achievement by Konkola mine, a division of KCM, of 3 million tpa of ore production for four consecutive quarters. The exercise price will be the prevailing fair market value of ZCI's KCM shares as agreed to between ZCI and Vedanta or, failing agreement, as determined by an independent international investment bank.

6.6.2. ZCI / ZCCM-IH Call Option Deed

If the KCM board of directors decides not to proceed with the Konkola Ore Body Extension Project, then ZCI and ZCCM-IH will have a call option over Vedanta's shares in KCM, exercisable on or after 31 December 2009 at the prevailing fair market value of such shares. However, if Vedanta can demonstrate, at any time before the exercise date of the call option, that an additional five years production for the period from 2013 to 2017, at 175,000 tpa of produced finished copper utilising the areas covered by the existing KCM mining licences (together with the adjacent areas) is achievable, then the exercise date of the call option will be deferred for a period of five years, such that it may not be exercised prior to 31 December 2014.

6.7. Restrictions on sale of KCM shareholding

Vedanta will contractually undertake in the new KCM Shareholders Agreement not to exit KCM prior to 1 January 2008. Thereafter if it wishes to exit, Vedanta is required to provide a twelve month notice period during which time it will provide management to KCM and it will pay an exit fee equivalent to the following years budgeted capital expenditure (as adjusted for any over or under spending of capital expenditure in prior financial periods), with its shortfall funding commitment terminating on the exit date.

6.8. Undertakings by the GRZ

On the basis of Vedanta becoming the new controlling shareholder of KCM, the GRZ has also agreed the terms of the KCM Development Agreement with KCM, which regulates the legal and fiscal framework under which KCM operates in Zambia. In addition to providing legislative certainty to KCM for the agreed stability period, the development agreement also has certain incentives which will benefit KCM if the KCM board decides to proceed with the further development of the Konkola orebody.

6.9. Voting rights

6.9.1. Ordinary KCM shares

Each ordinary KCM share will have one vote and, accordingly the new KCM shares issued will rank *pari passu* with the ordinary KCM shares issued.

6.9.2. Deferred KCM shares

The deferred KCM shares have no voting rights.

6.9.3. KCM special share

The GRZ will continue to own one special share in KCM which will not have any economic participation rights but will allow the GRZ to vote at KCM shareholder meetings under certain circumstances as specified in the new KCM articles of association, which will become effective on completion. For example, the consent of the GRZ shall be required for any material change in the nature of the business of KCM.

6.10. Conditions precedent

The transaction is conditional upon the fulfilment of; *inter alia*, the following conditions precedent:

- the passing of all necessary resolutions by the requisite majority of shareholders at the general meeting;
- the consent of certain KCM debt providers to the Vedanta investment;
- the signature of a management agreement for the provision of certain services by Vedanta to KCM; and
- upon satisfaction of the above conditions precedent, the execution of the new KCM Shareholders Agreement the execution of the KCM Development Agreement the execution of the call option agreements between Vedanta, ZCI and ZCCM-IH and the adoption by KCM of new articles of association.

6.11. Pro forma financial effects of the transaction

The pro forma financial effects of the transaction are set out below and are based on the published unaudited interim results for the six month period ended 30 June 2004. The pro forma financial effects are calculated taking into account that post the Vedanta investment, KCM will no longer be considered a subsidiary company of ZCI. Therefore, ZCI will no longer consolidate KCM and will treat it as an associate company for accounting purposes.

The pro forma financial effects set out below do not necessarily represent or indicate sustainable earnings or future profits of ZCI. Accordingly, the pro forma financial effects set out below have been prepared for illustrative purposes only.

	Note	Actual Before the transaction	Pro forma After the transaction	Increase / (Decrease)	Increase / (Decrease) (%)
Earnings per ordinary share (cents)	3	24.16[1]	19.84[4]	(4.32)	(17.88)
Headline earnings per ordinary share (cents)		24.16[1]	19.84[4]	(4.32)	(17.88)
Tangible NAV per ordinary share (cents)	5	57.83[1]	51.31[2]	(6.52)	(11.27)
Actual number of ordinary shares in issue ('000)	6	126 197	126 197	-	-
Weighted average number of ordinary shares in issue ('000)	6	126 197	126 197	-	-

Notes:

The *pro forma* financial effects of the transaction set out above are based on the following assumptions:

1. the earnings, headline earnings and tangible NAV per ordinary share reflected in the "Before the transaction" column were extracted from the company's unaudited results for the six months ended 30 June 2004;
2. the effect on tangible NAV per share reflected in the "After the transaction" column assumes that the transaction was effective on 30 June 2004;
3. earnings per share are equal to fully diluted earnings per share;
4. the effect on earnings and headline earnings per share reflected in the "After the transaction" column assumes that the transaction was effective on 1 January 2004;
5. there is no difference in the value for NAV per ordinary share and tangible NAV per ordinary share as there are no intangible assets on the ZCI balance sheet;
6. the number of ordinary shares is indicative only and is based on the ordinary shares in issue at 1 January 2004;
7. the deferred consideration to be received from 2005 to 2008 was discounted to a net present value at 30 June 2004 and 1 January 2004 using a discount rate of 2.46% per annum;
8. the deferred consideration was amortised on a straight line basis over the period from the effective date to December 2008;
9. ZCI had a 28.4% share in the KCM value increase resulting from the $25 million cash injection into KCM; and
10. due to its contingent nature, the shortfall funding commitment has not been included in the above calculations (refer to paragraph 6.5.1).
11. the *pro forma* financial effects have been prepared on the basis of the non-consolidation of the KCM Employee Share Ownership Trust ("ESOT"). The directors of ZCI are of the opinion that the ESOT should not be consolidated as it does not constitute a trust or scheme in terms of, and therefore subject to, the provisions of Schedule 14 of the JSE Listings Requirements.

A full pro forma balance sheet and income statement for the company after the transaction is included as Annexure 1.

The independent reporting accountants' report on the pro forma financial effects of the transaction is set out in Annexure 2.

Attention is drawn to the fact that under no circumstances should any information contained in this circular be construed as a forecast of the company's profits.

7. General meeting and shareholder approval

Pursuant to the Listings Requirements of the JSE, the transaction requires the approval by way of an ordinary resolution of ZCI shareholders requiring 75% of those present at the meeting or represented by proxy. The general meeting of shareholders will be held on Tuesday 26 October 2004 at Hermes Amphitheatre, Paris Expo, Coeur Défense, 110 Esplanade du Général de Gaulle, 92032 Paris La Defence Cedex, France for the purpose of considering and if deemed fit, passing, with or without modification, the requisite resolutions to approve and implement the transaction. A notice convening the general meeting is attached hereto and forms part of this circular and contains the ordinary resolutions to be considered at the general meeting.

8. Information on KCM

8.1. Material loans

The following material loans have been made to KCM and its subsidiaries:

The loans are due to the following:	Class	Principal	Capitalised interest	Total
ARH Limited S.A.[1]	Unmatched	18,000	-	18,000
ARH Limited S.A.[2]	Matched	8,500	-	8,500
GRZ[3]	Subordinated term facility	8,500	142	8,642
At December 31, 2003		35,000	142	35,142

Notes:

1: Unmatched facility

The aggregate principal amount of the unmatched facility available to be drawn from time to time from 17 September 2002 is $18,000,000. With the exception of the security indicated below, each amount drawn under the unmatched facility represents an unsecured obligation for the due and punctual payment of the principal and interest. The rights of ARH Limited S.A. ("ARH"), a subsidiary of Anglo American plc, to receive payment in respect of principal, interest and all other amounts under the unmatched facility, in the event of winding up, are subordinated in right of payment to and after all other unsecured creditors of KCM.

The unmatched facility will terminate with regard to any amounts not disbursed on and following the earlier of:

- all insurance claims being finally settled, compromised or determined; or
- 17 September 2004, being the second anniversary of the date of signing of the Anglo American exit deed

Amounts drawn under the unmatched facility carry interest for each interest period at LIBOR.

The loan is secured on the proceeds, if any, receivable from the KCM's insurers in respect of the Nchanga Open Pit accident, which occurred on 8 April 2001.

The unmatched loan amount is to be repaid:

- immediately to the extent of any insurance proceeds received by KCM; or
- from the third anniversary of the date of Anglo American exit deed, in which case the aggregate outstanding amount of the loan at the second anniversary shall be repaid together with interest accrued thereon in tranches of 20% of the aggregate balance per year. Amounts and all interest accrued thereon outstanding as at the seventh anniversary will be repaid on the seventh anniversary.

At 30 June 2004 the facility had been drawn down in full.

2: Matched facility

The aggregate principal amount of the matched facility available to KCM is $8,500,000.The terms and conditions of the matched facility are identical to those of the unmatched facility. At 30 June 2004 the facility had been drawn down in full.

3: Subordinated term facility

The GRZ has extended a loan to KCM in an aggregate amount of $8,500,000. The facility is secured under second charge over all KCM's rights, title and interest, present and future, to and in respect of proceeds arising under the insurance claim described above. The facility was intended for general corporate purpose. Interest is payable at LIBOR. As provided for in the facility KCM has elected to capitalise interest. Interest so capitalised does not constitute accrued and unpaid interest and is considered to be a loan advance.

$ '000	**31 December 2003**	**31 December 2002**
The loans are repayable as follows:		
Between 1 and 5 years	21,142	21,033
Over 5 years	14,000	14,000
	35,142	35,033

8.2. Material contracts

Other than the agreements entered into pursuant to the transaction, there have been no material contracts that have been entered into by KCM or its subsidiaries within the two-year period prior to the last practicable date.

8.3. Litigation

8.3.1. Insurance claim

KCM instituted a claim against its insurers for business interruption and replacement of assets lost following an accident at the Nchanga Open Pit on 8 April 2001. The estimated value of the claim is between $26 million and $46 million on the basis of KCM's claim assessors and those engaged by Anglo American plc in respect of equipment loss, pit reinstatement and business interruption. The ultimate re-insurers have not accepted the claim for settlement and a decision on the matter is currently pending.

There are no other legal or arbitration proceedings that may have or have had a material effect on the financial position of the KCM group in the past 12 months. The directors of KCM are not aware of any such proceedings that are pending or threatened.

8.4. Financial information

8.4.1. The historical financial information of KCM is set out in Annexure 4.

8.4.2. The Accountants' report on the historical information of KCM is set out in Annexure 5.

8.5. Material changes

There has been a material change in the trading position of KCM since the audited results to 31 December 2003 were published. This is primarily as a result of the significantly higher dollar copper price received by KCM.

8.6. Working capital statement

The directors of ZCI are of the opinion that the working capital funding available to ZCI and its subsidiaries is sufficient for ZCI and its subsidiaries present requirements, for at least the next 12 months.

9. Financial information on ZCI

9.1. Pro forma financial information

9.1.1. Pro forma income statement and balance sheet of ZCI is set out in Annexure 1.

9.1.2. An accountants' report on the pro forma financial information is contained in Annexure 2.

9.2. Share capital

There is no change in the authorised and issued share capital of ZCI as a result of the transaction.

9.3. Share price history

The trading share price history of ZCI on the JSE is set out in Annexure 8.

9.4. Material loans

There are no material loans to ZCI. Details of material loans made to KCM are set out in paragraph 8.1.

10. Details relating to ZCI directors

10.1. Directors

The name, age, qualifications, business address and occupation of the directors of ZCI are set out below:

Name, age and qualifications	Business address	Occupation
Barrie Ireton (60) MA, MSc	11 Eynella Road Dulwich London SE22 8XF United Kingdom	Non-executive chairman of ZCI and KCM
David Rodier (61) Beng	2115 Chippewa Trail Mississauga Ontario L5H 3V6 Canada	Non-executive director of ZCI and KCM
Steven Georgala (47) BCom, LLB, HDip (Co. Law)	Maitland & Cie Sàrl 35 rue La Boetie 75008, Paris France	Non-executive director of ZCI and KCM

10.2. Directors' interests

On the last practicable date, the directors held no shares in ZCI, either beneficially or non-beneficially, and did not have any direct or indirect beneficial interests.

10.3. Directors' interests in the transaction

None of the directors of ZCI or any of its subsidiaries has any direct or indirect beneficial or non-beneficial interest in the transaction. Mr Georgala has an interest in Maitland, which provides services to ZCI.

10.4. Directors' remuneration

10.4.1. ZCI directors

The remuneration paid to ZCI directors comprises only fees and expenses in respect of their service as directors of ZCI. No other payments have been made to directors.

The total amount paid to the directors, in respect of their service as directors, during the year ended 31 December 2003, was $63,200 which was allocated as follows:

Name	Amount
B Ireton	$18,200
R Alley*	$15,000
D Rodier	$15,000
S Georgala	$15,000

* R Alley resigned from the Board on 29 January 2004.

The total amount of expenses reimbursed to directors amounted to $20,828.

There will be no variation to the remuneration receivable by any of the directors as a result of the transaction.

10.4.2. KCM directors

ZCI and KCM share certain common directors. The total amount paid to the directors, in respect of their service as directors of KCM, during the year ended 31 December 2003 was $34,419.

10.5. Directors' service contracts

There are no service contracts granted by ZCI, nor any of its subsidiaries, to any director of ZCI for services as directors, nor were there any contracts or arrangements existing during the financial year which require to be declared in terms of the requirements of the JSE.

10.6. ZCI Board of directors

Post the Vedanta investment, Barrie Ireton, David Rodier and Steven Georgala will continue to act as directors of ZCI.

The following individuals have offered themselves for election to the Board at the general meeting, details of whom are found below.

10.6.1. Mr J.P. Rozan

Mr Rozan was born on 6 August 1924 Trouville sur Mer, France. Currently, Mr. Rozan holds the positions of, amongst others, Chairman and Managing Director of the *Société Commerciale de Metaux et Minerals* (SCMM), the

President of S.N.U.M.M. *Société Nouvelle Union des Metaux Maroc*, which is involved in mining operations and the international trading of ores and metals. He is also the Chairman and Managing Director of SOMEFOR, France (*Société Méridionale de Formulation*) and President of Feni Industries and SILMAK in Macedonia, which produce ferro-nickel and ferro-silicon respectively.

Mr Rozan has been the General Honorary Consul of the Republic of Zambia since June 1995, having started his relationship with Zambia in 1958, initially as an agent of Anglo American plc then Memaco and subsequently ZCCM-IH. He is the President of A.M.Z.C.I., a shareholder association in France.

10.6.2. Mr T. Kamwendo

Mr 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 20 years experience in the Zambian mining industry having started his professional career as an engineer in what is today KCM's Nchanga Division. He has been CEO of three engineering companies and is currently managing Partner of his own multidisciplinary consulting firm. He has served on the boards of directors of several companies and is also current chairman of two development financing institutions, and is chairman of the Copperbelt Development Foundation.

He served on a Presidential Commission of Enquiry into university education in Zambia. He has previously chaired the Environmental Council of Zambia and is currently President of the Engineering Institution of Zambia.

11. Major shareholders

On the last practicable date, the following shareholders beneficially held 5% or more of the issued share capital of ZCI:

Name of shareholder	Number of shares held	Issued share capital (%)
Non-public shareholders		
Copperbelt Development Foundation	55,932,533	44.3
Trustees of the KCM Employee Share Ownership Trust*	10,095,789	8.0
Public shareholders		
Sicovam S.A.	41,621,790	33.0

* The shareholders in the KCM Employee Share Ownership Trust have been permitted by the JSE to vote at the general meeting.

12. Litigation statement

There are no legal or arbitration proceedings that may have or have had a material effect on the financial position of the ZCI group in the past 12 months. The directors of ZCI are not aware of any such proceedings that are pending or threatened.

13. Material contracts

Other than the agreements entered into pursuant to the transaction, there have been no material contracts that have been entered into by ZCI or its subsidiaries within the two-year period prior to the last practicable date.

14. Transaction expenses

The costs and expenses of the transaction payable by ZCI are currently estimated at R2.7 million. The costs and expenses comprise fees paid to the financial adviser and transaction sponsor of approximately R1.25 million, fees paid to the legal advisers of approximately R723,800, fees paid to the reporting accountants of approximately R315,500, JSE documentation fees of approximately R6,000, with the balance comprising other sundry expenses including the printing and posting of circulars.

15. Opinions and recommendation

RMB, acting as an independent expert, has considered the terms of the transaction as they pertain to ZCI shareholders and is of the opinion that they are fair and reasonable. It has advised the Board accordingly. The text of the letter from RMB is set out in Annexure 6.

The board of directors has considered the terms and conditions of the transaction and is of the opinion that the transaction is in the best interests of the company and its shareholders. The board of directors recommends that ZCI shareholders vote in favour of the transaction at the general meeting.

16. Directors' responsibility statement

The directors of ZCI, whose names are set out in section 10.1 above, collectively and individually, accept full responsibility for the accuracy of the information given in this circular in relation to ZCI and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this circular false or misleading and that they have made all reasonable enquiries to ascertain such facts.

17. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the company situated at Clarendon House, 2 Church Street, Hamilton, Bermuda during normal business hours from the date of issue of this circular until the day of the general meeting:

- the memorandum and articles of association of the company;
- audited financial statements of the company for the three financial years ended 31 December 2003, 2002, 2001 and the interim unaudited financial statements for the period ended 30 June 2004;
- the following agreements relating to the transaction;
    - the Subscription Agreement;
    - the new KCM Shareholders' Agreement;
    - the Vedanta Call Option Deed;
    - the ZCI / ZCCM-IH Call Option Deed;
    - the new KCM Development Agreement;
    - the Vedanta Tax Indemnity;
    - the Disclosure Letter; and

    - the Cross-Indemnity Agreement;
- the reporting accountants' report on the pro forma balance sheet and income statement of ZCI;
- the reporting accountants' report on the historical financial information of KCM;
- the independent expert's fair and reasonable opinion letter;
- the consent letters from the advisers; and
- a signed copy of this circular.

By order of the board of directors

ZAMBIA COPPER INVESTMENTS LIMITED
J B Mills
Company Secretary
11 October 2004

Pro forma income statement and balance sheet for ZCI

ZCI pro forma consolidated income statement

for the six months ended 30 June 2004 $'000	**Actual before transaction**	**Pro forma after transaction**
Turnover	**237,500**	**-**
Cost of sales	(141,489)	-
Gross profit	**96,011**	**-**
Other operating expenses	(36,017)	-
Depreciation	(5,761)	-
Profit from operations	**54,233**	**-**
Other income	(866)	859
Interest income	5	17
Interest expense	(832)	(11)
General and administration expenses	(353)	(768)
	52,187	97
Items related to SEP transaction		
Accretion of income from waiver	-	4,301
Gain on disposal of KCM	-	8,113
Share of KCM earnings for the six months to June 2004	-	14,716
	-	27,130
Profit before taxation	**52,187**	**27,227**
Taxation	(37)	(37)
Profit after taxation	**52,150**	**27,190**
Profit attributable to minority interest	(21,657)	-
Profit for the year	**30,493**	**27,190**
Earnings per share (in US cents)	**24.16**	**19.84**

ZCI pro forma consolidated balance sheet

at 30 June 2004 $'000	Actual before transaction	Pro forma after transaction
ASSETS		
Non-current assets		
Property, plant and equipment	174,415	-
Investment in KCM	-	42,256
	174,415	42,256
Current assets		
Stocks	85,965	-
Accounts receivable	51,424	21,737
Cash and short-term investments	15,083	1,593
	152,472	23,330
Total assets	326,887	65,586
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	508,807	30,299
Accumulated deficit	(435,830)	(269,789)
Capital surplus and reserves	-	304,247
	72,977	64,757
Minority interest	51,991	-
Non-current liabilities		
Long-term borrowings	35,195	-
Provisions	86,953	-
	122,148	-
Current liabilities		
Short term loans and bank overdrafts	9,158	-
Accounts payable and accrued liabilities	70,613	829
	79,771	829
Total equity and liabilities	326,887	65,586
Number of ordinary shares in issue	126,197,362	126,197,362
Net asset value per ordinary share in US cents	57.83	51.31

Notes:

The *pro forma* financial income statement and balance sheet set out above are based on the following assumptions:

1. the earnings, headline earnings and tangible NAV per ordinary share reflected in the "Actual before the transaction" column were extracted from the company's unaudited results for the six months ended 30 June 2004;
2. the effect on tangible NAV per share reflected in the "Pro forma after the transaction" column assumes that the transaction was effective on 30 June 2004;
3. earnings per share is equal to fully diluted earnings per share;
4. the effect on earnings and headline earnings per share reflected in the "Pro forma after the transaction" column assumes that the transaction was effective on 1 January 2004;
5. there is no difference in the value for NAV per ordinary share and tangible NAV per ordinary share as there are no intangible assets on the ZCI balance sheet;
6. the number of ordinary shares is indicative only and is based on the ordinary shares in issue at 1 January 2004.
7. the deferred consideration to be received from 2005 to 2008 was discounted to a net present value at 30 June 2004 and 1 January 2004 using a discount rate of 2.46% per annum;
8. the deferred consideration was amortised on a straight line basis over the period from the effective date to December 2008;
9. ZCI had a 28.4% share in the KCM value increase resulting from the $25 million cash injection into KCM; and
10. due to its contingent nature, the shortfall funding commitment has not been included in the above calculations (refer to paragraph 6.5.1).
11. the *pro forma* income statement and balance sheet have been prepared on the basis of the non-consolidation of the KCM Employee Share Ownership Trust ("ESOT"). The directors of ZCI are of the opinion that the ESOT should not be consolidated as it does not constitute a trust or scheme in terms of, and therefore subject to, the provisions of Schedule 14 of the JSE Listings Requirements.

Accountants' report on the pro forma financial information

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

4 October 2004

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR ZAMBIA COPPER INVESTMENTS LIMITED ("ZCI")

INTRODUCTION

We have reviewed the financial effects as set out in paragraph 6.11 as well as the pro forma income statement and balance sheet in Annexure 1 (collectively "the pro forma financial information") of the circular dated on or about 11 October 2004 ("the circular") issued in connection with the proposed transaction as defined in the circular to ZCI shareholders ("the transaction"). This report must be read in conjunction with the circular.

The pro forma financial information has been prepared, for illustrative purposes only, to provide information about how the proposed transaction might have affected the financial information presented.

DIRECTORS' RESPONSIBILITY

The compilation, contents and presentation of the circular are the responsibility of the directors of ZCI. Our responsibility is to report on the pro forma financial information included in the circular, based on our review.

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 financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SCOPE OF THE REVIEW

Our review, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, recalculating the amounts based on the information obtained and discussing the pro forma financial information with the directors and management of ZCI.

Because of the above procedures do not constitute either an audit or review undertaken in accordance with the statements of International Auditing Standards, we do not express any assurance on the fair presentation of the pro forma financial information.

Had we performed additional procedures, or had we performed an audit or review of the pro forma financial information in accordance with the statements of International Auditing Standards, other matters might have come to our attention that would have been reported to you.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer; and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed pursuant to Section 8.30 of the JSE Listings Requirements.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the financial effects of the ZCI/ZCCM-IH Call option ("call option") described in paragraph 6.6.2.in the circular, which option has been excluded in compiling the pro forma financial information because the directors are of the opinion that the call option could not be valued. Further, the directors are of the opinion that the employee share option trust ("the trust") should not be consolidated. The trust held 10,095,789 ordinary shares in ZCI at 30 June 2004, representing 8% of the shares in issue.

Yours faithfully
Deloitte
Private Bag X6
Gallo Manor
2052"

Unaudited interim historical financial information of KCM

The following has been extracted from the unaudited annual financial statements of KCM for the period ended 30 June 2004.

No material events have occurred in the financial position of KCM post the date of the unaudited interim results.

A. KCM consolidated income statement

Unaudited interim for the six months ended 30 June $'000	**2004**
Turnover	**237,500**
Cost of sales	(141,489)
Gross profit	**96,011**
Other operating expenses	(36,065)
Depreciation	(16,073)
Operating profit	**43,931**
Other income	(1,847)
Net exchange gain	58
Profit before finance costs and taxation	**42,084**
Interest expense	(831)
Profit/(loss) before taxation	**41,253**
Taxation (charge) credit	(9,513)
Profit for the year	**31,740**
Earnings per share (in US cents)	**0.05**

B. KCM consolidated balance sheet

Unaudited interim at 30 June $'000	**2004**
ASSETS	
NON CURRENT ASSETS	
Property, plant and equipment	306,916
Deferred secondary development expenditure	31,521-
Deferred tax asset	72,260
	410,697
CURRENT ASSETS	
Inventory	85,965
Accounts receivable	51,424
Cash and cash equivalent	13,940
	150,879
Total assets	**561,576**
EQUITY AND LIABILITIES	
Capital and reserves	
Ordinary share capital	64,784
Share premium	473,568
Deficit on revenue reserves	(185,034)
Capital reserves	7,500
Other reserves	(747)
	360,071
Non-current liabilities	
Long term borrowings	35,195
Provisions for liabilities and charges	86,953
	122,148
Current liabilities	
Accounts payable	26,080
Other accounts payable and accrued expenses	44,119
Short term borrowings and bank overdraft	9,158
	79,357
Total equity and liabilities	**561,576**

C. KCM consolidated cash flow statement

Unaudited interim for the 6 months ended 30 June $'000	**2004**
Cash flow from operating activities	
Cash generated from operations	**53,724**
Taxation paid	**(33)**
Interest paid	**(779)**
Net cash flow from operating activities	**52,912**
Cash flow from investing activities	
Tangible fixed assets acquired	**(32,644)**
Net cash flow from investing activities	**(32,644)**
Cash flow from financing activities	
Lease finance received	**7,775**
Lease finance repaid	**(331)**
Net cash flow from financing activities	**7,444**
Net cash increase in cash and cash equivalents	**27,712**
Cash and cash equivalents at beginning of the year	**(23,380)**
Cash and cash equivalents at end of the year	**4,332**
Cash and cash equivalents comprise of:	
Bank and cash balances	**13,490**
Short term borrowings and bank overdrafts	**(9,158)**
	4,332

D. KCM consolidated statements of changes in equity

for the period ended 30 June 2004 $'000	Share capital	Share premium	Capital reserves	Deficit on revenue reserves	Other reserves	Total
Balance at 1 January 2003	**64,784**	**473,568**	**7,500**	**(180,133)**	**-**	**365,719**
Net loss on cash flow hedges (note 18)	-	-	-	-	(2,989)	(2,989)
Deferred taxation on cash flow hedges	-	-	-	-	(747)	(747)
Loss for year	-	-	-	(36,641)	-	(36,641)
Balance at 31 December 2003	**64,784**	**473,568**	**7,500**	**(216,774)**	**(3,736)**	**325,342**
Realised profit on cash flow hedges transferred to profit and loss	-	-	-	-	-	-
Deferred tax on cash flow hedge	-	-	-	-	2,989	2,989
Profit for the period	-	-	-	31,740	-	-31,740
Balance at 30 June 2004	**64,784**	**473,568**	**7,500**	**(185,034)**	**(747)**	**360,071**

Report of historical financial information of KCM

The following has been extracted from the audited annual financial statements of KCM for the 3 years ended 31 December 2003.

A. KCM consolidated income statements

for the year ended 31 December $'000	**2003**	**2002**	**2001**
Turnover	**356,308**	**394,096**	**370,689**
Cost of sales	(286,251)	(352,139)	(406,788)
Gross profit/(loss)	**70,057**	**41,957**	**(36,099)**
Other operating expenses	(75,350)	(69,207)	(23,697)
Goodwill write back /(amortisation)	1,806	(1,806)	-
Negative goodwill released	474	-	-
Depreciation	(29,539)	(30,272)	(20,243)
Operating loss	**(32,552)**	**(59,328)**	**(80,039)**
Other income	2,011	4,696	4,711
Net exchange gain/(loss)	68	271	(3,409)
Impairment adjustment	-	(104,611)	-
Write back of provisions	-	7,676	-
Loss before finance costs and taxation	**(30,473)**	**(151,296)**	**(78,737)**
Interest expense	(1,121)	(8,152)	(15,857)
Loss before taxation	**(31,594)**	**(159,448)**	**(94,594)**
Taxation (charge) credit	(5,047)	58,899	24,523
Loss for the year	**(36,641)**	**(100,549)**	**(70,071)**
Loss per share (in US cents)	**(0.06)**	**(0.17)**	**(1.17)**

B. KCM consolidated balance sheets

at 31 December $'000	**2003**	**2002**	**2001**
ASSETS			
Non-current assets			
Goodwill	-	55,995	-
Tangible fixed assets	290,345	206,794	227,232
Deferred secondary development expenditure	25,771	29,159	33,524
Deferred tax asset	82,520	87,453	28,406
	398,636	379,401	289,162
Current assets			
Stocks	87,864	88,308	105,462
Debtors	46,924	46,658	68,929
Bank and cash balances	2,553	37,695	3,692
	137,341	172,661	178,083
Total assets	535,977	552,062	467,245
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	64,784	64,784	60,000
Share premium	473,568	473,568	-
Deficit on revenue reserves	(216,774)	(180,133)	(79,584)
Capital reserves	7,500	7,500	7,500
Other reserves	(3,736)	-	-
	325,342	365,719	(12,084)
Non-current liabilities			
Shareholders’ long term loans	**-**	-	188,084
Long term borrowings	35,142	35,033	-
Deferred tax liability	747	-	-
Deferred purchase consideration	-	-	61,557
Provisions for liabilities and charges	89,429	92,632	69,451
	125,318	127,665	319,092
Current liabilities			
Accounts payable	19,525	40,321)	51,145
Other accounts payable and accrued expenses	39,826	12,410	10,526
Short term borrowings and bank overdraft	25,933	5,824	98,566
Taxation	33	123	-
	85,317	58,678	160,237
Total equity and liabilities	535,977	552,062	467,245

C. KCM consolidated of cash flows statement

for the year ended 31 December $'000	**2003**	**2002**	**2001**
Cash flow from operating activities			
Cash generated from/(used in) operations	930	24,199	(105,138)
Taxation paid	(204)	(35)	(351)
Interest paid	(1,150)	(1,352)	(7,158)
Net cash flow from operating activities	**(424)**	**22,812**	**(112,647)**
Cash flow from investing activities			
Tangible fixed assets acquired	(54,838)	(58,277)	(107,294)
Proceeds from disposal of tangible fixed assets	11	335	1,024
Net cash flow from investing activities	**(54,827)**	**(57,942)**	**(106,270)**
Cash flow from financing activities			
Shareholders long term loans received	-	96,875	115,000
Other long term borrowings received	-	35,000	-
Lease finance received	-	-	-
Lease finance repaid	-	-	-
Proceeds from issue of share capital	-	30,000	-
Net cash flow from financing activites	**-**	**161,875**	**115,000**
Net cash increase/(decrease) in cash and cash equivalents	**(55,251)**	**126,745**	**(103,917)**
Cash and cash equivalents at beginning of the year	**31,871**	**(94,874)**	**9,043**
Cash and cash equivalent at end of the year	**(23,380)**	**31,871**	**(94,874)**
Cash and cash equivalents comprise of:			
Bank and cash balances	2,553	37,695	3,692
Short term borrowings and bank overdrafts	(25,933)	(5,824)	(98,566)
	(23,380)	31,871	(94,874)

D. KCM consolidated statements of changes in equity

for the years ended 31 December $'000	Share Capital	Share premium	Capital reserves	Deficit on revenue reserves	Other reserves	Total
Balance at 1 January 2001	**60,000**	**-**	**7,500**	**(9,513)**		**57,987**
Loss for year	**-**	**-**	**-**	**(70,071)**		**(70,071)**
Balance at 31 December 2001	**60,000**	**-**	**7,500**	**(79,584)**	**-**	**(12,084)**
Shares issued	4,784	473,568	-	-	-	478,352
Loss for year	-	-	-	(100,549)	-	(100,549)
Balance at 31 December 2002	**64,784**	**473,568**	**7,500**	**(180,133)**	**-**	**365,719**
Net loss on cash flow hedges (note 20)	-	-	-	-	(2,989)	(2,989)
Deferred taxation on cash flow hedges					(747)	(747)
Loss for year	-	-	-	(36,641)	-	(36,641)
Balance at 31 December 2003	**64,784**	**473,568**	**7,500**	**(216,774)**	**(3,736)**	**325,342**

E. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The consolidated financial statements are prepared on the historical cost basis of accounting and comply with operative International Financial Reporting Standards.

ZCI meets its day to day working capital requirements through a combination of cash generated from its operations, short and long-term loans and overdraft facilities offered by its bankers.

On the basis of cash flow information prepared by the directors and the continued support from KCM's bankers, the directors consider that KCM will continue to operate for the foreseeable future within its facilities and other financial resources.

Accordingly, the directors are of the opinion that the preparation of the financial statements on a going concern basis is appropriate.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, KCM (SmelterCo) Limited, formerly known as ZCCM (SmelterCo) Limited. The results of the subsidiary are included in the consolidated profit and loss account. All significant inter-company transactions and balances between KCM and its subsidiary are eliminated on consolidation.

GOODWILL

Goodwill arising on consolidation represents the excess of acquisition cost over KCM's interest in the fair value of the identifiable assets and liabilities of its subsidiary at the date of acquisition. Goodwill is capitalised and amortised on a straight line basis over its estimated useful life of eight years. Negative goodwill is accounted for as permitted under IAS 22: Business Combinations (Revised 1998).

TURNOVER

Turnover represents the amounts invoiced, excluding Value Added Tax, in respect of metals and other products despatched to customers during the year.

TANGIBLE FIXED ASSETS

Mining assets are stated in the balance sheet at cost less accumulated amortisation. Other tangible fixed assets are stated in the balance sheet at cost less depreciation.

Mining assets include the cost of acquiring and developing mining properties.

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

The cost of borrowings utilised for the acquisitions or construction of tangible fixed assets is capitalised during the period to commissioning and shown as part of the cost of fixed assets. Borrowing costs incurred after the date of commissioning are charged to the profit and loss account.

If the recoverable amount of any of the above assets is less than the carrying value, a provision is made for the impairment in value.

AMORTISATION AND DEPRECIATION

Amortisation is charged to write off the cost of mining properties and leases and mine developments using the unit of production method based on proven and probable reserves.

Amortisation is charged to write off the cost of buildings on a straight line basis up to a maximum of life of mine.

Depreciation is charged to write off the cost of plant, equipment and motor vehicles at varying rates, over the lower of life of mine and the estimated useful lives of the mines to which they relate or on a straight-line basis over their estimated useful lives.

Capital work in-progress is not depreciated.

DEFERRED SECONDARY DEVELOPMENT EXPENDITURE

The cost of developing access to mine ore bodies during the commercial production stage are normally written off as production costs. However where such costs are significant and are identified as benefiting future years, they are deferred and expensed in the year when the related production is achieved.

IMPAIRMENT

Long term assets are evaluated for impairment when events or changes in economic circumstances indicate the carrying amount of such assets may not be recoverable. An estimate of the future discounted net cashflows of the related asset over the remaining useful life is used to measure whether the assets are recoverable and measure any impairment by reference to fair value. Fair value is generally estimated using ZCI's expectation of discounted net cashflows.

STOCKS

Finished and process metal stocks are valued at the lower of cost and estimated net realisable value. Cost represents average production cost and excludes taxation, interest and selling expenses. Net realisable value is determined after the deduction of anticipated realisation expenses.
Consumable stores are valued at the lower of cost and estimated net realisable value. Cost is determined on a weighted average basis and includes all direct costs incurred up to delivery to the mine. A provision is made for excess, slow moving and obsolete items.

PENSIONS

The Company maintains a defined contribution pension scheme for certain of its employees. The costs relating to the scheme are charged against income as incurred.

RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine. Costs arising from the installation of plant and other site preparation work, discounted to its net present value, are provided for at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged against profits over the life of the operation and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for and charged against income as extraction progresses.

DEFERRED TAXATION

The charge for taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed. Temporary differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the consolidated financial statements. The tax effect of temporary differences computed by applying enacted statutory tax rates to differences between the consolidated financial statements carrying amounts and the tax bases of existing assets and liabilities are recognised as a deferred tax asset or liability in the consolidated financial statements. A deferred tax asset relating to the carry forward of unused tax losses is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

LEASES

Rental costs under operating leases are charged to profit and loss in equal annual amounts over the lease term.

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. Where the transaction is covered by a forward exchange contract the rate specified in the contract is used.

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 dealt with in the profit and loss account.

PROVISIONS

Provisions are recognised when KCM has a present legal and constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

FINANCIAL INSTRUMENTS

Financial assets

KCM's principal financial assets are bank balances and cash and trade receivables. Trade receivables are stated at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

KCM's principal financial liabilities are trade creditors, other payables and borrowings. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade creditors, other payables and borrowings are stated at their present nominal value.

HEDGE ACCOUNTING

KCM enters into cash flow hedges whereby the effective portion of fair value gains or losses is recognised in equity until the underlying transaction occurs, then the gain or loss is recognised in the income statement.

The ineffective portion of the fair value gains and losses is reported in the income statement in the period to which they relate as permitted under IAS 39: Financial Instruments: Recognition and Measurements.

INVESTMENTS

Investments are stated at cost, but are written down to their estimated realisable value if there has been a permanent diminution in value. Income from investments is included in the consolidated financial statements when amounts are received.

REPORTING CURRENCY

As permitted by the laws of Zambia and the Development Agreement with the GRZ, KCM reports in United States dollars, the currency in which most of its business is conducted.

1. GOING CONCERN

On 24 January 2002, Anglo American Plc issued a News Release and ZCI issued an Announcement to the effect that ZCI would not be in a position to provide funding to KCM beyond its obligations under the Subscription and Shareholders' Loan Agreement ("SSLA"). Furthermore, the News Release and Announcement stated that KCM's financial projections, that are based on current metal prices, indicate that in order to sustain its operations KCM will require funding, over and above that pledged under the SSLA, from around the end of the first quarter of 2002.

Due to the current uncertainty as to the quantum and source of any such additional funding, Directors have since prepared and considered various options and cashflow projections that seek to conserve cash and enable the Company to continue to operate within its available financial resources.The implementation of these options will only take place after consultations with the various stakeholders to determine how any funding requirements will be met.

A KCM Shareholders Steering Committee has been established on which are represented KCM, ZCCM Investments Holdings plc ("ZCCM"), ZCI, Anglo American plc, International Finance Corporation ("IFC"), CDC Financial Services (Mauritius) Limited ("CDC") and the Government of the Republic of Zambia. Financial and technical advisers have been appointed and restructuring proposals are being considered which, if successful, could lead to the Company being better able to attract additional finance in the form of new equity or debt, to finance its future operations.

The financial statements have thus been prepared on a going concern basis as stipulated above and per the going concern paragraph of the Report of Directors of this Annual Report. If further financing does not become available from around the end of the first quarter of 2002, it is likely that the Company will not be able to continue as a going concern and that the assets reflected in the Balance Sheet may be significantly impaired.

2. PRINCIPAL ACTIVITY

The principal activity of KCM is the mining and production of Copper and Cobalt, and production and marketing of acid.

SEGMENTAL INFORMATION

	2003	2002	2001
Business segments:			
The Group sold the following products during the year:			
Copper	**328,261**	355,591	325,132
Cobalt	**24,291**	30,603	44,511
Other	**3,756**	7,902	1,046
	356,308	394,096	370,689

	2003	2002	2001
During the year KCM sold metal to customers in the following markets:			
Asia	**160,158**	321,556	257,870
America	**119,402**	1,471	-
Africa	**55,592**	7,653	52,167
Europe	**21,156**	63,416	60,652
	356,308	394,096	370,689

3. OPERATING LOSS

	2003	2002	2001
Operating loss is stated after charging:			
Pension costs	**2,072**	1,914	1,765
Auditors' remuneration:			
- audit fee	**188**	200	160
- taxation and other services	**18**	31	61
Directors' emoluments:			
- in connection with the management of KCM	**170**	301	431
- as directors of KCM	**110**	36	3
Write down of copper stocks to net realisable value	**-**	7,435	23,036
Loss on disposal of tangible fixed assets	**12**	348	14
Donations	**-**	1	304

4. LOSS PER SHARE

	2003	2002	2001
Loss per share is calculated by dividing the net loss attributable to the shareholders by the weighted average number of shares in issue during the year.			

Net loss attributable to shareholders ($'000)	**36,641**	100,549	70,071
Weighted average number of shares in issue (thousands)	**598,352**	598,352	60,000
Loss per share $ per share	**0.06**	0.17	1.17

5. TAXATION

	2003	2002	2001
Income tax at 25%			
Based on interest income for year	**(114)**	(148)	(89)
Deferred taxation (note 12)	**(4,933)**	59,047	24,612
	(5,047)	58,899	24,523
Included under current liabilities			
Payable in respect of year	**(114)**	(176)	(89)
(Payable) recoverable in respect of previous year	**(123)**	18	(244)
	(237)	(158)	(333)
Taxation paid	**204**	35	351
	(33)	(123)	18

KCM has losses for taxation purposes of approximately $635,897,000 (2002 - $580,880,000) (2001 – 323,552,000) subject to agreement with the Zambia Revenue Authority. The losses are available to be carried forward, up to a maximum of 20 years, for set off against future profits from the same source.

The losses arose from the following financial periods:

2003	**55,017**	-	-
2002	**257,328**	257,328	-
2001	**168,552**	168,552	168,552
2000	**155,000**	155,000	155,000
	635,897	580,880	323,552

KCM is not required to deduct any withholding tax on payments made for interest, royalties and management fees to its shareholders, affiliates or any lender of money.

Reconciliation of the tax charge:

Loss before tax	**(31,594)**	(159,448)	(94,594)
Taxation at current rate (25%) on accounting loss	**(7,898)**	(39,862)	(23,649)
Deferred tax asset arising on acquisition of subsidiary recognised in current period relating to prior years.	**11,047**	(17,570)	-
Permanent differences: - Disallowable expenses	**1,898**	(1,467)	(874)
Actual tax charge (credit)	**5,047**	(58,899)	(24,523)

6. IMPAIRMENT ADJUSTMENT

	2003	2002	2001
During 2002 following an impairment review, in view of the collapse in base metal prices and the suspension of the Konkola Deep Mining Project, the directors considered that KCM's long term assets might be impaired. According an impairment provision of \$104,611,000 was raised in KCM's books. In accordance with the requirements of IAS 36: Impairment of Assets (1998) an impairment review was carried out this year. The review indicated that, in view of the improved copper prices and support from KCM's bankers, KCM's long-term assets are unlikely to suffer further impairment. Accordingly, no additional impairment provision has been raised this year.	**-**	104,611	-

7. WRITE BACK OF PROVISIONS

	2003	2002	2001
Waiver of management fees payable to Anglo Operations Limited the subsidiary's manager.	**-**	3,676	-
Restoration, rehabilitation and environmental provision written back due to revision of life of operations following the suspension of the KDMP.	**-**	4,000	-
	-	7,676	-

8. GOODWILL

	2003	2002	2001
At beginning of the year	**55,995**	**-**	**-**
Arising on acquisition of subsidiary	**-**	57,801	**-**
Amortisation (charged) to profit and loss	**1,806**	(1,806)	**-**
Hindsight fair value adjustment (note 9)	**(58,275)**	-	**-**
Negative goodwill credited to profit and loss	**474**	-	**-**
At end of the year	**-**	55,995	**-**

A fair value exercise was carried out during the year in respect of tangible fixed assets of the subsidiary. This resulted in a fair value adjustment of $58,275,000 and which was consequently adjusted against the goodwill amount recorded in the previous financial year.

Negative goodwill of $474,000 arose there-from and has been credited to profit and loss account as permitted under IAS 22: Business Combinations (Revised 1998).

9. TANGIBLE FIXED ASSETS

	Mining properties and leases, mine developments and equipment	Leasehold land and buildings	Plant, equipment and others	Capital work in progress	Total
COST					
At 1 January 2001	18,293	13,648	109,268	20,819	162,028
Additions	7,199	8,928	67,331	23,836	107,294
Disposals	-	-	(1,771)	-	(1,771)
At 31 December 2001	25,492	22,576	174,828	44,655	267,551
Reclassifications	-	-	(8,717)	8,717	-
Impairment adjustment	(20,832)	(9,822)	(62,131)	(11,826)	(104,611)
Acquisition of subsidiary	-	3,601	26,046	27,204	56,851
Additions	-	-	-	58,031	58,031
Interest capitalised	-	-	-	246	246
Transfers	31,856	6,232	50,506	(88,594)	-
Disposals	-	(248)	(3,394)	-	(3,642)
At 31 December 2002	**36,516**	**22,339**	**177,138**	**38,433**	**274,426**
Adjustment pre-acquisition depreciation	-	176	11,749	3,456	15,381
Hindsight fair value adjustment (note 8)	-	(1,189)	59,464	-	58,275
Reclassifications	970	(84)	(10,315)	9,429	-
Additions	-	-	-	54,838	54,838
Transfers	3,187	1,195	15,902	(20,284)	-
Disposals	-	-	(134)	-	(134)
At 31 December 2003	**40,673**	**22,437**	**253,804**	**85,872**	**402,786**

DEPRECIATION

At 1 January 2001	1,332	961	18,516	-	20,809
Charge for year	973	1,085	18,185	-	20,243
Eliminated on disposal	-	-	(733)	-	(733)
At 31 December 2001	2,305	2,046	35,968	-	40,319
Charge for the year			23,153		30,272
Eliminated on disposal			(2,928)		(2,959)
At 31 December 2002	6,814	4,625	56,193	-	67,632
Adjustment pre-acquisition depreciation	-	411	14,970	-	15,381
Charge for the year	4,813	1,655	23,071	-	29,539
Eliminated on disposal	-	-	(111)	-	(111)
At 31 December 2003	**11,627**	**6,691**	**94,123**	**-**	**112,441**
NET BOOK VALUE					
At 31 Dec 2001	**23,187**	**20,530**	**138,860**	**44,655**	**227,232**
At 31 Dec 2002	**29,702**	**17,714**	**120,945**	**38,433**	**206,794**
At 31 Dec 2003	**29,046**	**15,746**	**159,681**	**85,872**	**290,345**

Reclassification of the assets of $9,429,000 related to assets which were yet to be commissioned and brought into use by 31 December 2003.

Other tangible fixed assets include motor vehicles, office furniture and equipment.

In accordance with Section 193 of the Companies Act, 1994 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered records office of the Company.

10. CAPITAL COMMITMENTS

	2003	2002	2001
Contracted for but not provided for in the consolidated financial statements.	**11,934**	16,602	49,047

The funds required to meet the capital commitments will be generated from the trading activities of KCM, and finance from lenders.

11. DEFERRED SECONDARY DEVELOPMENT EXPENDITURE

	2003	2002	2001
At beginning of year	**29,159**	33,524	33,407
Arising during the year	**37,564**	49,549	53,651
Expensed during year	**(40,952)**	(53,914)	(53,534)
At end of year	**25,771**	29,159	33,524

Deferred secondary development expenditure relate to costs incurred during the commercial production stage that would normally be written off as production costs, but where such costs are significant and are identifiable as benefiting future years, for example the costs of the additional haulage ways, they are capitalised and amortised.

12. DEFERRED TAXATION

	2003	2002	2001
Tax effect of timing differences due to:			
Capital allowances in excess of depreciation	**(290,345)**	(207,056)	(183,736)
Other timing differences	**(15,471)**	(24,012)	(26,192)
	(305,816)	(231,068)	(209,928)
Tax losses	**635,897**	580,880	323,552
	330,081	349,812	113,624
Deferred tax asset accounted for	**82,520**	87,453	28,406
Deferred tax liability on cash flow hedges transferred to reserves	**(747)**	-	-
Net deferred tax asset	**81,773**	87,453	28,406

The movement in deferred tax balance has been accounted for as follows:

Included in the income tax charge for the year (note 5)	**(4,933)**	*59,047*	*24,612*
Included in reserves	**(747)**	-	-

The directors consider that the deferred taxation asset is recoverable as KCM is likely to return to profitability in the near future due to improved copper prices.

13. STOCKS

	2003	2002	2001
Finished and process metal	**60,938**	62,278	73,078
Consumable stores	**26,926**	26,030	32,384
	87,864	88,308	105,462

Stocks of finished and process copper at 31 December 2002 at cost of $64,625,000 (2001: $91,798,000) were valued at net realisable value of $57,190,000 (2001: $68,762,000). Accordingly a write down of $7,435,000 (2001: $23,036,000) was accounted for in the profit and loss account in that year.

Consumable stores are stated net of a provision for obsolescence of $4,234,000 (2002 -$4,894,000) (2001 - $6,106,000).

14.	**DEBTORS**	**2003**	2002	2001
	Other debtors and prepayments	**31,503**	31,719	47,053
	Trade debtors	**15,077**	14,561	19,024
	Staff debtors	**344**	378	2,834
		46,924	46,658	68,911

15.	**OTHER CREDITORS AND ACCRUED EXPENSES**	**2003**	2002	2001
	Sundry creditors and accrued expenses	**35,616**	8,740	4,409
	Employee provisions	**4,209**	3,531	6,117
	Interest payable	**1**	139	-
		39,826	12,410	10,526

Included in sundry creditors and accrued expenses is an amount payable in respect of expected losses of $2,989,000 on forward contracts on the sale of copper metal. The amount relates to forward contracts due to mature in months after the balance sheet date and has been accounted for in reserves in accordance with the requirements of IAS 39: Financial Instruments: Recognition and Measurement.

16.	**SHORT TERM LOANS AND BANK OVERDRAFT**	**2003**	2002	2001
	Bank overdraft	**11,654**	5,824	38,566
	Short term loans	**14,279**	-	60,000
		25,933	5,824	98,566

The overdraft facility is unsecured and repayable on demand. Interest is payable at LIBOR plus 1%.

A short term loan facility of $35 million was secured during the year. The amount recognised in the financial statements represents the actual draw down on the facility. The loan is secured on working capital and remains unpaid during the year. The amounts drawn on the facility are repayable as agreed with the lender at time of drawing down and are subject to renewal 5 days before expiry of the loan period. Interest was calculated to aggregate LIBOR plus 1.25% plus mandatory costs.

17. SHAREHOLDERS' LONG TERM LOANS

	2003	2002	2001
At beginning of year	**-**	188,084	64,385
Received during year	**-**	96,875	115,000
Interest capitalised	**-**	6,628	8,699
Converted to equity during year (note 23)	**-**	(291,587)	-
	-	-	188,084

The loans were payable to the following:

	Principal	**Interest**	**Total**
ZCI Holdings S.A.	243,377	2,897	246,274
CDC Financial Services (Mauritius) Limited	17,345	1,691	19,036
International Finance Corporation	17,345	1,691	19,036
ZCCM Investment Holdings plc (free carry loan)	6,892	349	7,241
	284,959	**6,628**	**291,587**

The loans were unsecured and were repayable, subject to the fulfilment of repayment conditions as set out in the Subscription and Shareholders' Loan Agreement and the Consortium Agreement. The loans were repayable in full by 31 March 2016. Interest was payable on the loans at LIBOR plus 5%.

Following restructuring of the Company's shareholding structure on 17 September 2002 as explained under note 23, the loans were converted to equity.

18. LONG TERM LOANS

	2003	2002	2001
Balance at beginning of year	**35,033**	35,000	-
Interest capitalised	**109**	33	-
	35,142	35,033	-

The loans are repayable as follows:

	2003	2002	2001
Between 1 and 5 years	**21,142**	21,033	-
Over 5 years	**14,000**	14,000	-
	35,142	35,033	-

The loans are due to the following:

2002	**Class**	**Principal**	**Capitalised interest**	**Total**
ARH Limited S.A.	Unmatched	18,000	-	18,000
ARH Limited S.A.	Matched	8,500	-	8,500
Government of the Republic of Zambia	Subordinated term facility	8,500	33	8,533
		35,000	**33**	**35,033**

2003	Class	Principal	Capitalised interest	Total
ARH Limited S.A.	Unmatched	18,000	-	18,000
ARH Limited S.A.	Matched	8,500	-	8,500
Government of the Republic of Zambia	Subordinated term facility	8,500	142	8,642
		35,000	**142**	**35,142**

Unmatched facility

The unmatched facility represents the loan given to KCM by ARH Limited S.A ("ARH"), a subsidiary of Anglo American Plc as part of the exit agreement. The aggregate principal account of the unmatched facility available to be drawn from time to time from the date of 17 September 2002 is $18 million. With the exception of the security indicated below, each amount drawn under the unmatched facility represents an unsecured obligation for the due and punctual payment of the principal and interest. The rights of ARH to receive payment in respect of principal, interest and all other amounts under the unmatched facility, in the event of winding up, are subordinated in right of payment to and after all other unsecured creditors of KCM.

The unmatched facility will terminate with regard to any amounts not disbursed on and following the earlier of :

- all insurance claims being finally settled, compromised or determined; and
- the second anniversary of the date of signing of the Anglo Americam exit deed of 17 September 2002.

Amounts drawn under the unmatched facility carry interest for each interest period at LIBOR.

The loan is secured on the proceeds, if any, receivable from KCM's insurers in respect of the Nchanga Open Pit accident, which occurred on 8 April 2001.

The unmatched loan amount is to be repaid:

(i) immediately to the extent of any insurance proceeds received by KCM; and
(ii) from the third anniversary of the date of signing of the Anglo American exit deed, in which case the aggregate outstanding amount of the loan at the second anniversary shall be repaid together with interest accrued thereon in tranches of 20% of the aggregate of balance. Amounts and all interest accrued thereon as at the seventh anniversary will be repaid on the seventh anniversary.

Matched facility

Matched facility represents the loan given to KCM by ARH as part of the exit agreement to match the loan given to KCM by the GRZ through Bank of Zambia. The aggregate principal amount of the matched facility available to KCM is $8,500,000.

The term and conditions of the matched facility are identical to those of the unmatched facility.

Subordinated term facility

The Government of the Republic of Zambia has extended a loan to KCM in an aggregate amount of $8,500,000. The facility is secured under second charge over all KCM's rights, title and interest, present and future, to, and in respect of proceeds arising under the insurance claim described above. The facility was intended for general corporate purpose. Interest is payable at LIBOR. As provided for in the facility KCM has elected to capitalise interest. Interest so capitalised does not constitute accrued and unpaid interest and is considered to be a loan advance.

The facility is repayable in five equal consecutive annual instalments commencing on the third anniversary of the date of the Anglo American exit deed.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration, rehabilitation and environment	**Terminal benefits**	**Total**
At beginning of year 2001	30,815	48,297	79,112
Payments/terminations	-	(3,329)	(3,329)
Charged to profit and loss during the year	(6,332)	-	(6,332)
At end of year 2001	**24,483**	**44,968**	**69,451**
Arising from acquisition of subsidiary	**15,700**	**5,661**	**21,361**
Payments/terminations	**-**	**(5,251)**	**(5,251)**
Charged to profit and loss during the year	**7,071**	**-**	**7,071**
At end of year 2002	**47,254**	**45,378**	**92,632**
Payments/terminations	**-**	**(5,120)**	**(5,120)**
Charged to profit and loss during the year	**1,917**	**-**	**1,917**
At end of year 2003	**49,171**	**40,258**	**89,429**

Restoration, rehabilitation and environmental liabilities

The restoration, rehabilitation and environmental provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the useful lives of the assets. The Final Environmental Management Plan was completed during the first half of 2001.

The movement in the provision is principally as a result in the change in the life of mine from 30 years to 10 years resulting in changes made to the cash flow forecasts. The cash flows were discounted at a discount rate of 4% (2002: 4%)(2001: 4%).

Terminal benefits

On 31 March 2000 the Company assumed responsibility for payment of the accrued terminal benefit liability in respect of the transferring employees from Zambia Consolidated Copper Mines Limited, now known as ZCCM Investments Holdings Plc .

20. NET LOSS ON CASH FLOW HEDGES

In accordance with KCM's policy, the net loss on cash flow hedges relating to periods subsequent to the balance sheet date is recognised in equity until the underlying transaction occurs when it will be transferred to the income statement.

KCM had the following net simple forward pricing commitments outstanding against future production as at 31 December 2003:

	January 2004	February 2004
Copper (metric tons)	3,000	6,000
Price ($/lb)	*0.88*	*0.88*

21. DEFERRED PURCHASE CONSIDERATION

	2003	2002	2001
At beginning of year	-	61,557	60,000
Indexation during year	-	355	1,557
Converted to share capital (note 23)	-	(61,912)	-
At end of year	-	-	61,557

Deferred purchase consideration related to the deferred cash payments due to ZCCM of $60m (indexed from 31 March 2000 by reference to the US Producer Price Index for Finished Goods) in six equal annual instalments commencing on 1 January 2006.

Following restructuring of the Company's shareholding structure on 17 September 2002 as explained under note 23, the deferred purchase consideration was converted to equity.

22. SHARE CAPITAL

	2003	2002	2001
Authorised			
24,060,000,000 new ordinary shares of $0.01 each	**240,600**	240,600	-
60,000,000 deferred shares of $0.99 each	**59,400**	59,400	-
195,000,000 'A' ordinary shares of $1 each	-	-	195,000
45,000,000 'A' ordinary shares convertible redeemable shares of $1 each	-	-	45,000
60,000,000 'B' ordinary shares of $1 each			60,000
1 special share of $1	-	-	-
	300,000	300,000	300,000

Issued and fully paid			
538,351,962 new ordinary shares of $0.01 each	**5,384**	5,384	-
60,000,000 deferred shares of $0.99 each	**59,400**	59,400	-
39,000,000 'A' ordinary shares of $1 each	**-**	-	39,000
9,000,000 'A' ordinary convertible redeemable shares of $1 each	**-**	-	9,000
12,000,000 'B' ordinary shares of $1 each	**-**	-	12,000
1 special share of $1	**-**	-	-
	64,784	64,784	60,000

ZCI is the majority shareholder in KCM owning 58% of the issued share capital while the remaining 42% is owned by ZCC-IH.

New ordinary shares

The new 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.

Deferred shares

The deferred shares have no voting rights or rights to dividends, but are entitled on a winding up to a return of $0.99 per share once all of the new ordinary shares have received a distribution equal to their par value and any share premium created on their issue and which remains distributable to them.

Special share

The Special share can only be held by the Minister of Finance, on behalf of the GRZ.

The Special shareholder is entitled to certain rights including a requirement to obtain its written consent before any material change is undertaken in the nature of KCM's business and effecting of the voluntary winding up of KCM.

In the event of a winding up of KCM, the Special shareholder is entitled to repayment of the capital paid up on the Special share, such repayment ranking pari passu to the repayment of capital to any other member. The Special share confers no other right to participate in the capital distribution or profits of KCM.

23. SHARE PREMIUM

Following the completion of the restructuring of the Company referred to in Note 22, share premium on issued share capital arose as follows:

	Consideration	**New ordinary shares**	**Share premium**
Old shareholder loans restructured (note 17)	291,587	2,916	288,671
GRZ – ZCCM (SmelterCo) loan reassigned	87,853	879	86,974
Deferred purchase consideration (note 21)	61,912	619	61,293
Anglo American Plc exit payment	30,000	300	29,700
GRZ – ZCCM (SmelterCo) option	7,000	70	6,930

	478,352	4,784	473,568

The Anglo American Plc exit payment represents amounts disbursed to the Company being the final exit amount.

24. CAPITAL RESERVE

The capital reserve of $7.5 million arose on the acquisition at 31 March 2000 of certain ZCCM assets, which were paid for by a cash consideration of $30 million, and a 20% retained interest in the Company.

25. CASH GENERATED FROM OPERATIONS

	2003	2002	2001
Loss before tax	**(31,594)**	(159,448)	(94,594)
Adjustments for:			
Impairment adjustment (note 6)	**-**	104,611	-
Depreciation (note 9)	**29,539**	30,272	20,243
Interest expense (note 26)	**1,121**	8,152	15,857
Deferred secondary development expenditure (note 11)	**3,388**	4,365	(117)
(Write back)/amortisation of goodwill	**(1,806)**	1,806	-
Negative goodwill credited to profit and loss	**(474)**	-	-
Loss on disposal of tangible fixed asset	**12**	348	14
Indexation of deferred purchase consideration	**-**	355	1,557
Overprovision of tax in prior years – subsidiary	**-**	(35)	-
Changes in working capital:			
Trade and other receivables	**(266)**	37,535	(42,533)
Stocks	**444**	20,647	7,426
Trade and other creditors (excluding interest payable and net loss on cashflow hedges transferred to reservs)	**3,769**	(26,229)	(3,330)
Movements in provisions for liabilities & charges*	**(3,203)**	1,820	(9,661)
Cash generated from operations	**930**	24,199	(105,138)

***Included in the cashflow under provisions for liabilities and charges are non cash transactions of 1,917 (2002: 7,071)(2001: 6,330).

26. INTEREST EXPENSE

	2003	2002	2001
At beginning of the year	**139**	-	-
Interest expense charged to profit and loss statement	**1,121**	8,152	15,857
Interest payable on other long term loans capitalised (note 18)	**(109)**	(33)	-
Interest accrual (note 15)	**(1)**	(139)	-
Interest payable on shareholders' loans (note 17)	**-**	(6,628)	(8,699)
Paid during the year	**1,150**	1,352	7,158

27. PENSION COSTS

	2003	2002	2001
KCM operates a defined contribution pension scheme for certain of its employees. The total contributions charged to the income statement in respect of the scheme operated by the Company was as follows:			
Pension costs charged to operating expenses	**2,072**	1,914	1,765

28. CONTINGENCIES

KDMP call option

The KDMP Call Option that was granted to ZCCM-IH as part of the completion transactions in 2000 remains in place. The option grants a right to ZCCM-IH, to demand a transfer from KCM to ZCCM-IH, of all the assets formally constituting the Konkola Division of ZCCM together with such improvements, additions and expansions as KCM may effect, including the assets comprising the KDMP. ZCCM-IH may only exercise the call option in the event that KCM fails to fulfill its obligations relating to KDMP Investment Commitment as provided under the Development Agreement entered with THE GRZ, and further fails to deliver the requisite notices under the said Development Agreement.

Insurance claim

KCM instituted a claim against its insurers for business interruption and replacement of assets lost following the Nchanga Open Pit accident on 8 April 2001. The estimated value of the claim is between $26 million and $46 million on the basis of KCM's claim assessors and those engaged by Anglo in respect of equipment loss, pit reinstatement and business interruption. The ultimate re-insurers are yet to accept the claim for settlement and the matter is being legally pursued. In the circumstances, $9.2 million has been included as an asset in these consolidated financial statements in respect of the replacement value of damaged equipment.

Other

KCM is involved in various claims and lawsuits incidental to its business. In the opinion of management, these claims and lawsuits in the aggregate will not have an adverse effect on the consolidated financial statements.

29. HOLDING COMPANY

The Company's immediate holding company remains ZCI Holdings, a company incorporated in Luxembourg.

The Company's ultimate holding company is ZCI.

Accountants report on historical financial information of KCM

"October 2004

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

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL STATEMENTS OF KONKOLA COPPER MINES PLC ("KCM")

INTRODUCTION

At your request, and for the purposes of the circular to be sent to the shareholders of Zambia Copper Investments Limited ("ZCI") in terms of the Listings Requirements of the JSE Securities Exchange South Africa ("JSE"), setting out, *inter alia,* details of the transaction as defined in the circular to be dated on or about 11 October 2004 ("the circular"), we present our report on the historical financial information of KCM as set out in Annexure 4 to the circular. This report must be read in conjunction with the circular.

We have audited the historical financial information of KCM for the years ended 31 December 2001, 31 December 2002 and 31 December 2003.

DIRECTORS' RESPONSIBILITIES

The compilation, contents and presentation of the circular, including the report on historical financial information of KCM, are the responsibility of the directors of ZCI. Our responsibility is to express an opinion on the financial information in the on the Report of Historical Financial Information of KCM included in the circular.

SCOPE OF THE AUDIT

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the historical financial information in respect of KCM, relating to the financial years ended 31 December 2001, 31 December 2002 and 31 December 2003, are free of material misstatement.

An audit includes:
- examining, on a test basis, evidence supporting the amounts and disclosures for the abovementioned historical financial information;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall historical financial information presentation.

We believe that our audit provides a reasonable basis for our opinion

AUDIT OPINION

In our opinion the historical financial information in respect of KCM for the financial years ended 31 December 2001, 31 December 2002 and 31 December 2003, in all material respects, fairly presents the financial position of KCM at those dates and the results for the years then ended in accordance with International Accounting Standards and in a manner required by the Companies Act in Zambia and the JSE Listings Requirements.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention that the Board of Directors of ZCI in preparing the consolidated financial statements of ZCI, in its considered opinion, made certain adjustments to the financial statements of KCM, the details of which are:

- an impairment recorded by KCM of US$104, 611, 000, relating to KCM's fixed assets and goodwill for the year ended 31 December 2002, was recorded by ZCI in the consolidated ZCI accounts, for the 6 month period ended 30 June 2002, in the amount of US$306, 435, 000;
- consequently, the ZCI group accounts at 31 December 2003 and 2002 reflect a lower carrying value of KCM's goodwill and fixed assets when compared to the carrying value reflected in the KCM statutory annual financial statements; and
- the deferred tax asset of KCM for the year ended 31 December 2003 amounting to US$82,520,000 (2002: US$87,453,000) was reversed on consolidation.

Our report is solely for the Board of Directors and the shareholders of ZCI in connection with and for the purposes of the proposed transaction.

We hereby consent to the inclusion of this report in its entirety in the circular.

Yours faithfully

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)
Private Bag X6 Gallo Manor 2052"

Independent opinion of RMB

“28 September 2004

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

Dear Sirs

Opinion in respect of the terms of the transaction whereby Vedanta Resources plc (“Vedanta”) will subscribe for a 51% equity interest in Konkola Copper Mines plc (“KCM”) (“the transaction”)

Introduction

FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance (“RMB”), has been appointed by the Board of Directors of Zambia Copper Investments Limited (“ZCI”) (“the Board”) to provide them with an opinion as to whether the terms of the transaction are fair and reasonable. The opinion is provided at the request of the board of directors of ZCI and not in terms of the Listings Requirements of the JSE Securities Exchange South Africa.

Full details of the transaction are contained in the document to be posted to ZCI shareholders on or about 11 October 2004, in which a copy of this letter will be included. All terms not otherwise defined in this letter have the meanings given to them in that document.

Procedures

In arriving at our opinion we have, amongst other things:

- reviewed the terms of the transaction as set out in announcements, this circular and the legal agreements relating to the transaction;
- considered the rationale for and potential benefits of the transaction for ZCI shareholders;
- reviewed the audited annual financial statements of KCM for the 3 most recent financial years as well as the monthly management accounts for KCM for the previous 6 months;
- reviewed additional information relating to KCM, including operational and financial forecasts prepared by the management in respect of the remaining life of mine of KCM. This includes copper production, operating cash costs, capital expenditure and prospects of the company. Discussions have been held with ZCI management in this regard;
- completed a fundamental valuation of KCM (as outlined below) in order to evaluate the consideration payable by Vedanta; and
- reviewed such other analyses available in respect of KCM and considered such other matters as we consider necessary.

Valuation

RMB performed a valuation of each of the operations within KCM. The primary methodology employed was a discounted cash flow "life of mine" valuation. RMB modified several of KCM management's estimates with regard to the future performance of KCM in consultation with industry experts. A valuation for KCM was then determined based on its current "life of mine" profile. The value of ZCI's 58% stake in KCM was then calculated. This formed the basis for determining whether the terms of the transaction are fair to ZCI shareholders.

RMB then valued the consideration payable to ZCI by Vedanta. In arriving at this value, RMB considered both the consideration paid by Vedanta to ZCI as well as the various payments and commitments from Vedanta to KCM. This included the cash consideration payable by Vedanta to KCM, the shortfall funding commitment agreed to by Vedanta and the commitment by Vedanta to procure the required financing for the Konkola Ore Body Extension Project (in the event that it is determined to be feasible).

Other facts and procedures

Our opinion is necessarily based upon market, economic and other conditions as they exist on, and can be evaluated as at, the date hereof.

In particular, this letter and opinion is provided to the Board in connection with and for the purpose of their consideration of the terms of the transaction and the Board's recommendation thereof to the ZCI minority shareholders.

Budgets/projections/forecasts relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

Opinion

On the basis of and subject to the aforegoing, RMB is of the opinion that the terms and conditions of the transaction are fair and reasonable to ZCI shareholders.

The terms and conditions of the transaction are:

- *fair*: as the consideration paid by Vedanta is in line with what we believe to reflect RMB's estimation of the fair value of ZCI upon successful conclusion of the transaction; and
- *reasonable*: given the qualitative factors analysed and the likely strategic and operational benefits of the transaction to ZCI.

RMB has considered the following qualitative factors in evaluating the reasonableness of the transaction:

- the ability of Vedanta to add value to the business of KCM in the future through active management and development of KCM, particularly its role in the development of the Konkola Ore Body Extension Project;
- the potential value add to ZCI shareholders as a result of Vedanta being able to increase production levels and reduce operating costs at KCM;
- the lower operating risk profile of KCM as a result of the shortfall funding commitment agreed to by Vedanta;
- the economics of the call and put agreement on ZCI shareholders; and

- the impact of the transaction on the Zambian economy and development of the Copperbelt region.

Other information

A shareholders' decision regarding whether the terms of the transaction are fair and reasonable may be influenced by such shareholder's particular circumstances. Shareholders should consult an independent adviser if they are in any doubt as to the merits of the transaction, considering their individual circumstances.

In addition, ZCI shareholders should obtain advice on any taxation and/or legal implications of the transaction as these implications have not been assessed by RMB.

Material interests

Whilst FirstRand Bank Limited or its subsidiary companies and their respective directors may hold shares in ZCI in the ordinary course of their portfolio investments, RMB has no interest, direct or indirect, beneficial or non-beneficial, in ZCI or in the outcome of the offer.

Consent

We hereby consent to the inclusion of this letter and the references to our opinion in the document to ZCI shareholders in the form and context in which they appear.

Yours faithfully

GERARD KEMP
For and on behalf of FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance

JAMES FORMBY
For and on behalf of FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance

1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)"

Information on Vedanta

1. Description of the business of Vedanta

1.1. Overview

Vedanta is an international mining and metals group with zinc, copper and aluminium operations in India and two copper mines in Australia. It listed on the LSE in November 2003 and has a current market capitalisation of approximately $1.8 billion. Vedanta comprises three major businesses:

- the copper business, comprising a copper smelter, a refinery and two copper rod plants in India and two copper mines in Australia;
- the aluminium business, which encompasses fully integrated bauxite mining, alumina refining and aluminium smelting in India; and
- the zinc business, which has fully integrated lead-zinc mining and smelting operations in India.

Vedanta's other activities include an aluminium conductor business and an investment in an aluminium foil business.

Vedanta's strategy is to generate strong financial returns and create a world-class metals and mining company.

The company is headquartered in London and has approximately 13,700 employees worldwide.

Vedanta holds its interests in its operations through two subsidiaries, Sterlite and the Madras Aluminium Company Limited ("MALCO"). Sterlite is Vedanta's principal subsidiary and is currently listed on the Bombay Stock Exchange. Vedanta's copper operations are owned and operated by Sterlite, which also holds majority stakes in Vedanta's zinc business, Hindustan Zinc Limited, and the group's principal aluminium business, the Bharat Aluminium Company Limited. Vedanta has demonstrated an ability to turnaround underperforming assets once acquired such as its Australian mining operations and to consistently lower operating costs such as at its Tuticorin copper smelter complex in India. Vedanta has also recently embarked on a major capital expenditure programme of approximately $2 billion to significantly expand its operations.

1.1.1. The copper business

The copper business is owned and operated by Sterlite. The copper operations include a smelter at Tuticorin in southern India, a refinery and two copper rod plants at Silvassa in western India and two copper mines in Australia, in which indirect wholly owned subsidiaries of Sterlite hold interests. Sterlite is one of the two leading copper producers in India and had a domestic market share of approximately 42% of copper sales in 2002. Sterlite's Tuticorin smelter, commissioned in 1997, was the first privately developed copper smelter in India. The Silvassa refinery was commissioned in the same year. The smelter and refinery each have an installed capacity of approximately 180,000 tpa of copper anode and copper cathode, respectively, from which Sterlite produced approximately 156,000 tonnes of copper cathode and approximately 95,000 tonnes of copper rods in the year ended 31 March 2003. In the six months ended 1 October 2003 Sterlite produced approximately 93,000 tonnes of copper cathode and approximately 59,000 tonnes of copper rod. Sterlite's Australian copper mines currently supply approximately 22% of Sterlite's copper concentrate requirements.

1.1.2. The aluminium business

The aluminium business is owned and operated by Bharat (in which Sterlite has a 51% interest) and MALCO (in which Vedanta, through Twin Star, has an 80% interest). In 2002, the combined domestic market share of Bharat and MALCO was approximately 21% of aluminium sales.

Bharat is a fully integrated producer with its own bauxite mine and the Korba alumina refining and aluminium smelting complex, which includes a 270 MW captive power plant and fabrication facility, all located in central India. Sterlite acquired a 51% interest in Bharat in 2001 from the Government of India. The refining and smelting facilities have a capacity of approximately 200,000 tpa of alumina and 100,000 tpa of aluminium, respectively.

MALCO is also a fully integrated producer with two bauxite mines and the Mettur Dam alumina refining and aluminium smelting complex, which includes a 75 MW captive power plant and a fabrication facility, all located in southern India. The refining and smelting facilities have a capacity of approximately 70,000 tpa of alumina and 35,000 tpa of aluminium, respectively.

1.1.3. The zinc business

The zinc business is owned and operated by Hindustan Zinc Limited ("Hindustan Zinc"), a fully integrated zinc producer. Sterlite, through Sterlite Opportunities and Ventures Limited, has a 64.9% interest in, and management control of, Hindustan Zinc. It acquired this in stages through its subsidiary Sterlite Opportunities and Ventures Limited, which purchased 26% of Hindustan Zinc's capital from the Government of India and acquired 20% through an open market offer in 2002. It acquired a further 18.9% through the recent exercise of a call option granted to Sterlite Opportunities and Ventures Limited by the Government of India. Hindustan Zinc's zinc operations include three lead-zinc mines, one lead-zinc smelter and one zinc smelter in north-west India and one zinc smelter in south-east India. Hindustan Zinc is India's only integrated zinc producer and had a domestic market share of approximately 210,000 tpa of zinc ingots and 34,000 tpa of lead ingots.

1.1.4. Other activities

Vedanta's other activities include an aluminium conductor business, consisting of two power transmission aluminium conductor plants in western India, and an investment in an aluminium foil business, owned and operated by India Foil Limited.

1.2. Projects and developments

1.2.1. The copper business

Sterlite is expanding asset capacity at the Tuticorin smelter to 300,000 tpa of copper anode, is commissioning a 127,000 tpa copper refinery at Tuticorin and is also relocating an existing copper rod plant to the Tuticorin site. Sterlite management expects that the smelter expansion, refinery construction and plant relocation will be completed in December 2003, with commissioning to take place over the following three months.

1.2.2. The aluminium business

Bharat is expanding installed capacity at the Korba smelter from 100,000 tpa to 350,000 tpa of aluminium and increasing Korba's captive power generation capacity through the construction of an additional 540 MW captive power plant. Bharat's management expects that the power plant smelter will be commissioned in the financial year ending 31 March 2006.

MALCO is intending to expand its installed smelting capacity to 40,000 tpa of aluminium.

Sterlite has entered into memoranda of understanding with the state government of Orissa in India and with the Orissa Mining Corporation, a statutory corporation, in relation to the establishment of a bauxite mine and an alumina refinery with an initial installed capacity of 1.0 Mtpa and an associated captive power plant in the state of Orissa in eastern India. Provided the necessary funding, leases and approvals are obtained, Sterlite management expects that the refinery and power plant will be commissioned in March 2006. SRK believes commissioning will not be achieved until July 2007. Alumina from the proposed Orissa refinery is expected initially to be transported to Bharat's aluminium smelter at Korba for processing or sold on the domestic or export markets.

1.2.3. The zinc business

Hindustan Zinc is in the process of expanding installed capacity at its zinc smelters to approximately 400,000 tpa of zinc, increasing installed capacity at the Rampura Agucha lead-zinc mine to 3.75 Mtpa of ore, which will result in an increase in actual production to 3.3 Mtpa in the period to 2009, and constructing a 154 MW captive coal fired power plant at the Chanderiya smelting complex. Hindustan Zinc management expects that the expansions at the Rampura Agucha lead-zinc mine and at Chanderiya will be completed by December 2004 and April 2005, respectively.

2. Key strengths

The key strengths of Vedanta's businesses are:

- a strong competitive position enjoyed as a result of Vedanta's market shares in the growing Indian copper, aluminium and zinc markets;
- management's ability to:
  - turn around and optimise underperforming businesses;
  - improve manpower productivity and deliver operational efficiencies;
  - implement capital programmes on time and within budget;
- a well balanced commodity portfolio; and
- a pipeline of expansion projects.

3. Vedanta's strategy

Vedanta's strategy is to generate strong financial returns and create a world class metals and mining company.

Vedanta intends to pursue this strategy by:

- optimising the performance of the existing assets: Vedanta's expansion plans for each of its businesses will de-bottleneck plants, further improve efficiency, expand output and drive down unit costs;
- consolidating the Vedanta structure: Vedanta will continue to increase its direct ownership in the underlying businesses; and
- greenfield growth: two large green field projects, the 250,000 tpa GAMI-based aluminium smelter at the Korba complex and the proposed 1.0 Mtpa alumina refinery in Orissa, offer attractive economics and future growth; and leveraging established skills: Vedanta Resources will seek further growth opportunities in India, including the Indian Government's privatisation programmes, and also outside its traditional Indian base, in operations where its proven transactional, operating and turnaround skills can provide a competitive advantage.

4. Financial information relating to Vedanta

The following information reflects audited financial information for Vedanta for the three years to 31 March 2002, 31 March 2003 and 31 March 2004

1. Consolidated income statements

for the year ended 31 March $ million	2004	2003 (reclassified)	2002
Group and share of associate's turnover	1,300.6	975.8	617.9
Less: associate's turnover	(11.1)	(12.7)	(16.6)
Group turnover	1,289.5	963.1	601.3
Cost of sales	(973.9)	(733.7)	(481.4)
Gross profit	315.6	229.4	119.9
Selling and distribution costs	(35.6)	(30.8)	(23.4)
Administrative expenses	(60.1)	(107.2)	(55.4)
- normal	(46.8)	(57.1)	(50.4)
- exceptional	(13.3)	(50.1)	(5.0)
Other operating income	17.2	23.2	17.1
Group operating profit	237.1	114.6	58.2
Operating profit before operating exceptional items	250.4	164.7	63.2
Operating exceptional items	(13.3)	(50.1)	(5.0)
Share of operating loss in associate	(1.2)	(0.5)	0.3
Loss on disposal of fixed assets	(1.2)	(0.7)	-
Profit on ordinary activities before interest and taxation	234.7	113.4	58.5
Investment income	39.7	14.7	13.3
Interest payable and similar charges	(41.0)	(49.7)	(48.6)
Profit on ordinary activities before taxation			
Tax on profit on ordinary activities	233.4	78.4	23.2
	(76.0)	(20.5)	(6.7)
Profit on ordinary activities after taxation	157.4	57.9	16.5
Equity minority interests	(90.8)	(33.4)	(15.3)
Profit for the financial year	66.6	24.5	1.2
Dividends	(15.8)	-	-
Retained profit for the financial year	50.8	24.5	1.2
Basic earnings per share (US cents/share)			
Profit for the financial year	23.3	8.6	
Underlying Profit for the financial year	24.5	11.9	1.0
Diluted earnings per share (US cents/share)			
Profit for the financial year	23.3	8.6	
Underlying Profit for the financial year	24.5	11.9	1.0

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

All turnover and operating profit for the year is derived from continuing operations.

2. Consolidated balance sheets

for the year ended at 31 March $ million	2004	2003	2002
Fixed assets			
Intangible assets	3.6	3.7	4.0
Goodwill	12.2	12.5	13.6
Negative goodwill	(8.6)	(8.8)	(9.6)
Tangible fixed assets	1,268.4	889.1	599.4
Investment in associate	2.7	0.3	3.8
Other investments	36.5	30.1	13.2
	1,311.2	**923.2**	**620.4**
Current assets			
Stocks	199.9	170.1	96.6
Debtors	245.5	173.5	85.6
Current asset investments	1,188.5	81.7	89.3
Cash at bank and in hand	52.7	65.2	18.7
	1,686.6	**490.5**	**290.2**
Creditors: amounts falling due within one year Short-term borrowings	(295.3)	(220.3)	(161.1)
Loans	(245.8)	(220.3)	(161.1)
Convertible bonds	(49.5)	-	-
Other current liabilities	(586.5)	(277.8)	(122.9)
	(881.8)	**(498.1)**	(284.0)
Net current assets / (liabilities)	**804.8**	**(7.6)**	6.2
Total assets less current liabilities	**2,116.0**	**915.6**	**626.6**
Creditors: amounts falling due after more than one year	(529.9)	(261.4)	(179.6)
Provisions for liabilities and charges	(162.9)	(144.0)	(120.3)
Equity minority interests	(437.1)	(405.2)	(4.1)
	-	-	(260.6)
Net assets	**986.1**	**105.0**	62.0
Capital and reserves			
Called up equity share capital	28.6	-	5.0
Shares to be issued	-	-	-
Share premium account	18.6	-	15.0
Merger reserve	4.4	-	-
Other reserves	8.3	37.9	9.3
Profit and loss account	926.2	67.1	32.7
Equity shareholders' funds	**986.1**	**105.0**	62.0

3. Consolidated cash flow statements

for the year ended at 31 March $ million	2004	2003	2002
Net cash inflow from operating activities	**496.3**	**233.5**	**123.2**
Returns on investments and servicing of finance			
Interest received and other income	34.6	19.6	9.0
Interest paid	(42.0)	(47.4)	(46.1)
Dividend received from fixed asset investments	0.8	-	-
Dividend paid to minority shareholders	(10.1)	(4.9)	(6.0)
	(16.7)	**(33.0)**	**(43.1)**
Taxation	**(57.5)**	**(25.5)**	**(7.8)**
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(349.0)	(45.5)	(43.4)
Proceeds from the sale of tangible fixed assets	2.8	1.4	2.2
Purchase of fixed asset investments	(9.2)	-	-
Proceeds from sale of intangible fixed assets	-	-	(9.9)
Proceeds from sale of fixed asset investments	-	-	2.6
	1.8	0.8	-
	(353.6)	**(43.3)**	**(48.5)**
Acquisitions			
Purchase of interest in subsidiary company	(81.1)	(160.4)	-
Net cash acquired with subsidiaries	-	11.6	-
Issue of shares to minorities	-	0.7	0.2
Buyback of shares from minorities	-	(40.8)	(1.1)
	(81.1)	**(188.9)**	**(0.9)**
Cash outflow before use of liquid resources and financing	**(12.6)**	**(57.2)**	**22.9**
Management of liquid resources			
(Purchase)/sale of current asset investments	(1,065.0)	9.8	5.2
	(1,065.0)	**9.8**	**5.2**
Financing			
Issue of ordinary shares (net of share issue expenses)	825.3	-	-
Repayment of share application money pending allotment	(26.2)	-	-
Increase in short term borrowings	141.7	53.2	9.8
Increase in long term borrowings	120.8	45.5	(31.8)
Repayment of non-equity minority interests	-	(4.1)	(3.1)
	1,061.6	**94.6**	**(25.1)**
(Decrease)/increase in cash in the year	**(16.0)**	**47.2**	**3.0**

Share price history of ZCI

The volumes and the highest, lowest and closing prices at which ZCI ordinary shares have traded on the JSE per quarter for 2001 to 2004, each month from August 2003 to August 2004 and for each trading day from 2 August 2004 to 1 October 2004, are as follows:

			High (cents)	Low (cents)	Close (cents)	Volume
Quarterly						
2000	September		490	350	375	40,477
2000	December		380	375	380	23,693
2001	March		700	380	610	80,895
2001	June		625	450	450	53,800
2001	September		406	345	300	64,741
2001	December		380	300	380	81,917
2002	March		380	125	175	47,301
2002	June		191	169	191	28,020
2002	September		200	125	200	16,665
2002	December		200	175	188	49,075
2003	March		175	150	150	11,944
2003	June		150	100	100	7,344
Monthly						
2003	July		85	85	85	2,387
2003	August		125	100	125	3,682
2003	September		150	150	150	342
2003	October		165	155	165	600
2003	November		220	200	200	1,576
2003	December		-	-	200	-
2004	January		550	250	550	11,758
2004	February		600	500	600	3,900
2004	March		625	420	550	70,461
2004	April		650	550	650	1,892
2004	May		625	625	625	1,062
2004	June		600	480	480	20,200
2004	July		480	480	480	14,286
2004	August		475	400	401	16,800
Daily						
2004	September	01	-	-	401	-
2004	September	02	350	350	350	285
2004	September	03	-	-	350	-
2004	September	06	-	-	350	-
2004	September	07	-	-	350	-

2004	September	08	-	-	350	-
2004	September	10	350	350	350	1,028
2004	September	13	350	350	350	100
2004	September	14	360	360	360	12,000
2004	September	15	-	-	360	-
2004	September	16	-	-	360	-
2004	September	17	-	-	360	-
2004	September	20	-	-	360	-
2004	September	21	-	-	360	-
2004	September	22	-	-	360	-
2004	September	23	-	-	360	-
2004	September	27	450	430	460	47,758
2004	September	28	450	450	450	-
2004	September	29	450	450	450	-
2004	September	30	450	450	450	-
2004	October	1	450	450	450	-
2004	October	4	450	450	450	-
2004	October	5	450	450	450	-

Zambia Copper Investments Limited
(Registered in Bermuda)
JSE code: ZCI   ISIN: BMG988431240
LSE share code: ZCI   Euronext share code: BMG988431240
("ZCI" or "the company")

Notice of general meeting

All terms in the circular to which this notice of general meeting is attached, shall bear the same meaning in the notice of general meeting as in the circular.

NOTICE IS HEREBY GIVEN that a general meeting of holders of ordinary shares of a par value of 0.24 Bermudan dollars each in the issued share capital of ZCI, will be held at 10:00 South African and Central European time on Tuesday 26 October 2004, at Hermes Amphitheatre, Paris Expo Coeur Défense, 110 Esplanade du Général de Gaulle, 92032 Paris La Defence Cedex, France, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions set out below:

1. ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, T Kamwendo who, being eligible, recommended and available and has offered himself for election, be appointed as director of ZCI.**"**

2. ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT, J-P Rozan who, being eligible, recommended and available and has offered himself for election, be appointed as director of ZCI.**"**

3. ORDINARY RESOLUTION NUMBER 3

"RESOLVED THAT, the renouncement by ZCI, acting through ZCI Holdings, of its rights in respect of the Konkola Copper Mines plc ("KCM") rights offer, as more fully set out in paragraph 4.1 of the circular, in favour of Vedanta Resources plc ("Vedanta"), be and is hereby approved."

4. ORDINARY RESOLUTION NUMBER 4

"RESOLVED THAT ZCI be and is hereby authorised to sell ZCI's entire interest in KCM, held indirectly through ZCI Holdings, when the Vedanta call option is exercised on either:

- a positive development decision on the Konkola Ore Body Extension Project; the project providing for the extension of the KCM orebody as set out in the new KCM Development Agreement; or
- the achievement by Konkola mine, a division of KCM, of 3,000,000 tonnes per annum of ore production for 4 consecutive quarters,

pursuant to the Vedanta Call Option Deed, for a purchase consideration equal to the prevailing fair market value of ZCI's KCM shares at that time as agreed to between ZCI and Vedanta or, failing agreement, as determined by an independent international investment bank."

5. ORDINARY RESOLUTION NUMBER 5

"RESOLVED THAT ZCI be and is hereby authorised to purchase Vedanta's call option shares in KCM when the ZCI / ZCCM-IH call option is exercised on a negative development decision on the Konkola Ore Body Extension Project; the project providing for the extension of the KCM orebody as set out in the new KCM Development Agreement pursuant to the ZCI/ZCCM-IH Call Option Deed, for a purchase consideration equal to the prevailing fair market value of Vedanta's KCM shares at that time as agreed to between ZCI and Vedanta or, failing agreement, as determined by an independent investment bank."

6. ORDINARY RESOLUTION NUMBER 6

"RESOLVED THAT subject to the passing of ordinary resolutions number 3 to 5,

6.1 all actions taken by the directors of ZCI in relation to the transaction as set out in this circular, be and are hereby approved and ratified; and

6.2 any 1 or more directors of ZCI be and are hereby authorised to do all such things as may be necessary to implement the transaction and the aforementioned resolutions."

7. VOTING AND PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the general meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder. Forms of proxy should be forwarded to reach the company's transfer secretaries by 10:00 South African and Central European time on Monday 25 October 2004:

In South Africa:	In the United Kingdom:
Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, or P O Box 61051, Marshalltown, 2107	Computershare Investor Services plc P O Box 82 The Pavilions, Bridgewater Road Bristol, BS99 7NH United Kingdom

In Europe:
Euro Emetteurs Finance 48 Boulevard des Batignolles 75850 Paris Cedex 17 France

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and

- in the event that they wish to attend the general meeting, to obtain the necessary authority to do so.

By order of the board of directors

ZCI LIMITED

John B Mills
Company Secretary

Johannesburg
11 October 2004

Included for information only. Please make use of the attached separate form of proxy or voting instructions to shareholders.

Zambia Copper Investments Limited
(Registered in Bermuda)
JSE code: ZCI ISIN: BMG988431240
LSE code: ZCI Euronext share code: BMG988431240
("ZCI" or "the company")

Form of proxy

For use by shareholders at the general meeting to be held on Tuesday 26 October 2004 at Hermes Amphitheatre, Paris Expo Coeur Défense, 110 Esplanade du Général de Gaulle, 92032 Paris La Defence Cedex, France, or at any adjournment thereof**.**

I/We ______________________________

of (address) ______________________________

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

1. ______________________________ or failing him/her/it,

2. ______________________________ or failing him/her/it,

3. the chairperson of the general meeting,

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

	Number of votes (one vote per share)		
	For	**Against**	**Abstain**
Ordinary resolution number 1 *"Election of T Kamwendo as director of ZCI"*			
Ordinary resolution number 2 *"Election of J-P Rozan as director of ZCI "*			
Ordinary resolution number 3 **"***the renouncement by ZCI, acting through ZCI Holdings, of its rights in respect of the Konkola Copper Mines plc ("KCM") rights offer, as more fully set out in paragraph 4.1 of the circular, in favour of*			

Vedanta Resources plc ("Vedanta"), be and is hereby approved."			
Ordinary resolution number 4 *"Authority for ZCI to sell ZCI's entire interest in KCM, held indirectly through ZCI Holdings, pursuant to the Vedanta Call Option Deed"*			
Ordinary resolution number 5 *"Authority for ZCI to purchase Vedanta's call option shares in KCM pursuant to the ZCI/ZCCM-IH Call Option Deed*			
Ordinary resolution number 6 **"***Approval and ratification of the actions of directors of ZCI in relation to the transaction and authority for directors of ZCI to do all such things as may be necessary to implement the transaction and the aforementioned resolutions."*			

Signed at on 2004

Signature

Assisted by me (where applicable)

Please read the notes on the reverse side hereof.

Notes:

1. Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and, on a poll, vote in place of that member at the general meeting.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairperson of the general meeting". The person whose name stands appears on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.

4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.

5. Forms of proxy must be lodged with or posted to the company's transfer secretaries to be received by no later than 24 hours prior to the allotted time for the general meeting at:

In South Africa:	In the United Kingdom:
Computershare Investor Services 2004 (Proprietary) Limited Ground Floor, 70 Marshall Street Johannesburg 2001 or P O Box 61051, Marshalltown, 2107	Computershare Investor Services plc P O Box 82 The Pavilions, Bridgwater Road Bristol, BS99 7NH United Kingdom

In Europe:
Euro Emetteurs Finance 48 Boulevard des Batignolles 75850 Paris Cedex 17 France

6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy should such member wish to do so.

7. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairperson of the general meeting.

9. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in accordance with these instructions and notes, provided that the chairperson is satisfied as to the manner in which a member wishes to vote.

10. Dematerialised shareholders who are not registered with own name registration in the sub-register who wish to attend the general meeting or be represented by proxy must timeously contact their Central Securities Depository Participant or broker, who will furnish them with the necessary authority to attend the general meeting or be represented by proxy.