

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

UPDATE ON CONTINGENT LIABILITY AND CAUTIONARY ANNOUNCEMENT

Introduction

ZCI shareholders ("Shareholders") are referred to the contingent liability as a result of a pending settlement with iCapital ((Mauritius) Limited ("iCapital")) as disclosed in both the Annual Report sent to shareholders on 28 June 2013 and the Abridged Audited Financial Results released on the Stock Exchange News Service on 28 June 2013, where, in the event that ZCI has not disposed of all or a portion of its shareholding in African Copper PLC ("ACU") by 1 June 2013 (the "Disposal") iCapital would, subject to approval by Shareholders, be compensated by ZCI through the transfer of 18.5% of the ACU shares held by ZCI to iCapital ("Share Transfer"). ZCI shareholders are advised that no Disposal has taken place.

Rationale for the Disposal

ZCI previously entered into an Investment Advisory and Management agreement ("IAMA") with iCapital. iCapital was engaged to advise ZCI on various prospective investment targets and, if an investment was approved by the board of ZCI, to provide investment management services to ZCI. The IAMA was subsequently terminated and, since termination, the parties have been involved in a dispute regarding the interpretation of certain clauses in the IAMA and the resulting fees due to iCapital. As part of the settlement terms of the dispute, an immediate payment of US\$2 million was made by ZCI to iCapital ("Initial Payment") and it was agreed that, in the event that the Disposal was not completed by 1 June 2013, iCapital would be further compensated by means of the Share Transfer. The Initial Payment and the Share Transfer are collectively referred to as the Transaction.

Related party transaction and circular to Shareholders

In terms of the listing requirements of the JSE (the "Listings Requirements"), the Transaction is classified as a related party transaction as J. Soko serves on the boards of both ACU and iCapital. The Transaction is also a category two transaction per the categorisation rules contained in the Listings Requirements.

Accordingly, Shareholders are required to approve the Transaction by way of an ordinary resolution proposed at a general meeting and approved by a simple majority of the votes of

Shareholders, other than the related party and its associates, being cast in favour of the resolution.

The ZCI board of directors ("Board") has commenced the process to appoint a transaction sponsor and an independent expert in respect of the Transaction in order to initiate the process to obtain the necessary Shareholder approval. Given that Shareholder approval will be required to implement the Transaction, a circular setting out the details required by the JSE, incorporating the Board's recommendation, an independent fairness opinion, a notice of general meeting and form of proxy will be posted to Shareholders in due course.

Details of the Transaction

The Transaction is subject to regulatory and Shareholder approval. In the event that such approval is granted, the Transaction will proceed in the following manner:

- The Share Transfer reference date (the "Reference Date") is determined as the 1st business day after all necessary regulatory and shareholder approvals and consents ("Approvals") have been obtained. ZCI is to service notice on ACU to convert the Tranche A convertible loan, with a principal balance outstanding of US\$ 8,379,100 (the "Loan"), into 556,307,263 ACU shares of 1 British Pence each within 21 days of the Reference Date.
- By the later of 21 days after the Reference Date or 10 days after the conversion of the Loan, ZCI is to dispose of 18.5% of its post conversion shareholding, namely 247,575,741 ACU shares, to iCapital. In the event that such Approvals are not granted by 30 September 2013, the dispute will not be settled and the parties will, in effect, revert to the procedure set out in the IAMA.

Effective date

Provided the relevant Approvals have been obtained, the effective date of the Transaction is 30 September 2013.

Further announcement and cautionary announcement

A further announcement setting out the *pro forma* financial effects relating to the Transaction as well as the salient dates and times will be made in due course. Accordingly, Shareholders are advised to exercise caution when dealing in the Company's securities until a further announcement regarding the Transaction is made

Bermuda

12 August 2013

Sponsor: Bridge Capital Advisors (Pty) Ltd