

ZCI Limited

Bermudian registration number 661:1969

Euronext share code: BMG9887P1068

("ZCI" or "the Company")

The Company is pleased to attach the script of the Chairman's presentation which preceded the Annual General Meeting ("AGM") of the shareholders of ZCI Limited held at Maitland House 1, Gloucester Road, Mowbray 7700, Cape Town, South Africa on the 12th of April 2019 at 10h30 (CAT).

For the results of the AGM, shareholders are referred to the separate announcement released by the Company on 22 May 2019.

General enquiries concerning this presentation, the Company, and its business should be addressed to:

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Bermuda
22 May 2019

ZCI LIMITED

CHAIRMAN'S PRESENTATION FOR THE 2018 ANNUAL GENERAL MEETING

INTRODUCTION

Good morning ladies and gentlemen. My name is Stephen Simukanga and I am the Chairman of ZCI Limited. On behalf of the Board I would like to welcome those shareholders who have made time to attend this meeting.

I am joined by my fellow director, Thomas Kamwendo, the CEO of the Company, who has agreed to record the minutes as secretary of the meeting, and Wilhelmus Badenhorst, the CFO, who is unfortunately not able to be here in person but has joined by teleconference.

Cognisant that the Company has not published results for some time, I'll start by giving you a brief overview of the salient events that have occurred during the recent past and the current status of the Company, including an update on governance and our plans to remediate the situation and enable shareholders to more easily trade the Company's shares.

We will then deal with the resolutions that are set out in the Notice of Meeting.

OVERVIEW OF SALIENT EVENTS AND CURRENT STATUS

Salient events and operating status

To better understand the current status of the Company, it is necessary to recap on some of the events that have occurred during the recent past.

Since 2009, virtually all of the Company's activities related to its one major investment, being its 73.44% ownership of African Copper plc and its operating subsidiaries Messina Copper and Matsitama Minerals (collectively referred to as the "ACU Group") and the debt which was owed by the ACU Group to the Company.

Shareholders will recall from announcements in the past, that Messina experienced material working capital constraints in mid-2015 when the Thakadu mine was nearing the end of its scheduled mine life and operations revealed significant variability in ore grades at Thakadu, compared to the geological resource model, leading to the early termination of the Thakadu mine.

While the ACU Group undertook efforts to refinance, they continued to experience shortfalls in production ultimately leading to a worsening of its working capital deficit in the latter part of the 2015 calendar year at which time both ACU plc and Messina Copper were placed into liquidation.

ZCI was by some measure the largest creditor of Messina Copper, with its secured claims in relation to the interest-bearing loans (including accrued interest) with Messina Copper totalling approximately One-Hundred and Twelve Million US Dollars (*US\$112 million*).

The First Meeting of Creditors of Messina Copper was held on 15 March 2016, and Mr Butler Phirie of Pricewaterhouse Coopers Botswana was appointed as the liquidator.

Mr. Phirie engaged Venmyn Deloitte to run a disposal process in order to sell, as a package, the Messina Copper assets, being the mining licences, land leases, inventory, property, plant and equipment owned by Messina.

Mr. Phirie received an offer to purchase the assets of Messina from an investment consortium comprising PenMin (Pty) Limited and Cradle Arc plc (formerly known as Alecto Minerals plc), an Africa-focused gold and base metal exploration and development company, acting through a newly incorporated Botswana company called Cradle Arc Investments, who in turn wholly owned Leboam Holdings (Pty) Limited, a newly registered entity under the Laws of Botswana, established for the purposes of this transaction.

This offer was subsequently amended and authorised for acceptance by the creditors of Messina on 16 December 2016.

The key features of the transaction included the following:

- a distribution to creditors of Twenty Million US Dollars, being the “Consideration”, of which Ten Million US Dollars was to be distributed to creditors of Messina other than ZCI, and Ten Million US Dollars distributed to ZCI;
- The transaction further included a Twenty-One Million US Dollar unsecured shareholders loan being recorded in favour of ZCI by Leboam and a Forty Percent (40%) equity subscription being issued by Leboam to ZCI.

There were two key timing steps involved in the Transaction, namely the transfer of the Messina Assets to Leboam and the payment by Leboam for the Messina Assets after a successful fundraising and flow of funds in respect of the Consideration mentioned before.

A range of conditions had to be met before the Asset Transfer could take place, including the issue by the Botswana Government of Ministerial approval for the transfer of a mining licence to Leboam and the related approvals concerning the land and the mortgage bonds to which the mining licence related.

A further condition precedent was the release by ZCI of the security held by it over the Messina Assets and the simultaneous re-issue to ZCI by Leboam of an identical security package as security for Leboam’s obligations owing to ZCI in terms of the Transaction.

These conditions were met and the Asset Transfer concluded on or about 13 November 2017.

The Transaction was further dependent on and subject to the fulfilment of the condition of the successful funding of the Consideration.

This Consideration was initially intended to be paid in cash with such cash funding to be obtained through a term finance facility from Leboam’s off-take partner, Fujax Minerals and Energy Limited, with the flow of funds to Leboam being subject to a range of mining production targets being met.

Leboam however experienced unforeseen challenges in meeting production targets and ultimately raising the required funds to meet the consideration in cash.

As a result, all of the parties to the Transaction, including ZCI and Messina's Liquidator, Mr. Phirie, were compelled to agree to amend the terms relating to the Consideration, whereby, upon conclusion of a fundraising by Leboam, which included a capital raising and the listing of the ordinary shares of Cradle Arc on the AIM exchange in London, the following was to occur:

- The Messina Liquidator was to receive a Ten Million US Dollar Loan Agreement payable by Leboam over Twenty Four months carrying interest at a rate of Thirteen Point Five Percent.
- ZCI was to receive a Nine Point Nine Million US Dollar Secured Loan, payable by Leboam over Thirty-Three months, carrying interest at a rate of Thirteen Point Five Percent.

Shareholder should note that the difference between the Ten Million US Dollar portion of the consideration originally envisaged to be received by ZCI in cash, and the principal amount of this Nine Point Nine Million Dollar Secured Loan, relates to a One-Hundred Thousand Dollar 'deductible' amount received by ZCI under a fee agreement with Leboam prior to the aforementioned change to the terms of the Consideration.

- The other terms of the Consideration remained unchanged, namely Twenty-One Million US Dollar unsecured shareholders loan and the Forty Percent equity subscription in Leboam.

On 24 January 2018 Cradle Arc's ordinary shares were successfully admitted to trading on AIM and all suspensive conditions to the Transaction were effectively satisfied and accordingly the Company received the proceeds, as I have just described, arising from the liquidation proceedings of Messina.

Following the closure of the transaction, Leboam however experienced significant production shortfalls, resulting in ZCI only receiving payments to the amount of US\$244,976 in connection with the interest payable on the secured loan, which represented interest for the period from 25 January to 31 May 2018.

Leboam did not however meet any other of its interest payment obligations to ZCI.

Following an urgent application to the Botswana High Court by Fujax (as first petitioner) supported by the Messina Liquidator and ZCI (as second and third petitioners respectively), a Provisional Judicial Management Order was issued for Leboam, which became effective on 18 December 2018.

Following a meeting of creditors of Leboam held on the 25th of February 2019, pursuant to the Provisional Order, the Botswana High Court issued a Final Judicial Management Order for Leboam (the "Final Order"). The Final Order became effective on 28 February 2018 and accordingly, subject to the supervision of the Botswana High Court, Leboam was placed under Judicial Management.

The Judicial Management of Leboam remains ongoing at present and ZCI is participating in the process which envisages a financial restructuring of Leboam and the further development of the Mowana mine. While the discussions on a reorganisation have not yet progressed to such an extent that I am able to share any details. It is common knowledge that Leboam currently has unsustainable levels of debt and that the amount of debt needs to be reduced substantially in order for the Mowana project to become economically viable and financeable.

A positive development emanating from the liquidation of ACU plc is the acquisition by ZCI of 100% of Matsitama Minerals for a nominal consideration. At present Matsitama Minerals remains on care and maintenance. With the ownership having now passed to the Company, Matsitama is in the process of reviewing the legal and technical status of all its 9 exploration licences. Once Matsitama has completed the update of its exploration data set it will invite strategic partners to join ZCI in further exploration on an earn-in basis.

While we are confident that ZCI can return to positive cash flow in the medium term and realise some of the value of its investment in the Mowana Project, this is based on a number of assumptions which are not without risk. The key assumption being the successful restructuring and restart of operations at Leboam within the time frame envisaged in the judicial manager's report.

We hence acknowledge that there is uncertainty over the Company's ability to meet its funding requirements which casts significant doubt on the ability of the Company to continue as a going concern, and Shareholders should be aware that in the event that Leboam is not able to restart its operations and meet any of its obligations to ZCI for an extended period of time, the Company would be at a significant risk of being forced into insolvency.

In order to keep cash outflows as low as possible, the payment of directors' fees has been suspended since the third quarter of the 2017 financial year. This suspension of payment continues to be maintained. A special thanks to all my fellow Directors for the sacrifices that they have made in this regard. All other costs are also being closely controlled and I am pleased to advise that the Company's key suppliers have been very collaborative in finding solutions to curb expenditure.

In addition to its Directors, the Company's main creditor is its ultimate parent, the Copperbelt Development Foundation. The CDF loans and interest outstanding is approximately Ten and a half Million US Dollars at present. I would like to take this opportunity to thank CDF for their support over the years and their continued understanding of the challenges the Company has faced.

Financial reporting

The key factors which to date have continued to impede our ability to finalise the consolidated annual financial statements for the financial year ending 31 March 2015 as well as the annual financial statements for the subsequent periods is the distressed status of ZCI's subsidiaries, the material uncertainties which existed surrounding our claims and the amendments to and extensive delay in completing the Messina liquidation.

While we acknowledge that ZCI as the largest creditor of Messina was able to influence the process, the delays experienced were unfortunately beyond the control of ZCI.

The main impediment at present is the ability for ZCI's management to conclude an assessment on the going concern status of the Company, or in other words the material certainty that ZCI will function without the threat of liquidation for the foreseeable future, which for the preparation of the consolidated annual financial statement is regarded as at least the next twelve months.

Considering the Company's current status, this assessment is wholly subject to the successful restructuring and restart of operations at Leboam and the latter's ability to meet its obligations to ZCI.

Governance

ZCI continues to be committed to sound and robust corporate governance standards. This is even more important in challenging times such as those being experienced by the Company at present.

I am pleased to advise that the Board retains full and effective control over ZCI, and continues to meet regularly to consider all issues having a material effect on the Company, and in particular the status of its subsidiaries and the related liquidation proceedings, the Company's liquidity and funding requirements, and its ability to continue as a going concern.

The board composition has remained unchanged since the last AGM with four members, of which two are independent non-executives.

The current directors are Professor Cyril O'Connor, an independent, non-executive director, Thomas Kamwendo, the Chief Executive Officer, Wilhelmus Badenhorst, the Chief Financial Officer, and me.

The company remains listed, albeit with a suspended status, on Euronext Paris despite the de-listing from the Johannesburg Stock Exchange on 6 July 2018.

The primary reason for the suspended listing remains the continued inability to publish audited financial statements. As I have described earlier, concerted efforts are being made to remediate the situation in respect of the Company's financial reporting.

As a result, there is unfortunately no easy way for shareholders to trade the Company's shares at present.

A registered holder of ZCI shares who has identified a buyer for its ZCI shares and who wishes to sell ZCI shares to that buyer may, after having concluded the sale directly with the buyer, including the flow of any sale proceeds, submit a duly completed, signed and stamped (where necessary) share transfer form together with a share certificate to ZCI's share registrar for registration of the transfer.

Further instructions and information on this process is available on the Company's website.

The Company continues to explore viable alternative solutions for shareholders to buy and sell their shares, including the potential to introduce an interactive on-line auction platform.

Implementing this solution however will necessarily require a full remediation of the status regarding the audited consolidated annual financial statements as well as incurring a material amount of operating expenditure.

Progressing this matter is however also subject to the successful restructuring and restart of operations at Leboam within the time frame envisaged, and as a result we are not presently able to provide certainty on when such an alternative trading arrangement will be in place.

Any developments in this regard will be communicated to shareholders via the Company's website as soon as any relevant information is available.

Conclusion

As we look ahead beyond the current challenges, we are positive about the prospects of the global copper market which is expected to register steady growth over the coming years, driven by demand from the power industry, rising electric vehicle production and a positive global economic growth outlook.

A key driver in the Company's future direction remains the need to create value for shareholders, and the Board continues to work towards realising value from its investments, despite its distressed status, and will pursue all relevant opportunities to unlock value and put the Company in a position to provide sustainable growth for its shareholders in future.

Finally, and before commencing with the formal business of the Meeting I'd like to thank my colleagues on the Board for their contribution and efforts. I'd especially like to thank Thomas Kamwendo and Wilhelmus Badenhorst for their ongoing commitment and executive leadership during a very difficult period for the Company. A special thanks also to Cyril O'Connor who has been an invaluable help to me as the other Independent non-executive Director on the ZCI board.

S Simukanga
ZCI Limited
12 April 2019